


EXHIBIT 3

OMB APPROVED 1625-0027
EXPIRATION DATE:

U.S. DEPARTMENT OF HOMELAND SECURITY U.S. COAST GUARD CG-5542 (REV. 06/04)	OPTIONAL APPLICATION FOR FILING (SEE INSTRUCTIONS AND PRIVACY ACT ON REVERSE)	THIS SECTION FOR COAST GUARD USE ONLY
1. NAME OF VESSEL (ATTACH SCHEDULE IF MORE THAN ONE VESSEL) Mackinac Express	2. OFFICIAL NUMBER OR OTHER UNIQUE IDENTIFIER 915735	RECORDED PORT BOOK PAGE BY
3. INSTRUMENT TYPE: (CHECK ALL THAT APPLY)		
<input checked="" type="checkbox"/> PREFERRED MORTGAGE <input type="checkbox"/> ASSUMPTION <input type="checkbox"/> AMENDMENT <input type="checkbox"/> CHATTEL MORTGAGE <input type="checkbox"/> SUPPLEMENT <input type="checkbox"/> SUBORDINATION <input type="checkbox"/> OTHER (DESCRIBE) <input type="checkbox"/> ASSIGNMENT		
4. NAME(S) AND ADDRESS(ES) OF GRANTOR(S) (MORTGAGOR(S), ASSIGNOR(S), ASSUMING PARTY(IES), OR OTHER(S) -- SEE INSTRUCTIONS) Arnold Transit Company 220 Huron St. Mackinac Island, MI 49757		
INTEREST OWNED IN VESSEL OR HELD IN MORTGAGE AFFECTED BY ATTACHED INSTRUMENT _____ % (100% UNLESS OTHERWISE STATED)		
5. NAME(S) AND ADDRESS(ES) OF GRANTEE(S) (MORTGAGEE(S), ASSIGNEE(S), OR OTHER(S) -- SEE INSTRUCTIONS) See Schedule A.		
PERCENTAGE OF VESSEL MORTGAGED OR MORTGAGE ASSIGNED _____ % (100% UNLESS OTHERWISE STATED)		
6. AMOUNT \$2,850,000	7. IDENTIFICATION ON INSTRUMENT ASSUMED, ASSIGNED, AMENDED, SUPPLEMENTED, SUBORDINATED, OR OTHERWISE MODIFIED: RECORDED BOOK: PAGE: FILE/RECORDED DATE: TIME: OTHER IDENTIFYING DATA:	
8. CERTIFICATION AND ATTESTATION: I (WE) HEREBY CERTIFY THAT THE FACTS RECITED HEREIN ARE TRUE AND CORRECT. I (WE) UNDERSTAND THAT THE U.S. COAST GUARD WILL RELY ON THOSE RECITATIONS IN INDEXING THE ATTACHED INSTRUMENT. SIGNATURE(S): (SEE INSTRUCTIONS) FOR THE GRANTOR(S) Arnold Transit Company James F. Wynn, Its President STATE: <u>Ohio</u> COUNTY: <u>Hamilton</u> SUBSCRIBED AND SWORN BEFORE ME ON: <u>June 17, 2010</u>		
<div style="display: flex; justify-content: space-between; align-items: flex-start;"> <div style="text-align: center;">  <p>MARK J. EBER Notary Public My Commission Expires: _____</p> </div> <div style="text-align: center;"> <p>NOTARY PUBLIC MY COMMISSION EXPIRES: _____</p> <p><i>Mark J. Eber</i></p> </div> </div> <p style="font-size: small; margin-top: 5px;"> WARNING: ANY NOTARY PUBLIC WHO FAILS TO REGISTER IN FINE OR IMPRISONMENT PURSUANT TO TITLE 18 USC. (18 USC 1103) </p>		

PREVIOUS EDITION OBSOLETE

SN 7530-01-GF3-2550

INSTRUCTIONS

1. SELF-EXPLANATORY. A SCHEDULE MAY BE ATTACHED IF MORE THAN ONE VESSEL IS AFFECTED BY THE INSTRUMENT ATTACHED.
2. LIST COAST GUARD ASSIGNED OFFICIAL NUMBER, MANUFACTURER'S HULL IDENTIFICATION NUMBER (HIN) ASSIGNED IN ACCORDANCE WITH RULES IN 33 CFR, OR OTHER UNIQUE IDENTIFIER, (STATE MOTORBOAT NUMBERS ARE NOT CONSIDERED UNIQUE IDENTIFIERS.)
3. SELF-EXPLANATORY.
4. GRANTOR. FOR PURPOSES OF THIS FORM, GRANTORS INCLUDE MORTGAGORS, ASSIGNORS, PERSONS ASSUMING MORTGAGES, PERSONS GRANTING SUBORDINATION OF MORTGAGES. LIST ALL GRANTORS AND ADDRESSES. A SEPARATE SCHEDULE MAY BE ATTACHED IF MORE ROOM IS NEEDED.
5. GRANTEE. FOR PURPOSES OF THIS FORM, GRANTEES INCLUDE MORTGAGEES, ASSIGNEES, PERSON FROM WHOM MORTGAGES ARE ASSUMED, AND PERSON TO WHOM SUBORDINATION OF MORTGAGES ARE GRANTED. LIST ALL GRANTEES AND ADDRESSES. A SEPARATE SCHEDULE MAY BE ATTACHED IF MORE ROOM IS NEEDED.
6. SELF-EXPLANATORY.
7. NOT USED FOR NEW CHATTEL OR PREFERRED MORTGAGES. MUST BE COMPLETED FOR ASSUMPTIONS, ASSIGNMENTS, AMENDMENTS, OR OTHER INSTRUMENTS MODIFYING CHATTEL OR PREFERRED MORTGAGE FILED PREVIOUSLY OR CONCURRENTLY.
8. REQUIRED SIGNATURES AND NOTARIZATION:
 - CHATTEL OR PREFERRED MORTGAGES, AMENDMENTS, OR SUPPLEMENTS: GRANTOR AND GRANTEE OR PERSONS ACTING ON BEHALF OF THOSE ENTITIES.
 - ASSUMPTION OF MORTGAGE: ASSUMING PARTY AS GRANTOR, ORIGINAL MORTGAGOR AND MORTGAGEE AS GRANTEES, OR PERSONS ACTING ON BEHALF OF THOSE ENTITIES.
 - SUBORDINATION AGREEMENT OR ASSIGNMENT: GRANTOR OF SUBORDINATION AGREEMENT OR ASSIGNMENT, OR PERSON ACTING ON BEHALF OF THAT ENTITY.

PRIVACY ACT

THE SECRETARY OF TRANSPORTATION AUTHORIZED THE COAST GUARD TO BE THE AGENCY WHICH (A) ACCEPTS APPLICATIONS FOR DOCUMENTATION OF VESSELS; (B) DETERMINES WHETHER A VESSEL WHICH IS THE SUBJECT OF APPLICATION IS ELIGIBLE FOR THE ENDORSEMENT OR ENDORSEMENTS REQUESTED; AND (C) ISSUES CERTIFICATES OF DOCUMENTATION TO ELIGIBLE VESSELS. (14 U.S.C. 664; 31 U.S.C. 9701; 42 U.S.C. 9118; 46 U.S.C. 2103, 2107, 2110; 46 U.S.C. APP. 841A, 876; 49 U.S.C. 332; 49 C.F.R. 1.46)

INFORMATION COLLECTED MAY BE ACCESSED BY FEDERAL, STATE, AND LOCAL AGENCIES, AS WELL AS MEMBERS OF THE GENERAL PUBLIC TO ASSIST LAW ENFORCEMENT OR FOR OTHER LAWFUL PURPOSES. THIS INFORMATION IS ALSO PUBLISHED IN ACCORDANCE WITH 46 U.S.C. APP. 12119.

PROVIDING THE INFORMATION IS VOLUNTARY. HOWEVER, THE COAST GUARD CANNOT PROCESS YOUR APPLICATION IF THE REQUESTED INFORMATION IS NOT COMPLETE. THE INFORMATION FURNISHED ON THE ASSOCIATED FORMS IS USED TO ENSURE THE REQUIREMENTS FOR DOCUMENTATION ARE MET.

PENALTIES FOR PROVIDING FALSE STATEMENTS OR REPRESENTATIONS ARE COVERED UNDER 18 U.S.C. 1001 AND 46 U.S.C. 12122.

AN AGENCY MAY NOT CONDUCT OR SPONSOR, AND A PERSON IS NOT REQUIRED TO RESPOND TO A COLLECTION OF INFORMATION UNLESS IT DISPLAYS A VALID OMB CONTROL NUMBER.

THE COAST GUARD ESTIMATES THAT THE AVERAGE BURDEN FOR THIS FORM IS 10 MINUTES. YOU MAY SUBMIT ANY COMMENTS CONCERNING THE ACCURACY OF THIS BURDEN ESTIMATE OR MAKE SUGGESTIONS FOR REDUCING THE BURDEN TO: U.S. COAST GUARD, NATIONAL VESSEL DOCUMENTATION CENTER, 792 T J JACKSON DRIVE, FALLING WATERS, WEST VIRGINIA 25419 OR OFFICE OF MANAGEMENT AND BUDGET, PAPERWORK REDUCTION PROJECT (1625-0027), WASHINGTON, DC 20503.

SCHEDULE A

GRANTEES

Marsha Rudolph Adams, as Trustee, The Marsha Rudolph Adams Revocable Trust dated 3/20/2001 24574 Park Granada Calabasas, CA 91302	Barbara J. Brown 605 Glenmoor Road, #3B East Lansing, MI 48823
Dorothy M. Brown 280 Graham Avenue St. Ignace, MI 49781	Sally Ann Herbon 99 Stockbridge Street St. Ignace, MI 49781
Jim & Sis, LLC 246 Ferry Lane St. Ignace, MI 49781	Paul H. Brown 1244 South State Street St. Ignace, MI 49781
Pajalco Incorporated 75 Lakeway Drive Ottawa, Ontario, Canada K1L 5A9	Caroline Cheesceman 280 Graham Avenue St. Ignace, MI 49781
Prentiss M. Brown 260 Graham Avenue St. Ignace, MI 49781	Andrew C. Brown 1200 South State Street St. Ignace, MI 49781
James J. Brown, Jr. 805 North State Street St. Ignace, MI 49781	Prentiss M. Brown, Jr., as Trustee, Prentiss M. Brown, Jr. Trust dated 10/3/2003 52 Prospect Street St. Ignace, Michigan 49781
Ruth M. Visnaw 204 Pointe La Barbe Road St. Ignace, MI 49781	Margaret D. Brown, as Trustee, Margaret D. Brown Trust dated 10/3/2003 52 Prospect Street St. Ignace, Michigan 49781
Patricia Jane Perry 280 Graham Avenue St. Ignace, MI 49781	Paul W. Brown, as Trustee, Paul W. Brown Trust dated 12/4/2000 8 Geddes Heights Ann Arbor, MI 48104
Robert B. Brown 15 Prospect Street St. Ignace, MI 49781	Linda M. Brown, as Trustee, Linda M. Brown Trust dated 12/4/2000 8 Geddes Heights Ann Arbor, MI 48104
Susan L. Pierson 1170 South State Street St. Ignace, MI 49781	Laing Family, L.L.C. 26937 Dutch Settlement Road Dowagiac, MI 49047

FIRST PREFERRED SHIP'S MORTGAGE

FIRST PREFERRED SHIP'S MORTGAGE dated June 18, 2010 under the Commercial Instruments and Maritime Lien Act securing those Secured Promissory Notes, each dated of even date herewith (the "**Secured Promissory Notes**"), to each of the Mortgages listed on Schedule A.

This is a Preferred Ship's Mortgage on the Vessel named "Mackinac Express" which is being created under Federal law. The amount of this Mortgage is required to be shown by the Commercial Instruments and Maritime Lien Act, and all amendments thereto (the "Act"), in the amount of \$2,850,000.00 (the "Debt"). This Mortgage also secures repayment of simple interest as it accrues or pre-computed interest to appropriate prepayment credit and performance of Mortgage representations, warranties and promises.

1. **PARTIES:**

MORTGAGOR:

MORTGAGEE:

Arnold Transit Company
220 Huron St.
Mackinac Island, MI 49757

See Schedule A.

SOLE OWNER 100%

The words "I," "me," "mine," "we" and "our," mean everyone (individual(s), partners, or corporations) who sign this Mortgage as Mortgagor and where applicable, other owner(s), and the personal representative(s), successor(s) and assign(s) of Mortgagor and any other owner. The words "you" and "your" mean the Mortgagee and anyone who has Mortgagee's rights under this Mortgage. If this Mortgage is given by a corporation, the words "it" and "its" may also mean the corporation.

2. **DESCRIPTION OF BOAT:** The boat covered by this Mortgage (the "Boat") is described below and is not a towboat, barge, scow, lighter, car float, canal boat, or tank vessel of 25 gross tons, as such words are used in the Act.

NAME OF VESSEL: Mackinac Express
HOME PORT: Mackinac Island, MI
HAILING PORT: Mackinac Island, MI
OFFICIAL NO: 915735
BUILD: Gladding-Hearn Ship-Building, Duclose Corporation, Summerset, MA
YEAR BUILT: 1987
HULL I.D. NO.: P-263
SUMMER MOORING: Mackinac Island, MI
WINTER MOORING: St. Ignace, MI

3. **MULTIPLE MORTGAGORS:** Each person who signs this Mortgage as Mortgagor will be responsible for the full amount of the Debt and everything required of Mortgagor, unless specifically stated otherwise below. You may cite one Mortgagor without joining or notifying any Co-Mortgagor. You do not have to notify one Mortgagor that another has defaulted under this Mortgage. You may give one Mortgagor extensions to pay or change or release his responsibility without releasing any Co-Mortgagor in the same way. Each person who signs this Mortgage as an owner makes all of the Title Warranties but none of the other promises.

4. **MORTGAGE DEBT:** This Mortgage secures my obligation (the Debt) now due, or which may become due in the future to you under this Mortgage and under each of the Secured Promissory Notes which is now held by you, given by me as Borrower to each of the Mortgagees, as lender, to be secured by this Mortgage on the Boat described above.

5. **PROMISE TO PAY:** I will pay and perform this Debt.

6. **GOVERNING LAW:** The parties have chosen Federal law, including but not limited to the Commercial Instruments and Maritime Liens Act and all amendments thereto (46 U.S.C. Section 31301 et seq.) to cover all of the provisions of this Mortgage. In particular 46 U.S.C. Sec. 31322 covers the interest provisions of the Secured Promissory Notes and this Mortgage. If there are gaps in Federal law as to non-interest provisions, and only to such extent, the law of the State of Michigan shall govern this Mortgage.

7. **MORTGAGE:** To secure the Debt, I mortgage to you the whole of the Boat named above and further described in her last Marine Document, together with all masts, towers, boilers, cables, engines, machinery, sails, rigging, auxiliary boats, anchors, chains, tackle, apparel, bowsprits, furniture, fittings, tools, pumps, radar, and other electronic or other equipment and supplies, and all fishing and other attachments and accessories, now part of the Boat. If I am not a corporation and the Boat was purchased primarily for my own non-business use, the lien of this Mortgage shall not cover any items added to the Boat more than ten (10) days after the date of the Secured Promissory Notes that are not made a part of the Boat. These excludable items however, must be identified in writing for you or any appropriate court officer before any duly noticed resale of the Boat. In any event, this Mortgage shall cover only items which may be Mortgaged under the Act, and its amendment(s). Although you do not intend to cover any property other than the "vessel" as defined in the Act, if a Court says that this Mortgage does cover such other property ("Other Property"), then I can have the "Other Property" separately released from this Mortgage by paying .01% of the then outstanding balance of this Mortgage after any appropriate prepayment credit. Release of such "Other Property" from this Mortgage does not release it from any other security agreement besides this Mortgage.

8. **CITIZENSHIP:** I am, and shall continue to be, a citizen of the United States of America, until this Mortgage is fully paid. If this Mortgage is signed by a corporation or partnership, then I certify that at least 75% of the Ownership is, and shall continue to be, citizens of the United States of America, until this Mortgage is fully paid.

9. **RIGHT TO OWN AND OPERATE:** The Boat is documented in my name under the laws of the United States of America. I am the sole owner of the Boat and shall remain entitled to own and operate the Boat under her Marine Document. If this Mortgage is given by a corporation, the corporation is properly incorporated and exists in good standing order under the Laws of the State of Michigan.

10. **MARINE DOCUMENT:** I shall maintain the Marine Document of the Boat in full force and effect, and comply with all applicable federal and state registration laws wherever the Boat may be.

11. **SIGNING AUTHORIZATION AND VALIDITY:** I have signed, or authorized and directed the signing of all papers and taken all actions necessary for the signing and delivery of this Mortgage, the Good Faith Affidavit, and the Secured Promissory Notes that created the Debt secured by this Mortgage. Mortgagor's Board of Directors has authorized and directed the signing of all papers and taken all actions necessary for the signing and delivery of this Mortgage, the Good Faith Affidavit, and the Secured Promissory Notes which created the Debt secured by this Mortgage. The Secured Promissory Notes and Mortgage are valid and enforceable.

12. **NO PRIOR LIENS:** I lawfully own and possess the Boat free from all prior liens and encumbrances, except for the lien of this Mortgage.

13. **TITLE WARRANTY:** I warrant title to the Boat. This means that I am responsible for your expenses or losses if anyone else successfully claims an interest in the Boat or any part of it.

14. **RISK OF LOSS:** Damage, destruction, or other loss of the Boat will not release me from my obligation to you. I will notify you know as soon as I can if the Boat becomes damaged or destroyed or disappears.

15. **INSURANCE AND NOTICE OF LOSS:** Until I have paid the Debt in full, I will insure the Boat at all times for its full insurable value (what it is actually worth) unless you require replacement cost coverage, up to the amount I owe you under this Mortgage. The Boat must be insured against fire, theft, collision, liability to others for property damage, damage caused by water and weather conditions, and such other hazards as you may reasonably ask me to cover. The insurance company must be reasonably acceptable to you. Such insurance must protect you as well as me. Such insurance must name you and/or your assigns as Mortgagees as additional insured and further provide that policies may not be canceled with the insurance company providing you and/or your assigns with ten (10) days' prior written notice. The insurance policy must be written for at least one year at a time. I must pay the premium in advance at the beginning of the policy year. I must give you a bill from the insurance company or its agent, or a copy of the declaration sheet of the policy for the new period showing the dollar limits, premium paid, name of insured and the cancellation notice provisions described above. I have authorized the insurance company to pay any loss to you. You may sign any proof of loss and endorse any check, draft, or other form of payment issued by the insurance company or its agent as a loss payment. If I do not have the insurance at closing, or at any time soon after the

closing, you may buy insurance to protect you and me, or yourself only, and I will pay the premiums at your request with interest at the rate in effect under the Secured Promissory Notes.

16. **USE OF THE BOAT:** I will not sell the Boat, pledge it as security, give it away, or lease it or without your prior written approval, permit its use for any illegal purpose, or let anyone seize the Boat. If I take the Boat to another country, I will comply with the laws of the country(ies) and with any treaty(ies) between those countries and the United States of America. Use of the Boat shall be only for the purpose(s) and in the manner set forth in the application for Insurance and executed in connection thereof.

17. **LOCATION OF THE BOAT:** I will not remove the Boat from its anchorage shown in Paragraph 2 of this Mortgage, for any period beyond thirty (30) days, without your prior written approval.

18. **DISPLAY OF DOCUMENT ON BOAT:** I will prominently display the Marine Document in the Pilot House, Chart Room, or Master's Cabin. I will also keep a copy of the recorded First Preferred Ship's Mortgage with the Boat's Papers and will show them to all persons having business with the Boat, and to you upon demand.

19. **BILLS AND TAXES:** I shall pay when due, any repair bills, storage bills, taxes, fines or other charges on the Boat. You may pay any of these bills if I do not. If you do, I will repay you on demand, with interest at the interest date in effect under the Secured Promissory Notes.

20. **CARE OF THE BOAT:** I will keep the Boat in good condition and repair.

21. **GOVERNMENT SEIZURE:** I will notify you promptly by telephone, confirmed by telegraph or cable if the Boat is libeled, attached, seized, detained or levied upon or taken into custody by any court of authority. I will immediately take steps to have the Boat released. If the Boat is arrested or detained by any government authority, I authorize you or your agent in my name to receive or take possession of the Boat and defend any action and/or discharge my lien.

22. **INSPECTION OF BOAT AND BOOKS:** I will at all times, let you inspect the Boat and its cargo and papers and examine any related accounts and records, and shall tell you quarterly, or monthly, if you request, that all wages and other claims which might create a lien on the Boat, have been paid. From time to time, I shall sign and deliver to you, any documents and assurances that you or your attorney may require to maintain priority of this Mortgage and to help you carry out resale of the Boat in the event it becomes necessary for you to repossess it. If this Mortgage is given by a business entity, it will give you annual and other periodic financial reports you may reasonably request.

23. **LATE CHARGES, ATTORNEY FEES AND COURT COSTS:** I agree to pay any late charges that become due under the Secured Promissory Notes, attorney fees, court costs, and any other expenses, losses, charges, or damages incurred or advances made by you, the Mortgagee, in the protection of its rights or caused by Owner's default herein under or under the Secured Promissory Notes.

24. DEFAULT, ACCELERATION AND REPOSSESSION:

A. DEFAULT: I will be in default if: I have made a false or misleading statement about any material fact in this Mortgage, or in the related Secured Promissory Notes application; I do not make any payment when due; I die or become insolvent; I file for bankruptcy or similar relief or creditors file for bankruptcy against me; I allow any third party to place a lien on the Boat; the Boat lessens in value or becomes valueless other than through normal depreciation; I break any promise I have made in this Mortgage or in the Secured Promissory Notes; or anything else happens that you in good faith and with reasonable cause to believe may endanger my ability to pay this Mortgage. If this Mortgage is given by a corporation, you may also request full payment if shares of its capital stock are sold or transferred to anyone who was not a guarantor of the obligation secured by this Mortgage at the time that the Secured Promissory Notes were signed, or the corporation ceases doing business as a going concern or makes an assignment for the benefit of creditors, or liquidates substantially all of its assets or files for dissolution.

B. ENTIRE BALANCE DUE: If I am in default, you may require that the unpaid balance of the amount financed be paid in full with accrued interest; but no prepayment credit is required because interest is not computed in advance for the term of the Debt unless the Secured Promissory Notes provide for such penalty. In the case of declaration of default and demand for payment in full, or after maturity of the Secured Promissory Notes, the unpaid balance shall bear interest at the interest rate applicable under the Secured Promissory Notes. In the case of a judgment, interest on the unpaid balance of the judgment will be payable at the rate of interest applicable under the Secured Promissory Notes, or if not permitted by law, at the highest lawful rate of interest under the laws of the State of Michigan.

C. REPOSSESSION: You have the right to repossess the Boat without a court order if I default under the Secured Promissory Notes or this Mortgage; otherwise you have the right to foreclose in Federal Court under the Maritime Laws of the United States. You may demand that I assemble the Boat and all equipment covered by this Mortgage.

D. EFFECT OF REPOSSESSION: Provided that your repossession of the Boat is accomplished without a breach of peace, I agree to waive all defenses available to me under the Uniform Commercial Code or other applicable laws pertaining to such repossession.

25. REDEMPTION: If you repossess the Boat, I can get it back by paying all past due installments, including interest, late charges, collection expenses and attorney fees, including your cost of taking the Boat, moving, storage, and similar expenses, when I redeem it. My right to redeem will end when the repossessed Boat has been sold. You agree to provide me with written notice of any repossession sale by mailing such notice to the address indicated in Paragraph 1 of this Mortgage.

26. SALE OR USE OF REPOSSESSED BOAT: If you repossess the Boat, you may, in my name, lease, charter, operate, or use the Boat as you deem advisable, being accountable for net profits, if any, and keep the Boat free from charge at my premises or elsewhere, at my expense. For this purpose, and subject to any State and/or Federal Regulations, you or your

agent are irrevocably appointed my true and lawful attorney-in-fact to make all necessary transfers of the Boat upon resale after repossession for me and in my name.

27. **RESALE CREDIT:** If you resell the Boat, any late charges, costs of taking the Boat, storage, costs of sale (cleaning, repairing, auctioneer's fees, marshal's fees, sales commissions, and advertising), cost of insurance, attorney fees and court costs will be subtracted from the price at which the Boat is sold after repossession. The difference, if any, would be my resale credit. If I owe more than the resale credit I will pay you to the extent of such deficiency.

28. **NO WAIVER OF RIGHTS:** You may delay in enforcing any of your rights without losing them.

29. **RECEIVER:** In any legal action, you may have a receiver appointed for the Boat and its earnings. Any receiver shall have full rights and powers to use and operate the Boat and obtain a court order ordering the sale or other disposition of the boat.

30. **USE OF THE BOAT BY OWNER:** Unless I violate this Mortgage, and you repossess the Boat, I shall be permitted to retain actual possession and use of the Boat.

31. **TIMELY PAYMENTS:** All payments which are required must be made on the due date. Except as provided in Paragraph 24 above, there are no grace periods provided in this Mortgage. If I require additional time to make a payment, I understand that I must obtain authorization or approval for making a late payment in writing, in advance.

32. **ADDITIONAL SECURITY:** This Mortgage is given as additional security for the Debt. The rights and obligations of the parties to this Mortgage are intended only to supplement and modify certain of the rights and obligations of said parties as provided in the Secured Promissory Notes executed by Mortgagor and dated concurrently herewith. Nothing contained in this Mortgage shall modify or impair the operational effect of any term or provision of the Secured Promissory Notes. If any term or provision contained in this Mortgage conflicts with any term or provision of the Secured Promissory Notes, the Secured Promissory Notes shall control.

33. **INVALID PROVISIONS:** If any provision of this Mortgage cannot be enforced the rest of this Mortgage will stay in effect.

34. **AMENDMENTS:** Any change in the terms of this Mortgage must be made in writing and signed by both you and me.

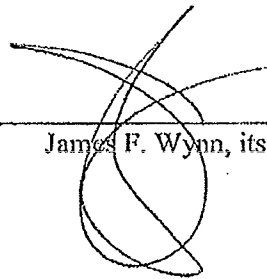
35. **CONDITION OF THE BOAT:** I hereby acknowledge that neither you, nor any of your agents or assigns have made any representations, oral or written, of any nature pertaining to the Boat or its operation. I further acknowledge that neither you nor your assigns manufactured the Boat; therefore, in the event of any legal proceedings filed by you arising out of the Secured Promissory Notes or this Mortgage, I waive any and all defenses available to me at law against you, your agents or assigns, arising out of the sale or operation of the Boat.

On the day and year first written above, I have signed this Mortgage, or caused this Mortgage to be signed in the name of the company by the proper authorized officers.

ARNOLD TRANSIT COMPANY, a Michigan corporation

By: _____

James F. Wynn, its President

A handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke extending to the left, positioned over the signature line.

STATE OF Ohio)
) SS:
COUNTY OF Hamilton)

I, Mark J. Weber, a Notary Public in and for said County and State, do hereby certify that James F. Wynn, personally known to me to be the President of Arnold Transit Company, a Michigan corporation, and personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that he signed and delivered the said instrument as his free and voluntary act and President as aforesaid, for the uses and purposes therein set forth.

GIVEN under my hand and Notarial Seal on June 17, 2010.

Mark J. Weber
Notary Public



MARK J. WEBER
Attorney at Law
Notary Public, State of Ohio
My Commission Has No Expiration
Date. Section 147.03 O.R.C.

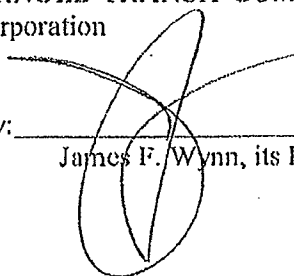
AFFIDAVIT AS TO GOOD FAITH, LIENS, ETC.

STATE OF Ohio)
) SS:
COUNTY OF Hamilton)

The undersigned, being duly sworn, deposes and says that it is the Mortgagor described herein and who executed the foregoing Mortgage, and that the Mortgage is made in good faith and without any design to hinder, delay, or defraud any existing or further creditors of the Mortgagor or any lien on the Boat. There are no liens, encumbrances, charges or Mortgages outstanding against the Boat other than the lien of the foregoing Mortgage. If the Mortgagor is a Corporation, this affidavit is made pursuant to the authorization of the Board of Directors.

ARNOLD TRANSIT COMPANY, a Michigan corporation

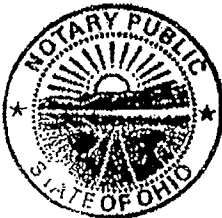
By: _____
James F. Wynn, its President



STATE OF Ohio)
) SS:
COUNTY OF Hamilton)

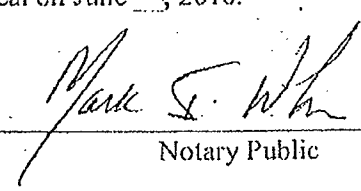
I, Mark J. Weber, a Notary Public in and for said County and State, do hereby certify that James F. Wynn, personally known to me to be the President of Arnold Transit Company, a Michigan corporation, and personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that he signed and delivered the said instrument as his free and voluntary act and President as aforesaid, for the uses and purposes therein set forth.

GIVEN under my hand and Notarial Seal on June 17, 2010.



MARK J. WEBER
Attorney at Law
Notary Public, State of Ohio
My Commission Has No Expiration
Date, Section 147.03 O.R.C.

Notary Public



SCHEDULE A

MORTGAGEES

Marsha Rudolph Adams, as Trustee, The Marsha Rudolph Adams Revocable Trust dated 3/20/2001 24574 Park Granada Calabasas, CA 91302	Barbara J. Brown 605 Glenmoor Road, #3B East Lansing, MI 48823
Dorothy M. Brown 280 Graham Avenue St. Ignace, MI 49781	Sally Ann Herbon 99 Stockbridge Street St. Ignace, MI 49781
Jim & Sis, LLC 246 Ferry Lane St. Ignace, MI 49781	Paul H. Brown 1244 South State Street St. Ignace, MI 49781
Pajalco Incorporated 75 Lakeway Drive Ottawa, Ontario, Canada K1L 5A9	Caroline Cheeseman 280 Graham Avenue St. Ignace, MI 49781
Prentiss M. Brown 260 Graham Avenue St. Ignace, MI 49781	Andrew C. Brown 1200 South State Street St. Ignace, MI 49781
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Ruth M. Visnaw 204 Pointe La Barbe Road St. Ignace, MI 49781	Margaret D. Brown, as Trustee, Margaret D. Brown Trust dated 10/3/2003 52 Prospect Street St. Ignace, Michigan 49781
Patricia Jane Perry 280 Graham Avenue St. Ignace, MI 49781	Paul W. Brown, as Trustee, Paul W. Brown Trust dated 12/4/2000 8 Geddes Heights Ann Arbor, MI 48104
Robert B. Brown 15 Prospect Street St. Ignace, MI 49781	Linda M. Brown, as Trustee, Linda M. Brown Trust dated 12/4/2000 8 Geddes Heights Ann Arbor, MI 48104
Susan L. Pierson 1170 South State Street St. Ignace, MI 49781	Laing Family, L.L.C. 26937 Dutch Settlement Road Dowagiac, MI 49047