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RECORDATION NO. Filed 1425

JUN 11 1979 - 1 05 PM

INTERSTATE COMMERCE COMMISSION

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CARY H. HALL, JR.
CARL F. MULLER

POST OFFICE BOX 10207
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CABLE ADDRESS: JURAL
TELEPHONE 803-242-3131

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162A024
Date JUN 11 1979
Fee $ 100.00
ICC Washington, D. C.

Mrs. Lee
Chairman of Recordation Department
Interstate Commerce Commission
Constitution Avenue at 12th Street
Washington, D. C.

Re: National Railway Utilization Corporation

Dear Mrs. Lee:

Enclosed please find for filing with the Interstate Commerce Commission pursuant to the Interstate Commerce Act [49 USCA §11303 (formerly §20c)], the following documents:

1. Security Agreement dated as of June 11, 1979 given by Donald C. Carroll in favor of National Railway Utilization Corporation;

2. Management Agreement dated as of June 11, 1979 between Donald C. Carroll and National Railway Utilization Corporation;

3. Certificate of Acceptance under the aforementioned Management Agreement.

These boxcars cover 4 50', 6", 70-ton, Type XM railroad boxcar(s) bearing the following road numbers:

NSL 151468 - NSL 151471 (both inclusive)

The address of National Railway Utilization Corporation is: 1100 Centre Square East, 1500 Market Street, Philadelphia, Pennsylvania 19102.

The address of the other party to these agreements is: 4100 Goshen Road, Newtown Square, Pa.

Also enclosed is a filing fee of $50.00 to cover the cost of recording the Security Agreement, $50.00 to cover the cost of recording the Management Agreement and $10.00 to cover the cost of recording the Certificate of Acceptance thereunder.

Ms. Jane Warren will ask that you stamp several copies of each recorded document and return it to her at the time of filing.

Thank you very much for your cooperation in this matter. If I may be of any assistance to you, please feel free to get in touch.

Sincerely,

Carl Muller

Carl F. Muller

CFM/bjm
enclosures

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INTERSTATE COMMERCE COMMISSION

SECURITY AGREEMENT

THIS SECURITY AGREEMENT dated as of June 11,1979, (the Security Agreement) is between the undersigned boxcar owner (the Debtor), and National Railway Utilization Corporation, (the Secured Party).

RECITALS:

A. The Debtor has delivered this date to Secured Party his Note dated as of the date hereof in the amount of $149,400.00.

The Note bears interest at the rate of 12 percent per annum prior to maturity, and matures on January 30, 1985.

B. The Note and all principal thereof and interest thereon and all additional amounts and other sums at any time due and owing from or required to be paid by the Debtor under the terms of the Note, or any modification thereof or this Security Agreement are hereinafter sometimes referred to as "indebtedness hereby secured".

C. All of the requirements of law relating to the transaction contemplated hereby have been fully complied with and all other acts and things necessary to make this Security Agreement a valid, binding and legal instrument for the security of the Note have been done and performed.

Section 1. GRANT OF SECURITY.

The Debtor in consideration of the premises and of the sum of Ten Dollars received by the Debtor from the Secured Party and other good and valuable consideration, receipt and sufficiency whereof is hereby acknowledged, and in order to secure the payment of the principal of and interest on the Note according to its tenor and effect, and to secure the payment of all other indebtedness hereby secured and the performance and observance of all covenants and conditions in the Note and in this Security Agreement, does hereby convey, warrant, mortgage, pledge, assign, and grant the Secured Party, its successors and assigns, a security interest in, all and singular of the Debtor's right, title and interest in and to the properties, rights, interests and privileges described in Sections 1.1 and 1.2 hereof subject always to the exceptions, reservations and limitations contained in Section 1.4 hereof (all of which properties hereby mortgaged, assigned and pledged or intended so to be are hereinafter collectively referred to as the Collateral).

1.1 Equipment Collateral. Collateral includes the railroad equipment described in Schedule I attached hereto and made a part hereof (collectively, the Equipment and individually, an Item of Equipment) constituting Equipment delivered under that certain Management Agreement dated as of the date hereof (the Management Agreement) between the Debtor and the National Railway Utilization Corporation, a South Carolina corporation (NRUC), together with all accessories, equipment, parts and appurtenances appertaining or attached to any of the Equipment, whether now owned or hereafter acquired, except such thereof as remain the property of NRUC under the Management Agreement, together with all the rents, issues, income, profits and avails therefrom.

1.2 Contract Collateral. Collateral also includes all right, title, interest, claims and demands of the Debtor in, to and under the Management Agreement, including all extensions of the term of said Agreement, together with all rights, powers, privileges, options and other benefits of the Debtor under the said Agreement, including, without limitation, but subject always to the exceptions, reservations and limitations contained in Section 1.4 hereof,

(1) the immediate and continuing right to receive and collect all revenues, insurance proceeds, and other payments, tenders and security now or hereafter payable or receivable by the Debtor under said Agreement or pursuant thereto;

(2) the right to make all waivers and agreements and to give and receive duplicate copies of all notices and other instruments or communications; and

(3) the right to take such action upon the occurrence of an Event of Default under said Agreement or an event which with the lapse of time or giving of notice, or both, would constitute an Event of Default under said Agreement, including the commencement, conduct and consummation of legal, administrative or other proceedings, as shall be permitted by the Management Agreement or by law, and to do any and all other things whatsoever which the Debtor is or may be entitled to do under the Management Agreement, it being the intent and purpose hereof that subject always to the exceptions, reservations and limitations contained in Section 1.4 hereof, the assignment and transfer to the Secured Party of said rights, powers, privileges, options and other benefits shall be effective and operative immediately and shall continue in full force and effect, and the Secured Party shall have the right to collect and receive said revenue, insurance proceeds, condemnation awards and other payments for application to the indebtedness hereby secured until such indebtedness has been fully paid and discharged.

1.3 Duration of Security Interest. The Secured Party, its successors and assigns shall have and hold the Collateral forever; provided, always, however, that such security interest is granted upon the express condition that if the Debtor shall pay or cause to be paid all the indebtedness hereby secured and shall observe, keep and perform all the terms and conditions, covenants and agreements herein and in the Note, then these presents and the estate hereby granted and conveyed shall cease and

this Security Agreement shall become null and void; otherwise to remain in full force and effect.

1.4 Excepted Rights in Collateral. There are expressly excepted and reserved from the security interest and operation of this Security Agreement the following described properties, rights, interests and privileges (hereinafter sometimes referred to as the Excepted Rights in Collateral) and nothing herein or in any other agreement contained shall constitute an assignment of the Excepted Rights in Collateral to the Secured Party:

(a) all payments of any indemnity under Section 11B of the Management Agreement which by the terms of said Agreement are payable to the Debtor for its own account; and

(b) any insurance proceeds payable under general public liability policies maintained by NRUC which by the terms of such policies or the terms of said Agreement are payable directly to the Debtor for its own account.

Section 2. COVENANTS AND WARRANTIES OF THE DEBTOR.

The Debtor covenants, warrants and agrees as follows:

2.1 Debtor's Duties. The Debtor agrees:

a. to cause to be carried and maintained all risk physical loss and damage insurance in an amount at least equal to the principal balance due under the note with respect to the Equipment and public laibility insurance in an amount not less than $3,000,000. All such insurance shall name the Secured Party and Owner as additional insureds and loss payees and shall provide that losses thereunder shall be payable to Debtor, NRUC and the Secured Party as their interests may appear;

b. cause each item of Equipment to be kept numbered with the identifying number as set forth in Schedule I hereto and keep and maintain permanently and conspicuously marked by a plate or stencil upon each side of each Item of Equipment in letters not less than one inch in height, the words: "Ownership Subject to Documents Recorded Pursuant to the Interstate Commerce Act" or words similar to those words.

c. cause each Item of Equipment to be maintained and kept in good order, condition and repair so that each item will remain (i) in as good condition as when delivered (ordinary wear and tear excepted) and (ii) in compliance with any applicable laws and regulations.

d. provide the Secured Party a current personal financial statement annually in a form satisfactory to the Secured Party.

2.2 Warranty of Title. The Debtor has the right, power and authority to grant a security interest in the Collateral to the Secured Party for the uses and purposes herein set forth; and the Debtor will warrant and defend the title to the Collateral against all claims and demands of persons claiming by, through or under the Debtor (excepting only the right, title and interest of NRUC under the Management Agreement and of persons claiming by, through or under NRUC). The Debtor also agrees that

it will, in its individual capacity and at its own cost and expense, promptly take such action as may be necessary to duly discharge any liens and encumbrances on the Collateral claimed by any party from, through or under the Debtor or its successors or assigns and which are not related to this Security Agreement, or the transactions contemplated herein.

2.3 Further Assurances. The Debtor will, at no expense to the Secured Party, do, execute, acknowledge and deliver all and every further acts, deeds, conveyances, transfers and assurances necessary or proper for the perfection of the security interest being herein provided for in the Collateral. Without limiting the foregoing but in furtherance of the security interest herein granted in the revenues and other sums due and to become due under the Management Agreement, the Debtor covenants and agrees that it will cause NRUC to be notified of any assignment pursuant to Section 16 of the Management Agreement and direct NRUC to make all payments of such revenues and other sums due and to become due under the Management Agreement, other than the Excepted Rights in Collateral, to New England Merchants National Bank as agent under Agency Agreement dated June 11, 1979, to be held and disbursed as provided therein. Without the prior written consent of Secured Party, Debtor will not transfer for less than full consideration any asset reflected on his personal financial statement in excess of 20 percent (20%) of the total assets shown thereon.

2.4 Recordation and Filing. The Debtor will cause this Security Agreement and any supplements hereto, the Management Agreement and any supplements thereto and all financing and continuation statements and similar notices required by applicable law, at all times to be kept, recorded and filed at no expense to the Secured Party in such manner and in such places as may be required by law in order fully to preserve and protect the rights of the Secured Party hereunder, and will at its own expense furnish to the Secured Party promptly after the execution and delivery of this Security Agreement and of any supplemental Security Agreement an opinion of counsel stating that in the opinion of such counsel this Security Agreement or such supplement, as the case may be, has been properly recorded or filed for record so as to make effective of record the security interest intended to be created hereby.

2.5 Modification of the Management Agreement. The Debtor will not:

(a) declare a default or exercise the remedies of the Debtor under, or terminate or modify or accept a surrender of, or offer or agree to, any termination or modification or surrender of, the Management Agreement or by affirmative act consent to the creation or existence of any security interest or other lien to secure the payment of indebtedness upon the Equipment or Management Agreement or any part thereof; or

(b) receive or collect or permit the receipt or collection of any payment under the Management Agreement prior to the date for payment thereof provided for by the Management Agreement or assign, transfer or hypothecate (other than to the Secured Party hereunder) any revenue payment then due or to accrue in the future under the Management Agreement in respect of the Equipment; or

(c) sell, mortgage, transfer, assign or hypothecate (other than to the Secured Party hereunder) its interest in the Equipment or any part thereof or in any amount to be received by it from the use of disposition of the Equipment.

Section 3. POSSESSION, USE AND RELEASE OF PROPERTY.

3.1 Possession of Collateral. While the Debtor is not in default hereunder it shall be suffered and permitted to remain in full possession, enjoyment and control of the Equipment and to manage, operate and use the same and each part thereof with the rights and franchises appertaining thereto, provided, always that the possession, enjoyment, control and use of the Equipment shall at all times be subject to the observance and performance of the terms of this Security Agreement. It is expressly understood that the use and possession of the Equipment by NRUC under and subject to the Management Agreement shall not constitute a violation of this Section 3.1.

Section 4. DEFAULTS AND OTHER PROVISIONS.

4.1 Events of Default. The term Event of Default shall mean one or more of the following:

(a) Default in payment of an installment of the principal of, or interest on, the Note when and as the same shall become due and payable, whether at the due date thereof or at the date fixed for prepayment or by acceleration or otherwise, and any such default shall continue unremedied for ten days; or

(b) An Event of Default, as defined and set forth in Section 12 of the Management Agreement; or

(c) Default on the part of the Debtor in the due observance or performance of any covenant or agreement to be observed or performed by the Debtor under this Security Agreement and such default shall continue unremedied for thirty days after written notice from the Secured Party to the Debtor specifying the default and demanding the same to be remedied; or

(d) Any representation or warranty on the part of the Debtor made herein or in any report, certificate, financial or other statement furnished in connection with this Security Agreement, the Management Agreement, or the transactions contemplated herein or therein shall prove to be false or misleading in any material respect when made; or

(e) Any claim, lien or charge shall be asserted against or levied or imposed upon the Equipment, and such claim, lien or charge shall not be discharged or removed within thirty days after written notice from the Secured Party or the holder of the Note to the Debtor demanding the discharge or removal thereof.

4.2 Secured Party's Rights. The Debtor agrees that when any Event of Default has occurred and is continuing:

(a) The Secured Party shall have the rights, duties and remedies of a secured party, and the Debtor shall have the rights and duties of a debtor, under the Uniform Commercial Code of the state of Massachusetts (regardless of whether such Code or a law similar thereto has been enacted in a jurisdiction wherein the rights or remedies are asserted);

(b) The Secured Party may, by notice in writing to the Debtor declare the entire unpaid balance of the Notes to be immediately due and payable; and thereupon all such unpaid balance, together with all accrued interest thereon, shall be and become immediately due and payable.

(c) The Secured Party personally or by agents or attorneys, shall have the right (subject to compliance with any applicable mandatory legal requirements) to take immediate possession of the Collateral, or any portion thereof, and for that purpose may pursue the same wherever it may be found, and may enter any of the premises of the Debtor, with or without notice, demand, process of law or legal procedure, if this can be done without breach of the peace, and search for, take possession of, remove, keep and store the Collateral, or use and operate or lease the Collateral until sold;

(d) The Secured Party may, if at the time such action may be lawful (subject to compliance with any mandatory legal requirements) either with or without taking possession and either before or after taking possession, and without instituting any legal proceedings whatsoever, and having first given notice of such sale by registered mail to the Debtor at least ten days prior to the date of such sale, and any other notice which may be required by law, sell and dispose of said Collateral, or any part thereof, at public or private sale, in one lot as an entirety or in separate lots, and either for cash or on credit and on such terms as the Secured Party may determine, and at any place (whether or not it be the location of Collateral or any part thereof) designated in the notice above referred to; provided; however, that any such sale should be held in a commercially reasonable manner.

(e) The Secured Party may proceed to protect and enforce this Security Agreement and the Note by suit or suits or proceedings in equity, at law or in bankruptcy, and whether for the specific performance of any covenant or agreement herein contained or in execution or aid of any power herein granted; or for foreclosure hereunder, or for the appointment of a receiver or receivers for the Collateral or any part thereof, for the recovery of judgment for the indebtedness hereby secured or for the enforcement of any other proper, legal or equitable remedy available under applicable law; and

(f) Subject always to the then existing rights, if any, of NRUC under the Management Agreement, the Secured Party may proceed to exercise all rights, privileges and remedies of the Debtor under the Management Agreement, and may exercise all such rights and remedies either in the name of the Secured Party or in the name of the Debtor for the use and benefit of the Secured Party.

4.3 Acceleration Clause. In case of any sale of the Collateral, or of any part thereof, pursuant to any judgment or decree of any court or otherwise in connection with the enforcement of any of the terms of this Security Agreement, the principal of the Note, if not previously due, and the interest accrued thereon, shall at once become and be immediately due and payable; also in the case of any such sale, the purchaser or purchasers, for the purpose of making settlement for or payment of the purchase

price, shall be entitled to turn in and use the Note and any claims for interest matured and unpaid thereon, in order that there may be credited as paid on the purchase price the sum apportionable and applicable to the Note including principal and interest thereof out of the net proceeds of such sale after allowing for the proportion of the total purchase price required to be paid in actual cash.

4.4 Waiver by Debtor. To the extent permitted by law, the Debtor covenants that it will not at any time insist upon or plead, or in any manner whatever claim or take any benefit or advantage of, any stay or extension law now or at any time hereafter in force, nor claim, take, nor insist upon any benefit or advantage of or from any law now or hereafter in force providing for the valuation or appraisement of the Collateral or any part thereof, prior to any sale or sales thereon to be made pursuant to any provision herein contained, or to the decree, judgment or order of any court of competent jurisdiction; nor, after such sale or sales, claim or exercise any right under any statute now or hereafter made or enacted by any state or otherwise to redeem the property so sold or any part thereof, and, to the full extent legally permitted, hereby expressly waives for itself and on behalf of each and every person, except decree or judgment creditors of the Debtor acquiring any interest in or title to the Collateral or any part thereof subsequent to the date of this Security Agreement, all benefit and advantage of any such law or laws, and covenants that it will not invoke or utilize any such law or laws or otherwise hinder, delay or impede the execution of any power herein granted and delagated to the Secured Party, but will suffer and permit the execution of every such power as though no such power, law or laws had been made or enacted.

4.5 Effect of Sale. Any sale, whether under any power of sale hereby given or by virtue of judicial proceedings, shall operate to divest all right, title, interest, claim and demand whatsoever, either at law or in equity, of the Debtor in and to the property sold and shall be a perpetual bar, both at law and in equity, against the Debtor, its successors and assigns, and against any and all persons claiming the property sold or any part thereof under, by or through the Debtor, its successors or assigns (subject, however, to the then existing rights, if any, of NRUC under the Management Agreement).

4.6 Application of Sale Proceeds. The proceeds and/or avails of any sale of the Collateral, or any part thereof, and the proceeds and the avails of any remedy hereunder shall be paid to and applied as follows:

(a) First, to the payment of costs and expenses of foreclosure or suit, if any, and of such sale, and of all property expenses, liability and advances, including legal expenses and attorneys' fees, incurred or made hereunder by the Secured Party, or the holder of the Note and of all taxes, assessments or liens superior to the lien of these presents, except any taxes, assessments or other superior lien subject to which said sale may have been made;

(b) Second, to the payment of the holder of the Note of the amount then owing or unpaid on the Note for principal and interest; and in case such proceeds shall be insufficient to pay in full the whole amount so

due, owing or unpaid upon the Note, then ratably according to the aggregate of such principal and the accrued and upaid interest with application on the Note to be made, first to unpaid principal thereof, and next to unpaid interest thereon; such application to be made upon presentation of the Note, and the notation thereon of the payment, if partially paid, or the surrender and cancellation thereof, if fully paid; and

(c) Third, to the payment of the surplus, if any, to the Debtor, its successors and assigns, or to whomsoever may be lawfully entitled to receive the same.

4.7 Cumulative Remedies. No delay or omission of the Secured Party or of the holder of the Note to exercise any right or power arising from any default on the part of the Debtor, shall exhaust or impair any such right or power or prevent its exercise during the continuance of such default. No waiver by the Secured Party, or the holder of the Note of any such default, whether such waiver be full or partial, shall extend to or be taken to affect any subsequent default, or to impair the rights resulting therefrom except as may be otherwise provided herein. The Secured Party may exercise any one or more or all of the remedies hereunder and no remedy is intended to be exclusive of any other remedy but each and every remedy shall be cumulative and in addition to any and every other remedy given hereunder or otherwise existing now or hereafter at law or in equity; nor shall the giving, taking or enforcement of any other or additional security, collateral or guaranty for the payment of the indebtedness secured under this Security Agreement operate to prejudice, waive or affect the security of this Security Agreement or any rights, powers or remedies hereunder, nor shall the Secured Party or holder of any of the Notes be required to first look to, enforce or exhaust such other or additional security, collateral or guaranties.

Section 5. MISCELLANEOUS

5.1 Partial Invalidity. The unenforceability or invalidity of any provision or provisions of this Security Agreement shall not render any other provision or provisions herein contained unenforceable or invalid.

5.2 Communications. All communications provided for herein shall be in writing and shall be deemed to have been given (unless otherwise required by the specific provisions hereof in respect of any matter) when delivered personally or when deposited in the United States certified mails, first class, postage prepaid, addressed as follows:

If to the Debtor:

New England Merchants National Bank
(Trust Department)
28 State Street
Boston, Massachusetts 02108

If to the Secured Party:

National Railway Utilization Corporation

1100 Centre Square East

1500 Market Street

Philadelphia, Pennsylvania 19102

or to the Debtor or the Secured Party at such other address as the Debtor or the Secured Party may designate by notice duly given in accordance with this Section to the other party.

IN WITNESS WHEREOF, the Debtor and the Secured Party have executed this Security Agreement as of the day and year first above written.

(CORPORATE SEAL)

NATIONAL RAILWAY UTILIZATION CORPORATION

ATTEST:

James W. Dalton

ASSISTANT SECRETARY

By: [signature]

Secured Party

VICE PRESIDENT

D C Carroll

Debtor

DONALD C. CARROLL

SCHEDULE I
DESCRIPTION OF EQUIPMENT

Description of boxcar:	70 ton 50'6" rigid underframe, single sheaved, AAR mechanical designation class XM.
Number of boxcars:	Four (4)
Reporting numbers	NSL 151468 - NSL 151471 (both inclusive)

STATE OF SOUTH CAROLINA)
) SS
COUNTY OF GREENVILLE)

On this 11th day of June, 1979, before me personally appeared Donald K. Hoding, to me personally known, who being by me duly sworn, says that he is a Vice President of National Railway Utilization Corporation, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation.

Gail M. Revis
Notary Public
My Comm. Exp. 8-31-80

(SEAL)

STATE OF Pa.)
) SS
COUNTY OF Phila.)

On this 7th day of June, 1979, before me personally appeared Donald C. Carroll, who being by me duly sworn, says that he acknowledged that the execution of the foregoing instrument was his free act and deed.

Darlene Marquette
Notary Public

DARLENE MARQUETTE
Notary Public, Phila., Phila. Co.
My Commission Expires Sept. 13, 1982

(SEAL)