EXHIBIT 10.05  
  
 PLEDGE AGREEMENT  
  
 THIS PLEDGE AGREEMENT (the "PLEDGE"), dated as of August 20, 2001 (but  
effective as of August 15, 2001), by S2 HOLDINGS, INC., a Delaware corporation  
("PLEDGOR"), for the benefit of X.X. XXXXXXXXX S.S.C. LIMITED PARTNERSHIP, a  
Nevada limited partnership ("PLEDGEE").  
  
 RECITALS  
  
 WHEREAS, Pledgor, Pledgee and certain other parties have entered into a  
certain Purchase Agreement, effective as of August 15, 2001 (as the same may be  
amended, restated, supplemented or otherwise modified from time to time, the  
"Purchase Agreement");  
  
 WHEREAS, pursuant to the Purchase Agreement, Pledgor has agreed to  
execute and deliver two promissory notes, each dated the date hereof, in favor  
of Pledgee (as the same may be replaced, increased, renewed, amended, restated,  
supplemented or otherwise modified from time to time, the "Notes");  
  
 WHEREAS, it is a condition precedent to the sale of the Class B Interest  
(as defined in the Purchase Agreement) to Pledgor that Pledgor shall have  
executed and delivered this Pledge in order to grant the security interest  
contemplated hereby;  
  
 NOW, THEREFORE, in consideration of the promises set forth therein and  
herein and for other good and valuable consideration, the receipt and  
sufficiency of which are hereby acknowledged, Pledgor, intending to be legally  
bound, agrees as follows:  
  
 1. DEFINITIONS. For purposes of this Pledge,  
  
 1.1 "AFFILIATE" means, with reference to any specified Person,  
any other Person controlling or controlled by or under common control with such  
specified Person; PROVIDED, that for purposes of this Agreement when used with  
respect to DVL, Inc. or any of its direct or indirect subsidiaries or  
Affiliates, any directors of such Persons shall also be deemed "Affiliates" of  
any such Person. For the purposes of this definition, "control" when used with  
reference to any specified Person means the power to direct the management and  
policies of such specified Person, directly or indirectly, whether through the  
ownership of voting securities, by contract or otherwise; and the terms  
"controlling" and "controlled" have meanings correlative to the foregoing.  
  
 1.2 "AFFILIATED ENTITY" shall have the meaning ascribed to such  
term in SECTION 8.8.  
  
 1.3 "CODE" means the Uniform Commercial Code as adopted by the  
State of Delaware, as the same may be amended from time to time.  
  
 1.4 "COLLATERAL" means (i) the LLC Interest, (ii) all  
distributions, cash, securities, certificates and property issued, paid,  
declared and/or made (or to be issued, paid, declared and/or made) in connection  
with the LLC Interest, or any portion thereof, (iii) all cash, securities,  
certificates and other property paid, issued and/or distributed (or to be paid,  
issued and/or distributed) to or for the benefit of Pledgor in exchange,  
redemption or substitution for the LLC Interest, or any portion thereof, (v) all  
other cash, securities and property paid, issued and/or distributed (or to be  
paid, issued and/or distributed) to or for the benefit of Pledgor as a  
consequence of Pledgor's ownership of the LLC Interest, or any portion thereof,  
and (vi) all proceeds of the foregoing.  
  
  
  
  
 1.5 "EVENT OF DEFAULT" means any and all events described in  
SECTION 10.  
  
 1.6 "INDEBTEDNESS" means all obligations and indebtedness of  
Pledgor to Pledgee under the Notes, all obligations of Pledgor to reimburse  
Pledgee for payments made by Pledgee at any time or from time to time for the  
preservation and/or protection of the Collateral, and all obligations or  
undertakings under Section 10 of the Purchase Agreement including, without  
limitation, all obligations of Pledgor under this Pledge or otherwise to  
immediately pay to Pledgee all interest and other sums payable in connection  
with any of the foregoing. For the avoidance of doubt, the term "Indebtedness"  
shall not include Indebtedness (as defined in the Pledge Agreement, dated April  
27, 2001, made by Pledgor in favor of Pledgee (the "April 2001 Pledge  
Agreement")).  
  
 1.7 "ISSUER", "PROCEEDS" and "SECURITY" shall have the meanings  
given such terms in the Code.  
  
 1.8 "LLC INTEREST" means Pledgor's entire Class B Interest in  
Receivables II-B LLC (THE "LLC"), a Nevada limited liability company (being a  
ninety-nine and nine-tenths percent (99.9%) equity interest in the LLC),  
including, without limitation, all rights in, and claims to, any and all  
profits, losses, distributions and other benefits of any nature relating to such  
interest under the Nevada Limited Liability Company Act, as amended, and the  
LLC's Articles of Organization and Operating Agreement, each as amended (as so  
amended, the "Operating Documents") including, without limitation, all of  
Pledgor's right, title and interest in and to the LLC.  
  
 1.9 "NOTES" shall have the meaning ascribed to such term in the  
Recitals.  
  
 1.10 "PERSON" means any individual, corporation, partnership,  
joint venture, limited liability company association, joint-stock company,  
trust, unincorporated organization, Governmental Authority or any other entity  
of similar nature.  
  
 1.11 "PERMITTED ENCUMBRANCES" means:  
  
 (a) liens imposed by law for taxes that are not yet due  
or are being contested in good faith by appropriate proceedings provided that  
(i) adequate reserves with respect thereto are maintained by Pledgor in  
accordance with generally accepted accounting principles, (ii) such contest  
shall suspend the collection thereof, and (iii) neither all nor any part of the  
Collateral would be in danger of being sold, forfeited or lost;  
  
 (b) carriers', warehousemen's, mechanics', repairmen's  
and other like liens imposed by law, arising in the ordinary course of business  
that are not overdue for a period of more than thirty (30) days or that are  
being contested in good faith and by appropriate proceedings provided that (i)  
such contest shall suspend the collection thereof, and (ii) neither all nor any  
part of the Collateral would be in danger of being sold, forfeited or lost;  
  
 (c) pledges or deposits made in the ordinary course of  
business in compliance with workers' compensation, unemployment insurance and  
other social security laws or regulations;  
  
 (d) deposits to secure the performance of bids, trade  
contracts, leases, statutory obligations, surety and appeal bonds, performance  
bonds and other obligations of a like nature, in each case in the ordinary  
course of business; and  
  
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 (e) easements, zoning restrictions rights-of-way and  
similar encumbrances on real property imposed by law or arising in the ordinary  
course of business that do not secure monetary obligations and do not materially  
detract from the value of the property subject thereto or interfere with the  
ordinary conduct of the business of the Pledgor;  
  
PROVIDED that the term "Permitted Encumbrances" shall not include any lien  
securing any indebtedness.  
  
 2. SECURITY INTEREST. Pledgor hereby pledges and grants to Pledgee a  
first priority security interest in, pledge of and a lien, on the Collateral.  
  
 3. EFFECT OF GRANT. The security interest, pledge and lien on the  
Collateral granted to Pledgee by Pledgor hereunder shall not be rendered void by  
the fact that no Indebtedness exists as of a particular date, but shall continue  
in full force and effect until (i) all Indebtedness has been paid in full, (ii)  
Pledgee has no agreement or commitment outstanding pursuant to which Pledgee may  
extend credit to or on behalf of Pledgor and (iii) Pledgee has executed and  
delivered termination statements and/or releases and has delivered the  
Collateral to Pledgor.  
  
 4. OBLIGATIONS SECURED. The Collateral and the continuing security  
interest granted therein shall secure all Indebtedness. IT IS THE EXPRESS  
INTENTION OF PLEDGOR THAT THE COLLATERAL SHALL SECURE ALL PLEDGOR'S EXISTING AND  
FUTURE OBLIGATIONS TO PLEDGEE AND ANY AND ALL PERMITTED SUCCESSORS AND ASSIGNS  
OF PLEDGEE UNDER THE NOTES, OR OTHERWISE (OTHER THAN THE OBLIGATIONS OF PLEDGOR  
TO PLEDGEE SECURED PURSUANT TO THE APRIL 2001 PLEDGE AGREEMENT). FOR THE  
AVOIDANCE OF DOUBT, IT IS UNDERSTOOD AND AGREED THAT THE COLLATERAL (AS DEFINED  
IN THE APRIL 2001 PLEDGE AGREEMENT) SHALL NOT SECURE THE OBLIGATIONS OF PLEDGOR  
TO PLEDGEE SECURED PURSUANT THIS PLEDGE AGREEMENT.  
  
 5. DELIVERY. All original certificates and instruments, if any,  
representing or evidencing the Collateral, or any portion thereof, shall be  
delivered to and held by or on behalf of Pledgee pursuant hereto and shall be in  
suitable form for transfer by delivery, or shall be accompanied by duly executed  
instruments of transfer or assignments in blank, all in form and substance  
satisfactory to Pledgee and with guaranteed signature(s).  
  
 6. REPRESENTATIONS AND WARRANTIES. Pledgor hereby represents and  
warrants as follows, which representations and warranties shall be true and  
correct as of the date hereof, at the time of the creation of any Indebtedness  
and until the Indebtedness has been paid in full:  
  
 6.1 TITLE TO COLLATERAL. The Collateral is and will be owned by  
Pledgor, free and clear of all liens and other encumbrances of any kind  
(including liens or other encumbrances upon properties acquired or to be  
acquired under conditional sales agreements or other title retention devices),  
excepting only liens in favor of Pledgee and the Permitted Encumbrances. Pledgor  
will defend the Collateral against any claims of all persons or entities other  
than Pledgee.  
  
 6.2 DUE AUTHORIZATION AND ISSUANCE. The Collateral consisting  
of certificates, if any, has been duly authorized and issued to or for the  
benefit of Pledgor by the respective issuer and is outstanding, fully paid and  
non-assessable. The LLC Interest is not presently evidenced by a certificate or  
certificates.  
  
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 6.3. NO VIOLATION. The execution, delivery and performance by  
Pledgor of this Pledge and the Notes will not violate or constitute a default  
under any indenture, note, loan, credit agreement or any other document or  
instrument to which Pledgor is a party or by which Pledgor is bound, or any  
judgment or order of any court or governmental department, commission, board,  
bureau, agency or instrumentality, domestic or foreign.  
  
 6.4 GOVERNMENTAL CONSENTS. No consent, approval or  
authorization of or designation, declaration or filing with any governmental  
authority by Pledgor is required in connection with the execution, delivery or  
performance by Pledgor of this Pledge or the consummation of the transactions  
contemplated hereby.  
  
 6.5 PENDING LITIGATION OR PROCEEDINGS. There are no judgments  
outstanding or actions, suits or proceedings pending or, to the best of  
Pledgor's knowledge, threatened against or affecting Pledgor or the Collateral,  
or any portion thereof, at law or in equity or before or by any federal, state,  
municipal or other governmental department, commission, board, bureau, agency or  
instrumentality, domestic or foreign.  
  
 6.6 TAXES. Pledgor has filed all tax returns which Pledgor is  
required to file and has paid, or made provision for the payment of, all taxes  
which have or may have become due pursuant to such returns or pursuant to any  
assessment received by Pledgor except such taxes, if any, as are being contested  
in good faith and as to which adequate reserves have been provided. Such tax  
returns are complete and accurate in all respects. Pledgor does not know of any  
proposed additional assessment or basis for any assessment of additional taxes.  
  
 6.7 ACCURACY OF REPRESENTATIONS AND WARRANTIES. No  
representation or warranty by Pledgor contained herein or in any certificate or  
other document furnished by Pledgor pursuant hereto or in connection herewith  
fails to contain any statement of material fact necessary to make such  
representation or warranty not misleading in light of the circumstances under  
which it was made. There is no fact which Pledgor knows or should know and has  
not disclosed to Pledgee, which does or may materially and adversely affect  
Pledgor, or the Collateral, or any portion thereof.  
  
 6.8 PURCHASE AGREEMENT REPRESENTATIONS AND WARRANTIES. The  
representations or warranties by Pledgor contained in the Purchase Agreement are  
true and correct.  
  
 6.9 CHIEF EXECUTIVE OFFICE. Pledgor's chief executive office is  
located at 000 Xxxxxxxx Xxxxxx, Xxxxx 0000, Xxxxxxxxxx, Xxxxxxxx 00000.  
  
 7. COVENANTS. Pledgor covenants and agrees that until the  
Indebtedness has been paid in full, Pledgor shall:  
  
 7.1 PAYMENT OF OBLIGATIONS. Pay, or cause to be paid, when due  
all amounts of Indebtedness payable by Pledgor to Pledgee.  
  
 7.2 SALE OF COLLATERAL. Not sell, lease, transfer, assign or  
otherwise dispose of the Collateral (or any portion thereof or interest  
therein), directly or indirectly.  
  
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 7.3 CREATION OF LIENS. Not create, incur or permit to exist any  
mortgage, pledge, encumbrance, lien, security interest or charge of any kind on  
the Collateral (or any portion thereof or interest therein), except as  
contemplated hereby and the Permitted Encumbrances.  
  
 7.4 ADDITIONAL DOCUMENTS AND FUTURE ACTIONS. Pledgor will, at  
its sole cost, take such actions and provide Pledgee from time to time with such  
agreements, financing statements and additional instruments, documents or  
information as Pledgee may in its reasonable discretion deem necessary or  
advisable to perfect, protect and maintain the security interests in the  
Collateral, or any portion thereof, to permit Pledgee to protect its interest in  
the Collateral, or any portion thereof, or to carry out the terms of this Pledge  
and the Notes. Pledgor hereby authorizes and appoints Pledgee as its  
attorney-in-fact, with full power of substitution, to take such actions as  
Pledgee may reasonably deem advisable to protect the Collateral and its  
interests thereon and its rights hereunder, to execute on Pledgor's behalf and  
file at Pledgor's expense financing statements, and amendments thereto, in those  
public offices reasonably deemed necessary or appropriate by Pledgee to  
establish, maintain and protect a continuously perfected security interest in  
the Collateral, including, without limitation, to receive, endorse and collect  
all certificates, instruments and securities made payable to or issued to  
Pledgor representing any dividend, interest, or other distribution in respect of  
the Collateral, or any portion thereof, and to execute on Pledgor's behalf such  
other documents and notices as Pledgee may reasonably deem advisable to protect  
the Collateral and Pledgee's interests therein and Pledgee's rights hereunder.  
Such power, being coupled with an interest, is irrevocable. Pledgor irrevocably  
authorizes the filing of a carbon, photographic or other copy of this Agreement,  
or of a financing statement, as a financing statement and agrees that such  
filing is sufficient as a financing statement.  
  
 7.5 REQUESTED INFORMATION. With reasonable promptness, deliver  
to Pledgee all such other data and information in respect of the financial  
condition and affairs of Pledgor and the value of the Collateral, as Pledgee may  
reasonably request from time to time.  
  
 8. ADDITIONAL AFFIRMATIVE COVENANTS. So long as any Indebtedness  
shall remain unpaid, Pledgor will, unless Pledgee shall otherwise consent in  
writing:  
  
 8.1 COMPLIANCE WITH LAW. Comply in all material respects with  
all applicable laws, rules, regulations and orders applicable to Pledgor, its  
business and properties and the Collateral, such compliance to include, without  
limitation, paying before the same become delinquent all taxes, assessments and  
governmental charges imposed upon it or upon its property, except to the extent  
contested in good faith provided that (i) adequate reserves with respect thereto  
are maintained by Pledgor in accordance with generally accepted accounting  
principles, (ii) such contest shall suspend the collection thereof, and (iii)  
neither all nor any part of the Collateral would be in danger of being sold,  
forfeited or lost.  
  
 8.2 REPORTING REQUIREMENTS. Furnish to Pledgee a copy of all  
material accounts, books, records and other information respecting the business,  
condition or operations, financial or otherwise, of Pledgor as Pledgee may from  
time to time reasonably request.  
  
 8.3 EXISTENCE AND RIGHTS. Preserve and keep in full force and  
effect its existence, rights, permits, patents, franchises, licenses, trademarks  
and trade names and obtain and preserve its qualification to do business as a  
foreign entity in each jurisdiction in which such qualification is or shall be  
necessary to protect the Collateral and the validity and enforceability of this  
Pledge.  
  
 8.4 BOOKS AND RECORDS. Maintain proper and complete financial  
and accounting books and records.  
  
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 8.5 PERFORMANCE AND COMPLIANCE WITH MATERIAL AGREEMENTS.  
Perform and comply with each of the provisions of all material agreements to  
which it is a party, or is otherwise bound or affected, other than the Buyer  
Transaction Documents, as defined in the Purchase Agreement (as defined, in  
turn, in the April 2001 Pledge Agreement).  
  
 8.6 LITIGATION. Give prompt notice to Pledgee of all litigation  
or proceedings affecting Pledgor and/or the Collateral.  
  
 8.7 CHANGE OF BUSINESS LOCATION. Notify Pledgee at least thirty  
(30) days in advance of (a) any change in the location of the principal place of  
business and chief executive office of Pledgor, and the office where Pledgor  
keeps its records, (b) the establishment of any new, or the discontinuance of  
any existing, place of business, or (c) any change to its name or of the use of  
any tradenames, fictitious names, assumed names or "doing business as" names,  
and, in each case, execute, deliver, and file (and, if necessary, pay related  
filing fees and taxes) all such documents as may be necessary or advisable in  
the opinion of Pledgee and Pledgee's legal counsel to continue to perfect and  
protect the liens of Pledgee in the Collateral (including, without limitation,  
UCC financing statements). Notwithstanding anything contained herein to the  
contrary, Pledgor may not move its principal place of business to a location  
outside of the United States.  
  
 8.8 MAINTENANCE OF SEPARATE MEMBER. Pledgor will maintain at  
least one (1) independent director, not otherwise (and has not at any time  
during the last five years otherwise been) an officer, director, employee,  
shareholder, partner, holder of any interest, creditor, trustee, liquidator,  
member, manager, conservator or receiver of or for DVL, Inc., any Affiliate of  
DVL, Inc. (including any direct or indirect subsidiary of DVL, Inc.), or any  
other Affiliate of Pledgor (unless so acting in a similar independent role), or  
any relative or related entity of any of the foregoing (DVL, Inc., such  
Affiliates and such relatives and related entities being defined herein  
individually as an "Affiliated Entity" and collectively as "Affiliated  
Entities"), and is otherwise acceptable to Pledgee.  
  
 8.9 MAINTENANCE OF SEPARATE EXISTENCE. Pledgor shall take all  
reasonable steps to continue its identity as a separate legal entity and to make  
it apparent to all Persons that its assets and liabilities are distinct from  
those of each of the Affiliated Entities or any other Person, and that it is not  
a division of any of the Affiliated Entities or any other Person. In that  
regard, and without limiting the foregoing in any manner, Pledgor shall:  
  
 (a) maintain its existence and make independent  
decisions with respect to its daily operations and business affairs;  
  
 (b) maintain separate and clearly delineated office  
space owned by it or evidenced by a written lease or sublease (even if located  
in an office owned or leased by, or shared with, another Affiliated Entity);  
  
 (c) maintain its assets in a manner which facilitates  
their identification and segregation from those of any of the Affiliated  
Entities;  
  
 (d) maintain a separate telephone number which will be  
answered only in its own name and separate stationery and other business forms;  
  
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 (e) conduct all intercompany transactions with the  
Affiliated Entities on an arm's-length basis;  
  
 (f) not guarantee any obligation of any of the  
Affiliated Entities, nor have any of its obligations guaranteed by any  
Affiliated Entity, except as provided in the Guaranty (as defined in the  
Purchase Agreement) or the Guaranty, dated April 27, 2001, made by DVL, Inc., in  
favor of Pledgee, or hold itself out as responsible for the debts of any  
Affiliated Entity or for the decisions or actions with respect to the business  
and affairs of any Affiliated Entity, nor seek or obtain credit or incur any  
obligation to any third-party based upon the creditworthiness or assets of any  
Affiliated Entity, or any other Person;  
  
 (g) not permit the commingling or pooling of its funds  
or other assets with the assets of any Affiliated Entity;  
  
 (h) maintain separate deposit and other bank accounts to  
which no Affiliated Entity has any access;  
  
 (i) maintain financial records which are separate from  
those of the Affiliated Entities;  
  
 (j) compensate (either directly or through reimbursement  
of allocable share of any shared expenses) all employees, consultants and  
agents, and Affiliated Entities, to the extent applicable, for services provided  
to Pledgor by such employees, consultants and agents or Affiliated Entities, in  
each case, from Pledgor's own funds;  
  
 (k) have agreed with each of the relevant Affiliated  
Entities to allocate among themselves shared overhead and corporate operating  
services and expenses (including, without limitation, the services of shared  
employees, consultants and agents and reasonable legal and auditing expenses) on  
the basis of actual use or the value of services rendered, and otherwise on a  
basis reasonably related to actual use or the value of services rendered;  
  
 (l) pay for its own account for accounting and payroll  
services, rent, lease and other expenses (or its allocable share of any such  
amounts provided by one or more Affiliated Entity) and not have such operating  
expenses (or Pledgor's allocable share thereof) paid by any of the Affiliated  
Entities, provided, that DVL, Inc. shall be permitted to pay the initial  
organizational expenses of Pledgor;  
  
 (m) maintain adequate capitalization in light of its  
business and purpose;  
  
 (n) conduct all of its business (whether in writing or  
orally) solely in its own name through its duly authorized officers, employees  
and agents;  
  
 (o) not make or declare any dividends or other  
distributions of cash or property to the holders of its equity securities or  
make redemptions or repurchases of its equity securities, in either case, on a  
periodic basis any more frequently than monthly or otherwise, in certain other  
irregular cases, in accordance with appropriate legal formalities and consistent  
with sound business judgment; and all such distributions, redemptions or  
repurchases shall only be permitted hereunder to the extent that it is not  
violative of any applicable law and that no Event of Default then exists or  
would result therefrom;  
  
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 (p) maintain at least one employee (which employee may  
be shared with an Affiliate pursuant to a written agreement allocating the  
compensation and other remuneration and benefits for such employee as among such  
parties) in charge of day-to-day operations of Pledgor; and  
  
 (q) otherwise practice and adhere to legal formalities  
such as complying with its constitutive documents and member and director  
resolutions, the holding of regularly scheduled meetings of shareholders and  
directors, and maintaining complete and correct books and records and minutes of  
meetings and other proceedings of its shareholders and directors.  
  
 9. ADDITIONAL NEGATIVE COVENANTS. So long as any Indebtedness shall  
remain unpaid Pledgor will not, without the written consent of Pledgee:  
  
 9.1 BUSINESS ACTIVITIES. Conduct any business other than as  
contemplated in its charter.  
  
 9.2 LIABILITIES. Create, incur, assume or suffer to exist any  
liabilities, indebtedness and/or obligations (contingent or otherwise including,  
without limitation, by way of guarantee, suretyship or endorsement (other than  
endorsements of negotiable instruments for deposit or collection in the ordinary  
course of business)), except in favor of Pledgee.  
  
 9.3 LOANS AND ADVANCES. Make, or suffer to exist, any loans or  
advances to, or extend credit to, any Person.  
  
 9.4 DIVIDENDS. ETC. If any Event of Default shall have occurred  
and be continuing, declare or make any dividend payment or other distribution of  
assets, properties, cash, rights, obligations or securities on account of any  
interest in Pledgor, or purchase, redeem or otherwise acquire for value any  
interest in DVL, Inc. or any other Affiliated Entity, or any rights or options  
to acquire any such interest.  
  
 9.5 MERGERS, ETC. Merge or consolidate with or into, or convey,  
transfer, lease or otherwise dispose of (whether in one transaction or in a  
series of transactions) all or substantially all of its assets (whether now  
owned or hereafter acquired) to, or acquire all or substantially all of the  
assets of, any Person, or acquire any Person.  
  
 9.6 DISSOLUTION. Terminate, wind-up, liquidate or dissolve its  
affairs (or suffer the same).  
  
 9.7 INVESTMENTS. Make, or suffer to exist, any investment of  
any kind or in any manner in any Person, by purchase of stock or securities,  
contributions to capital, property transfer or otherwise, or acquire or agree to  
acquire by any manner any business or Person.  
  
 9.8 EXTRAORDINARY TRANSACTIONS. Enter into or agree to enter  
into any transaction that is not in the ordinary course of business.  
  
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 9.9 CHANGE OF BUSINESS, LEGAL FORM, CAPITAL STRUCTURE OR  
JURISDICTION. (a) Change the nature of its business or enter into a new  
business, (b) change the legal form of its business, (c) make any change in the  
capital structure thereof which could reasonably be expected to be detrimental  
to the interests of Pledgee, or (d) change its jurisdiction of organization.  
  
 9.10 CHANGE IN ORGANIZATIONAL DOCUMENTS. Amend, modify or  
otherwise change any of the terms or provisions in its organizational documents  
as in effect on the date hereof, except for the amendment set forth on SCHEDULE  
1 attached hereto (it being understood and agreed that such amendment shall not  
constitute a default under the Buyer Transaction Documents, as defined in the  
Purchase Agreement (as defined, in turn, in the April 2001 Pledge Agreement)).  
  
 9.11 BANKRUPTCY PROCEEDINGS. (a) Commence any case, proceeding  
or other action under any existing or future bankruptcy, insolvency or similar  
law seeking to have an order for relief entered with respect to itself, or  
seeking reorganization, arrangement, adjustment, wind-up, liquidation,  
dissolution, composition or other relief with respect to itself or its debts,  
(b) seek appointment of a receiver, trustee, custodian or other similar official  
for itself or any part of its assets, (c) make a general assignment for the  
benefit of creditors, (d) take any action in furtherance of, or consenting to or  
acquiescing in, any of the foregoing, and/or (e) initiate or support the filing  
of a motion in any bankruptcy or other insolvency proceedings involving any of  
its Affiliates to substantively consolidate itself with any such Person.  
  
 9.12 TRANSACTIONS WITH AFFILIATES. Enter into, or be a party to,  
any transaction with any of its Affiliates, except any transactions (including,  
without limitation, the lease of office space or computer equipment or software  
by Pledgor from an Affiliate and the sharing of employees and employee resources  
and benefits) (A) in the ordinary course of business of both Pledgor and that  
Affiliate, and (B) upon fair and reasonable terms (and, to the extent material,  
pursuant to written agreements) that are consistent with market terms for any  
such transaction.  
  
 9.13 CLASSIFICATION ELECTION. Elect to be classified as an  
association taxable as a corporation for federal, state, local or other tax  
purposes.  
  
 10. EVENTS OF DEFAULT. The occurrence of any one or more of the  
following events shall constitute an "Event of Default" hereunder:  
  
 10.1 The occurrence of any event of default or default under the  
Notes after expiration of any applicable notice and/or grace period permitted in  
the Notes.  
  
 10.2 The failure of Pledgor to pay any amount of principal or  
interest on the Indebtedness on the date on which such payment is due, whether  
on demand, at the stated maturity, or due date thereof, or by reason of any  
requirement for prepayment thereof, by acceleration or otherwise.  
  
 10.3 The failure of Pledgor to duly perform or observe any  
obligation, covenant or agreement on its part contained herein and such failure  
shall continue for a period of thirty (30) days following written notice from  
Pledgee.  
  
 10.4 Any representation or warranty of Pledgor herein is  
discovered to be untrue in any material respect or any statement, certificate or  
data furnished by Pledgor pursuant hereto is discovered to be untrue in any  
material respect as of the date as of which the facts therein set forth are  
stated or certified  
  
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and, if the same is susceptible of cure, the failure of Pledgor to cure the same  
for a period of thirty (30) days following written notice from Pledgee.  
  
 11. RIGHTS OF PLEDGOR AND PLEDGEE.  
  
 11.1 BEFORE EVENT OF DEFAULT. Prior to the occurrence of an  
Event of Default:  
  
 (a) VOTING. Pledgor shall be entitled to exercise any  
and all voting and other consensual rights arising under the Collateral, or any  
portion thereof, for any purpose not prohibited by the terms of the Notes.  
  
 (b) DISTRIBUTIONS. Pledgor shall be entitled to receive  
and retain any and all distributions and interest, declared, distributed or  
paid, with respect to the Collateral, or any portion thereof, provided, however,  
that any and all (i) distributions and interest paid or payable other than in  
cash; (ii) instruments and other property received, receivable or otherwise  
distributed with respect to, or in exchange for, the Collateral, or any portion  
thereof; (iii) distributions paid or payable in cash with respect to the  
Collateral, or any portion thereof, in connection with (1) a partial or total  
liquidation or dissolution, or (2) a reduction of capital, capital surplus or  
paid-in-surplus; and (iv) cash paid, payable or otherwise distributed in respect  
of principal, or redemption of, or in exchange for, the Collateral, or any  
portion thereof; shall be forthwith delivered to Pledgee to hold as Collateral  
and shall, if received by Pledgor, be (x) received in trust for the benefit of  
Pledgee, (y) segregated from all other property or funds of Pledgor, and (z)  
forthwith delivered to Pledgee as Collateral in the same form as so received  
(with any necessary documents, endorsements or assignments in blank with  
guaranteed signature(s)).  
  
 11.2 AFTER EVENT OF DEFAULT. Upon the occurrence of an Event of  
Default and at all times thereafter:  
  
 (a) VOTING. All rights of Pledgor to (i) exercise voting  
and other consensual rights which Pledgor would otherwise be entitled to  
exercise, pursuant to SECTION 11.1(a), and (ii) receive distributions and  
interest payments which Pledgor would otherwise be authorized to receive and  
retain, pursuant to SECTION 11.1(b), shall cease, and all such rights shall  
thereupon become absolutely vested in Pledgee. Pledgee shall thereafter have the  
sole and absolute right to exercise all voting and other consensual rights, and  
to receive and hold as Collateral all such distributions and interest payments  
and apply the same in accordance with Section 11.2(d), without any further  
notice to, or consent of, Pledgor.  
  
 (b) DISTRIBUTIONS HELD IN TRUST. All distributions and  
interest payments which are received by Pledgor contrary to the provisions of  
SECTION 11.2(a)(ii) shall be (i) received in trust for the benefit of Pledgee,  
(ii) shall be segregated from other property or funds of Pledgor and (iii)  
forthwith delivered to Pledgee as Collateral in the same form as received (with  
any necessary documents, endorsements or assignments in blank with guaranteed  
signatures).  
  
 (c) SALE OF COLLATERAL. Pledgee may exercise in respect  
of the Collateral and in addition to other rights and remedies provided for  
herein or otherwise available to it, all the rights and remedies of a secured  
party upon default under the Code. Pledgee may also, without notice, except as  
specified below, sell the Collateral, or any part thereof, in one or more blocks  
at public or private sale, at any exchange or otherwise or for future delivery,  
and at such price or prices and upon such other terms as Pledgee may deem  
commercially reasonable. Pledgor agrees that, to the extent notice of sale shall  
be required by law, five (5) business days notice to Pledgor of the time and  
place of any public sale or private sale is to be made shall constitute  
reasonable notification. Pledgee shall not be obligated to make  
  
  
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any sale of Collateral regardless of notice of sale having been given. Pledgee  
may adjourn any public or private sale from time to time by announcement at the  
time and place fixed therefor, and such sale may, without further notice, be  
made at the time and place to which it was so adjourned.  
  
 (d) APPLICATION OF PROCEEDS. Any cash held by Pledgee as  
Collateral and all cash proceeds received by Pledgee in respect of any sale of,  
collection from, or other realization upon the Collateral, or any portion  
thereof, may, in the discretion of Pledgee, be held by Pledgee as Collateral  
for, and/or then or at any time thereafter applied in whole or in part by  
Pledgee against all or any part of the Indebtedness, in such order as Pledgee  
shall elect in its sole discretion. Any surplus of such cash or cash proceeds  
held by Pledgee and remaining after payment in full of all Indebtedness shall be  
paid to Pledgor or to whomsoever may be lawfully entitled to receive such  
surplus.  
  
 11.3 PLEDGEE'S RIGHTS. At any time and from time to time,  
Pledgee shall have the right, in its discretion and without notice to Pledgor,  
to transfer to or to register in the name of Pledgee, or any of Pledgee's  
nominees, the Collateral, or any portion thereof, provided, however, that  
Pledgor shall continue to be the beneficial owner of any Collateral transferred  
to or registered in the name of Pledgee, or Pledgee's nominees, prior to the  
occurrence of an Event of Default. In addition, Pledgee shall have the right at  
any time to exchange certificates or instruments representing or evidencing the  
Collateral, or any portion thereof, for certificates or instruments of smaller  
or larger denominations.  
  
 12. REASONABLE CARE. Pledgee shall be deemed to have exercised  
reasonable care in the custody and preservation of the Collateral in its  
possession if the Collateral is accorded treatment substantially equal to that  
which Pledgee accords its own property.  
  
 13. DELAY OR OMISSION NOT WAIVER. Neither the failure nor any delay on  
the part of Pledgee to exercise any right, remedy, power or privilege under this  
Pledge upon the occurrence of any Event of Default or otherwise shall operate as  
a waiver thereof or impair any such right, remedy, power or privilege. No waiver  
of any Event of Default shall affect any later Event of Default or shall impair  
any rights of Pledgee. No single, partial or full exercise of any rights,  
remedies, powers and privileges by Pledgee shall preclude further or other  
exercise thereof. No course of dealing between Pledgee and Pledgor shall operate  
as or be deemed to constitute a waiver of Pledgee's rights under this Pledge or  
affect the duties or obligations of Pledgor.  
  
 14. REMEDIES CUMULATIVE; CONSENTS. The rights, remedies, powers and  
privileges provided for herein shall not be deemed exclusive, but shall be  
cumulative and shall be in addition to all other rights, remedies, powers and  
privileges in Pledgee's favor at law or in equity. Whenever Pledgee's consent or  
approval is required or permitted, such consent or approval shall be at the sole  
and absolute discretion of Pledgee.  
  
 15. CERTAIN FEES, COSTS, EXPENSES AND EXPENDITURES. Pledgor agrees to  
pay on demand the following costs and expenses of Pledgee:  
  
 15.1 all losses, costs and expenses in connection with the  
enforcement, protection and preservation of the Pledgee's rights or remedies  
under this Pledge, or any other agreement of Pledgor relating to any  
Indebtedness (including without limitation court costs, reasonable attorney's  
fees and expenses of accountants and appraisers); and  
  
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 15.2 any and all stamp and other similar taxes payable or  
determined to be payable in connection with the execution and delivery of this  
Pledge, and all liabilities to which Pledgee may become subject as the result of  
Pledgor's delay in paying or omission to pay such taxes.  
  
 In the event Pledgor shall fail to pay taxes, assessments, costs or  
expenses which it is required to pay hereunder, or fails to keep the Collateral  
free from security interests or lien (except as expressly permitted herein), or  
otherwise breaches any obligations under this Pledge, Pledgee in its discretion,  
may make expenditures for such purposes and the amount so expended (including  
reasonable attorney's fees and expenses, filing fees and other charges) shall be  
payable by Pledgor on demand and shall constitute part of the Indebtedness.  
  
 In the event any action at law or in equity in connection with the Notes,  
the Indebtedness or matters collateral thereto is terminated adverse to one  
party, the other party will pay all reasonable attorneys' fees and legal costs  
incurred by such party in connection with such actions.  
  
 With respect to any amount required to be paid by Pledgor under this  
Section, in the event Pledgor fails to pay such amount on demand, Pledgor shall  
also pay to Pledgee interest thereon at a default rate equal to 2.5% per annum  
in excess of the prime rate from time to time of First Union National Bank or,  
if less, the highest rate permitted by applicable law. Pledgor's obligations  
under this Section shall survive termination of this Pledge.  
  
 16. TIME IS OF THE ESSENCE. Time is of the essence in Pledgor's  
performance of Pledgor's obligations under the Notes.  
  
 17. COMMUNICATIONS AND NOTICES. All notices, requests, demands and  
other communications required or permitted under this Pledge shall be in writing  
and shall be deemed to have been duly given, made and received only when  
delivered (personally, by courier service such as Federal Express, or by other  
messenger) or four days following the day when deposited in the United States  
mails, registered or certified mail, postage prepaid, return receipt requested,  
addressed as set forth below:  
  
 To Pledgee: X. X. XXXXXXXXX S.S.C. LIMITED PARTNERSHIP  
 Green Valley Executive Suites  
 0000 X. Xxxxx Xxxxxx Xxxxxxx, Building 3, Xxxxx 000  
 Xxxxxxxxx, XX 00000  
  
 With a copy, given in the manner prescribed above to:  
  
 Xxxxxx X. Xxxxxx, Esquire  
 Wolf, Block, Xxxxxx and Xxxxx-Xxxxx LLP  
 0000 Xxxx Xxxxxx  
 00xx Xxxxx  
 Xxxxxxxxxxxx, XX 00000-0000  
  
  
 To Pledgor: S2 HOLDINGS, INC.  
 000 Xxxxxxxx Xxxxxx, Xxxxx 0000  
 Xxxxxxxxxx, XX 00000  
  
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 With a copy, given in the manner prescribed above to:  
  
 DVL, Inc.  
 00 Xxxx 00xx Xxxxxx, 0xx Xxxxx  
 Xxx Xxxx, XX 00000  
 Attention: Chief Financial Officer  
  
 and to:  
 Xxx Xxxxxxxx, Esquire  
 Proskauer Rose LLP  
 0000 Xxxxxxxx  
 Xxx Xxxx, XX 00000-0000  
  
 18. LIMITATION ON LIABILITY. Pledgor shall be responsible for and  
Pledgee is hereby released from any claim or liability in connection with:  
  
 (a) Safekeeping any Collateral;  
  
 (b) Any loss or damage to any Collateral;  
  
 (c) Any diminution in value of the Collateral; or  
  
 (d) Any act or default of another person or entity.  
  
 Pledgee shall only be liable for any act or omission on its part  
constituting gross negligence or willful misconduct. In the event that Pledgee  
breaches its required standard of conduct, Pledgor agrees that Pledgee's  
liability shall be only for direct damages suffered and shall not extend to  
consequential or incidental damages. If Pledgor brings suit against Pledgee in  
connection with the transactions contemplated hereunder and Pledgee is found not  
to be liable, Pledgor will indemnify and hold Pledgee harmless from all costs  
and expenses, including attorney's fees, incurred by Pledgee in connection with  
such suit.  
  
 19. WAIVERS. In connection with any proceedings hereunder or in  
connection with any of the Indebtedness, including without limitation any action  
by Pledgee in replevin, foreclosure or other court process or in connection with  
any other action related to the Indebtedness or the transactions contemplated  
hereunder, Pledgor waives:  
  
 (a) all errors, defects and imperfections in such  
 proceedings;  
  
 (b) all benefits under any present or future laws  
exempting any property, real or personal, or any part of any proceeds thereof  
from attachment, levy or sale under execution, or providing for any stay of  
execution to be issued on any judgment recovered in connection with the  
Indebtedness or in any replevin or foreclosure proceeding, or otherwise  
providing for any valuation, appraisal or exemption;  
  
 (c) presentment for payment, demand, notice of demand,  
notice of non-payment, protest and notice of protest of any of the  
Indebtedness;  
  
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 (d) any requirement for bonds, security or sureties  
required by statute, court rule or otherwise;  
  
 (e) any demand for possession of Collateral prior to  
commencement of any suit; and  
  
 (f) all rights to claim or recover attorney's fees and  
costs in the event that Pledgor is successful in any action to remove, suspend  
or prevent the enforcement of a judgment entered by confession.  
  
 20. MISCELLANEOUS PROVISIONS.  
  
 20.1 SEVERABILITY. The provisions of this Pledge and the Notes  
are deemed to be severable, and the invalidity or unenforceability of any  
provision shall not affect or impair the remaining provisions which shall  
continue in full force and effect.  
  
 20.2 HEADINGS. The headings of the Articles, Sections,  
paragraphs and clauses of this Pledge are inserted for convenience only and  
shall not be deemed to constitute a part of this Pledge.  
  
 20.3 BINDING EFFECT. This Pledge and all rights and powers  
granted hereby will bind and inure to the benefit of the parties hereto and  
their respective permitted successors and assigns.  
  
 20.4 AMENDMENT. No modification of this Pledge or the Notes  
shall be binding or enforceable unless in writing and signed by or on behalf of  
the party against whom enforcement is sought.  
  
 20.5 GOVERNING LAW. This Pledge will be construed in accordance  
with, and governed by, the laws of the State of Delaware.  
  
 20.6 NO THIRD PARTY BENEFICIARIES. The rights and benefits of  
this Pledge and the Notes shall not inure to the benefit of any third party.  
  
 20.7 EXHIBITS AND SCHEDULES. All exhibits and schedules, if any,  
attached hereto are hereby made a part of this Pledge.  
  
 20.8 COUNTERPARTS. This Pledge may be executed in any number of  
counterparts, all of which taken together shall constitute one and the same  
instrument, and any of the parties hereto may execute this Pledge by signing any  
such counterpart.  
  
 20.9 NO JOINT VENTURE. Nothing contained herein is intended to  
permit or authorize Pledgor to make any contract on behalf of Pledgee, nor shall  
this Pledge be construed as creating a partnership, joint venture or making  
Pledgee an investor in Pledgor.  
  
 21. WAIVER OF RIGHT TO TRIAL BY JURY. PLEDGOR AND PLEDGEE WAIVE ANY  
RIGHT TO TRIAL BY JURY ON ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION (A)  
ARISING UNDER THIS PLEDGE OR ANY OTHER DOCUMENT OR INSTRUMENT REFERRED TO HEREIN  
OR DELIVERED IN CONNECTION HEREWITH, OR (B) IN ANY WAY CONNECTED WITH OR RELATED  
OR INCIDENTAL TO THE DEALINGS OF PLEDGE WITH RESPECT TO THIS PLEDGE OR ANY OTHER  
DOCUMENT OR INSTRUMENT REFERRED TO HEREIN OR DELIVERED IN CONNECTION  
  
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HEREWITH, OR THE TRANSACTIONS RELATED HERETO OR THERETO, IN EACH CASE WHETHER  
SOUNDING IN CONTRACT OR TORT OR OTHERWISE. PLEDGOR AND PLEDGEE AGREE AND CONSENT  
THAT ANY SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION SHALL BE DECIDED BY COURT  
TRIAL WITHOUT A JURY, AND THAT ANY PARTY TO THIS PLEDGE MAY FILE AN ORIGINAL  
COUNTERPART OR A COPY OF THIS SECTION WITH ANY COURT AS WRITTEN EVIDENCE OF THE  
CONSENT OF PLEDGOR AND PLEDGEE TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY.  
  
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 IN WITNESS WHEREOF, Pledgor has executed and delivered this Pledge as of  
the date first above written.  
  
 PLEDGOR: S2 HOLDINGS, INC.  
  
 By\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  
 Name:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  
 Title:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  
  
 Pledgee hereby joins in this Pledge for the sole purpose of ratifying and  
confirming its consent to the provisions contained in SECTIONS 17 AND 21 above.  
  
 PLEDGEE:  
  
 X.X. XXXXXXXXX S.S.C. LIMITED PARTNERSHIP,  
 by its sole general partner:  
 X.X. XXXXXXXXX STRUCTURED SETTLEMENT  
 FUNDING CORPORATION  
  
  
 By:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  
 Name:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  
 Title:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  
  
  
  
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