

**Here for you.
Here for good!**



REGISTRATION NO. 32216 FILED

May 25, 2016

JUN 08 2016 -10 :55 AM

SURFACE TRANSPORTATION BOARD

Chief, Section of Administration
Office of Proceedings
Surface Transportation Board
395 E Street, SW
Washington, DD 20423-0001

Dear Chief:

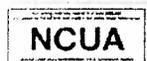
I have enclosed two copies of the documents listed below to be recorded pursuant to Section 11303 of Title 49 of the U. S. Code. These documents include a Credit Agreement and Disclosure and a Commercial Security Agreement dated May 11, 2016.

Debtor: Western Maryland Scenic Railroad Development Corporation
13 Canal Street
Cumberland, MD 21502

Secured Party: First Peoples Community Federal Credit Union
P. O. Box 1377
Cumberland, MD 21501-1377

A description of the equipment covered by the Commercial Security Agreement is as follows:

1949 Mallet 2-6-6-2 Steam Locomotive C&O 1309; 1916 Baldwin 2-8-0 Consolidation Steam Locomotive WMSR 734; WMSR 501- GP-30 Diesel Locomotive; WMSR 502-GP-30 Diesel Locomotive; East Broad Top Model CR04 Diesel Hydraulic Locomotive; 1955 Pullman Passenger Car – WMSR 876; 1946 ACR Passenger Car – WMSR 726; 1955 Pullman Passenger Car – WMSR 880; 1948 Pullman Passenger Car – WMSR 540; 1949 Budd Coach – WMSR 100; 1949 Budd Coach – WMSR 110; 1946 Budd Coach – WMSR 846; 1949 Budd Coach – WMSR 112; 1949 Budd Parlor Car – WMSR 107; 1956 Budd Lounge Car – WMSR 200; 1947 Pullman Lounge Car – WMSR 850; 1954 Pullman Lounge Car – WMSR 851; 1951 Budd Coffee Shop Car – WMSR 855; 1953 St. Louis Baggage Car – WMSR 1365; Western Maryland Railway Caboose – WMSR 1813; 1969 Caboose –



P.O. Box 1377, Cumberland, MD 21502
301.784.3000 • www.firstpeoples.com

WMSR 1906; 1949 Passenger Car – WMSR 844; 1953 American Car Foundries Coach – WMSR 541; 1949 Budd Coach WMSR 109 (104).

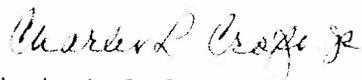
A fee of \$43.00 is enclosed. Please return the original and any extra copies not needed by the Board of Recordation to First Peoples Community Federal Credit Union, P. O. Box 1377, Cumberland, MD 21501-1377. A short summary of the document to appear in the index is as follows:

A Commercial Security Agreement in the amount of \$400,000.00 from Western Maryland Scenic Railroad Development Corporation to First Peoples Community Federal Credit Union dated and signed May 11, 2016. The security includes but is not limited by the following:

1949 Mallet 2-6-6-2 Steam Locomotive C&O 1309; 1916 Baldwin 2-8-0 Consolidation Steam Locomotive WMSR 734; WMSR 501- GP-30 Diesel Locomotive; WMSR 502-GP-30 Diesel Locomotive; East Broad Top Model CR04 Diesel Hydraulic Locomotive; 1955 Pullman Passenger Car – WMSR 876; 1946 ACR Passenger Car – WMSR 726; 1955 Pullman Passenger Car – WMSR 880; 1948 Pullman Passenger Car – WMSR 540; 1949 Budd Coach – WMSR 100; 1949 Budd Coach – WMSR 110; 1946 Budd Coach – WMSR 846; 1949 Budd Coach – WMSR 112; 1949 Budd Parlor Car – WMSR 107; 1956 Budd Lounge Car – WMSR 200; 1947 Pullman Lounge Car – WMSR 850; 1954 Pullman Lounge Car – WMSR 851; 1951 Budd Coffee Shop Car – WMSR 855; 1953 St. Louis Baggage Car – WMSR 1365; Western Maryland Railway Caboose – WMSR 1813; 1969 Caboose – WMSR 1906; 1949 Passenger Car – WMSR 844; 1953 American Car Foundries Coach – WMSR 541; 1949 Budd Coach WMSR 109 (104).

Thank you for your assistance with this matter.

Very truly yours,



Charles L. Croft, Jr.,
Vice President/Relationship Manager

Enclosure



CREDIT AGREEMENT AND DISCLOSURE

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
\$400,000.00	05-11-2016	11-15-2016	0146	28	***	141	
References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "***" has been omitted due to text length limitations.							

Borrower: WESTERN MARYLAND SCENIC RAILROAD
13 CANAL ST
CUMBERLAND, MD 21502

RECORDATION NO. 37216 FILED

Lender: First Peoples Community FCU
PO Box 1377
153 Baltimore Street
Cumberland, MD 21501-1377

JUN 08 2016 10:55 AM

CREDIT LIMIT: \$400,000.00

DATE OF AGREEMENT: May 11, 2016

Introduction. This Credit Agreement and Disclosure ("Agreement") governs Borrower's line of credit (the "Credit Line" or the "Credit Line Account") issued through First Peoples Community FCU. **Borrower agrees to the following terms and conditions:**

Promise to Pay. Borrower promises to pay First Peoples Community FCU, or order, the total of all credit advances and **FINANCE CHARGES**, together with all costs and expenses for which Borrower is responsible under this Agreement or under "a Security Agreement" which secures Borrower's Credit Line. Borrower will pay Borrower's Credit Line according to the payment terms set forth below. **If there is more than one Borrower, each is jointly and severally liable on this Agreement. This means Lender can require any Borrower to pay all amounts due under this Agreement, including credit advances made to any Borrower. Each Borrower authorizes any other Borrower, on his or her signature alone, to cancel the Credit Line, to request and receive credit advances, and to do all other things necessary to carry out the terms of this Agreement. Lender can release any Borrower from responsibility under this Agreement, and the others will remain responsible.**

Term. The term of Borrower's Credit Line will begin as of the date of this Agreement ("Opening Date") and will continue until November 15, 2016 ("Maturity Date"). All indebtedness under this Agreement, if not already paid pursuant to the payment provisions below, will be due and payable upon maturity. The draw period of Borrower's Credit Line will begin on the Opening Date. Borrower may obtain credit advances during this period ("Draw Period"). Borrower agrees that Lender may renew or extend the period during which Borrower may obtain credit advances or make payments. Borrower further agrees that Lender may renew or extend Borrower's Credit Line Account.

Minimum Payment. Borrower's "Regular Payment" will equal the amount of Borrower's accrued **FINANCE CHARGES**. Borrower will make 5 of these payments. Borrower will then be required to pay the entire balance owing in a single balloon payment. If Borrower makes only the minimum payments, Borrower may not repay any of the principal balance by the end of this payment stream. Borrower's payments will be due monthly. Borrower's "Minimum Payment" will be the Regular Payment, plus any amount past due and all other charges. An increase in the **ANNUAL PERCENTAGE RATE** may increase the amount of Borrower's Regular Payment. Borrower agrees to pay not less than the Minimum Payment on or before the due date indicated on Borrower's periodic billing statement.

Balloon Payment. Borrower's Credit Line Account is payable in full upon maturity in a single balloon payment. Borrower must pay the entire outstanding principal, interest and any other charges then due. **Unless otherwise required by applicable law, Lender is under no obligation to refinance the balloon payment at that time. Borrower may be required to make payments out of other assets Borrower owns or find a lender, which may be Lender, willing to lend Borrower the money. If Borrower refinances the balloon payment, Borrower may have to pay some or all of the closing costs normally associated with a new credit line account, even if Borrower obtains refinancing from Lender.**

How Borrower's Payments Are Applied. Unless otherwise agreed or required by applicable law, payments and other credits will be applied first to Finance Charges; and then to unpaid principal.

Receipt of Payments. All payments must be made in U.S. dollars and must be received by Lender at: First Peoples Community FCU, PO Box 1377, Cumberland, MD 21501-1377. Payments must be received consistent with the following payment instructions: Payments may be made at any First Peoples branch. Lender may modify these payment instructions, including changing the address for payments, by providing updated payment instructions on or with Borrower's periodic billing statement.

Credit Limit. This Agreement covers a revolving line of credit for the principal amount of Four Hundred Thousand & 00/100 Dollars (\$400,000.00), which will be Borrower's "Credit Limit" under this Agreement. Borrower may borrow against the Credit Line, repay any portion of the amount borrowed, and re-borrow up to the amount of the Credit Limit. Borrower's Credit Limit is the maximum amount Borrower may have outstanding at any one time. Borrower agrees not to attempt, request, or obtain a credit advance that will make Borrower's Credit Line Account balance exceed Borrower's Credit Limit. Borrower's Credit Limit will not be increased should Borrower overdraw Borrower's Credit Line Account. If Borrower exceeds Borrower's Credit Limit, Borrower agrees to repay immediately the amount by which Borrower's Credit Line Account exceeds Borrower's Credit Limit, even if Lender has not yet billed Borrower. Any amount greater than the Credit Limit will be secured by the security agreement covering Borrower's property.

Charges to Borrower's Credit Line. Lender may charge Borrower's Credit Line to pay other fees and costs that Borrower is obligated to pay under this Agreement, the security agreement or any other document related to Borrower's Credit Line. In addition, Lender may charge Borrower's Credit Line for funds required for continuing insurance coverage as described in the paragraph titled "Insurance" below or as described in the security agreement for this transaction. Any amount so charged to Borrower's Credit Line will be a credit advance and will decrease the funds available, if any, under the Credit Line. However, Lender has no obligation to provide any of the credit advances referred to in this paragraph.

Credit Advances. Beginning on the Opening Date of this Agreement, Borrower may obtain credit advances under Borrower's Credit Line as follows:

Telephone Request. Requesting a credit advance from Borrower's Credit Line to be applied to Borrower's designated account by telephone. Except for transactions covered by the federal Electronic Fund Transfers Act and unless otherwise agreed in your deposit account agreement, **Borrower acknowledges and Borrower agrees that Lender does not accept responsibility for the authenticity of telephone instructions and that Lender will not be liable for any loss, expense, or cost arising out of any telephone request, including any fraudulent or unauthorized telephone request, when acting upon such instructions believed to be genuine.**

Requests in Person. Requesting a credit advance in person at any of Lender's authorized locations.

Home Banking. Transfers may be made by authorized persons through home banking at www.firstpeoples.com.

If there is more than one person authorized to use this Credit Line Account, Borrower agrees not to give Lender conflicting instructions, such as one Borrower telling Lender not to give advances to the other.

Transaction Requirements. The following transaction limitations will apply to the use of Borrower's Credit Line:

Home Banking, In Person Request and Telephone Request Limitations. There are no transaction limitations for accessing by other methods,

CREDIT AGREEMENT AND DISCLOSURE

Loan No: 0146

(Continued)

Page 2

requesting an advance in person or requesting an advance by telephone.

Limitation on All Access Devices. You may not use any access device, whether described above or added in the future, for any illegal or unlawful transaction, and we may decline to authorize any transaction that we believe poses an undue risk of illegality or unlawfulness. Notwithstanding the foregoing, we may collect on any debt arising out of any illegal or unlawful transaction.

Future Credit Line Services. Borrower's application for this Credit Line also serves as a request to receive any new services (such as access devices) which may be available at some future time as one of Lender's services in connection with this Credit Line. Borrower understands that this request is voluntary and that Borrower may refuse any of these new services at the time they are offered. Borrower further understands that the terms and conditions of this Agreement, together with any specific terms covering the new service, will govern any transactions made pursuant to any of these new services.

Collateral. Borrower acknowledges this Agreement is secured by the following collateral described in the security instrument listed herein: collateral described in a Commercial Security Agreement dated May 11, 2016.

Insurance. Borrower must obtain insurance on the Property securing this Agreement that is reasonably satisfactory to Lender. Borrower may obtain property insurance through any company of Borrower's choice that is reasonably satisfactory to Lender. Borrower has the option of providing any insurance required under this Agreement through an existing policy or a policy independently obtained and paid for by Borrower, subject to Lender's right, for reasonable cause before credit is extended, to decline any insurance provided by Borrower. Subject to applicable law, if Borrower fails to obtain or maintain insurance as required in the security agreement, Lender may purchase insurance to protect Lender's own interest, add the premium to Borrower's balance, declare the loan in default, or do any one or more of these things.

Statutory Lien. Borrower agrees that all credit advances Borrower receives under the plan are secured by all shares and deposits in all joint and individual accounts Borrower has with Lender now and in the future. Borrower authorizes Lender to apply the balance in these accounts to pay any amounts due under this Agreement when Borrower is in default under this Agreement. Shares and deposits in an Individual Retirement Account and any other account that would lose special tax treatment under state or federal law if given as security are not subject to the security interest Borrower has given in Borrower's shares and deposits.

Periodic Statements. If you have a balance owing on your Credit Line Account or have any account activity, we will send you a periodic statement, unless prohibited by applicable law. It will show, among other things, credit advances, **FINANCE CHARGES**, other charges, payments made, other credits, your "Previous Balance," and your "New Balance." Your statement also will identify the Minimum Payment you must make for that billing period and the date it is due.

When FINANCE CHARGES Begin to Accrue. Periodic **FINANCE CHARGES** for credit advances under Borrower's Credit Line will begin to accrue on the date credit advances are posted to Borrower's Credit Line. There is no "free ride period" which would allow Borrower to avoid a **FINANCE CHARGE** on Borrower's Credit Line credit advances.

Method Used to Determine the Balance on Which the FINANCE CHARGE Will Be Computed. A monthly **FINANCE CHARGE** will be imposed on all credit advances made under Borrower's Credit Line imposed from the date of each credit advance based on the "daily balance" method. To get the daily balance, Lender takes the beginning balance of Borrower's Credit Line Account each day, adds any new advances, and subtracts any payments or credits. This gives Lender the "daily balance."

Method of Determining the Amount of FINANCE CHARGE. Any **FINANCE CHARGE** is determined by applying the monthly "Periodic Rate" to the balance described herein. This is Borrower's **FINANCE CHARGE** calculated by applying a Periodic Rate.

Periodic Rate and Corresponding ANNUAL PERCENTAGE RATE. The Periodic Rate and the corresponding **ANNUAL PERCENTAGE RATE** on Borrower's Credit Line are subject to change from time to time based on changes in an independent index which is the Wall Street Journal rate as published in the Wall Street Journal money rates section (the "Index"). The Index is not necessarily the lowest rate charged by Lender on Lender's loans. If the Index becomes unavailable during the term of this Credit Line Account, Lender may designate a substitute index after notice to Borrower. The **ANNUAL PERCENTAGE RATE** on Borrower's Credit Line is based upon the Index described below.

The Periodic Rate and the corresponding **ANNUAL PERCENTAGE RATE** on Borrower's Credit Line will increase or decrease as the Index increases or decreases from time to time. Lender will determine the Periodic Rate and the corresponding **ANNUAL PERCENTAGE RATE** as follows: Lender starts with the current Index as disclosed below. To determine the Periodic Rate that will apply to Borrower's account, Lender takes the value of the Index, then divides the value by 12 (monthly). To obtain the **ANNUAL PERCENTAGE RATE** Lender multiplies the Periodic Rate by 12 (monthly). This result is the **ANNUAL PERCENTAGE RATE**. In no event will the Periodic Rate result in a corresponding **ANNUAL PERCENTAGE RATE** that is less than 3.500% or more than 18.000%, nor will the Periodic Rate or corresponding **ANNUAL PERCENTAGE RATE** exceed the maximum rate allowed by applicable law. Adjustments to the Periodic Rate and the corresponding **ANNUAL PERCENTAGE RATE** resulting from changes in the Index will take effect monthly. Today the Index is 3.500% per annum, and therefore the initial **ANNUAL PERCENTAGE RATE** and the corresponding Periodic Rate on Borrower's Credit Line are as stated below:

Current Rates for the First Payment Stream			
Range of Balance or Conditions	Margin Added to Index	ANNUAL PERCENTAGE RATE	Monthly Periodic Rate
All Balances	0.000%	3.500%	0.29167%

Notwithstanding any other provision of this Agreement, Lender will not charge interest on any undisbursed loan proceeds. Notwithstanding any other provision of this Agreement or any provision of any Related Document, Borrower does not agree or intend to pay, and Lender does not agree or intend to charge, collect, take, reserve or receive (collectively referred to herein as "charge or collect"), any amount in the nature of interest or in the nature of a fee for the Credit Agreement and Disclosure which would in any way or event (including demand, prepayment, or acceleration) cause Lender to contract for, charge or collect more for the Credit Line Account than the maximum Lender would be permitted to charge or collect by any applicable federal or Maryland state law. Any such excess interest or unauthorized fee will, instead of anything stated to the contrary, be applied first to reduce the unpaid principal balance of the Credit Line Account, and when the principal has been paid in full, be refunded to Borrower.

Conditions Under Which Other Charges May Be Imposed. Borrower agrees to pay all the other fees and charges related to Borrower's Credit Line as set forth below:

Returned Items. You may be charged \$15.00 if you pay your Credit Line obligations with a check, draft, or other item that is dishonored upon second presentment for any reason, unless applicable law requires a lower charge or prohibits any charge.

Right to Credit Advances. Beginning on the Opening Date, Lender will honor Borrower's requests for credit advances up to Borrower's Credit Limit so long as: (A) Borrower is not in default under the terms of this Agreement; (B) this Agreement has not been terminated or suspended.

CREDIT AGREEMENT AND DISCLOSURE

Loan No: 0146

(Continued)

Page 3

Default. Lender may declare Borrower to be in default if any one or more of the following events occur: (A) Borrower fails to pay a Minimum Payment when due; (B) an event of default occurs under the security agreement for the Property; (C) the Property is further encumbered in any way, voluntarily or involuntarily; (D) Borrower dies; (E) Borrower makes any false or misleading statements on Borrower's Credit Line application; (F) Borrower violates any provision of this Agreement or any other agreement with Lender; (G) any garnishment, attachment, or execution is issued against any material asset owned by Borrower; (H) Borrower exceeds Borrower's Credit Limit; (I) Borrower files for bankruptcy or other insolvency relief, or an involuntary petition under the provisions of the Bankruptcy Code is filed against Borrower.

Lender's Rights. If Borrower is in default, Lender will send notice to Borrower setting forth a time period of at least thirty (30) days within which such default may be cured. During this cure period, without notice, Lender may suspend Borrower's Credit Line as provided below. If such default is not cured during this period, Lender may either terminate or continue suspension of Borrower's Credit Line Account.

Suspension. If Lender suspends Borrower's Credit Line, Borrower will lose the right to obtain further credit advances. However, all other terms of this Agreement will remain in effect and be binding upon Borrower, including Borrower's liability for any further unauthorized use of any Credit Line access devices.

Termination. If Lender terminates Borrower's Credit Line, Borrower's Credit Line will be suspended and the entire unpaid balance of Borrower's Credit Line Account will be immediately due and payable, without prior notice except as may be required by law, and Borrower agrees to pay that amount plus all **FINANCE CHARGES** and other amounts due under this Agreement.

Collection Costs. Subject to any limits under applicable law, upon default, Borrower agrees to pay Lender's reasonable attorneys' fees and all of Lender's other collection expenses, whether or not there is a lawsuit, including without limitation legal expenses for bankruptcy proceedings. Borrower further agrees to pay these attorneys' fees and expenses even if incurred after the date of any judgment Lender may obtain and agrees that the obligation will survive the entry of, and not be merged into, any judgment.

Rate Increase. In addition to Lender's other rights on default, Lender may increase the variable interest rate under this Agreement to 2.000 percentage points over the then applicable **ANNUAL PERCENTAGE RATE**. The interest rate will not exceed the maximum rate permitted by applicable law. If Lender does not increase the interest rate on default, it will continue at the variable rate in effect as of the date Lender declares a default.

Delay in Enforcement. Lender may delay or waive the enforcement of any of Lender's rights under this Agreement without losing that right or any other right. If Lender delays or waives any of Lender's rights, Lender may enforce that right at any time in the future without advance notice. For example, not terminating Borrower's account for non-payment will not be a waiver of Lender's right to terminate Borrower's account in the future if Borrower has not paid.

Termination by Borrower. If Borrower terminates this Agreement, Borrower must notify Lender in writing at the address shown on Borrower's periodic billing statement or other designated address. Despite termination, Borrower's obligations under this Agreement will remain in full force and effect until Borrower has paid Lender all amounts due under this Agreement.

Prepayment. Borrower may prepay all or any amount owing under this Credit Line at any time without penalty, except Lender will be entitled to receive all accrued **FINANCE CHARGES**, and other charges, if any. Payments in excess of Borrower's Minimum Payment will not relieve Borrower of Borrower's obligation to continue to make Borrower's Minimum Payments. Instead, they will reduce the principal balance owed on the Credit Line. Borrower agrees not to send Lender payments marked "paid in full", "without recourse", or similar language. If Borrower sends such a payment, Lender may accept it without losing any of Lender's rights under this Agreement, and Borrower will remain obligated to pay any further amount owed to Lender. **All written communications concerning disputed amounts, including any check or other payment instrument that indicates that the payment constitutes "payment in full" of the amount owed or that is tendered with other conditions or limitations or as full satisfaction of a disputed amount must be mailed or delivered to: First Peoples Community FCU, PO Box 1377 Cumberland, MD 21501-1377.**

Notices. All notices will be sent to Borrower's address as shown in Borrower's Credit Line application. Notices will be mailed to Borrower at a different address if Borrower gives Lender written notice of a different address. Borrower agrees to advise Lender promptly if Borrower changes Borrower's mailing address.

Credit Information and Related Matters. Borrower authorizes Lender to release information about Borrower to third parties as described in Lender's privacy policy and Lender's Fair Credit Reporting Act notice, provided Borrower did not opt out of the applicable policy, or as permitted by law. Borrower agrees that, upon Lender's request, Borrower will provide Lender with a current financial statement, a new credit application, or both, on forms provided by Lender. Borrower also agrees Lender may obtain credit reports on Borrower at any time, at Lender's sole option and expense, for any reason, including but not limited to determining whether there has been an adverse change in Borrower's financial condition. Based upon a material adverse change in Borrower's financial condition (such as termination of employment or loss of income), Lender may suspend Borrower's Credit Line. Lender may require a new appraisal of the Property which secures Borrower's Credit Line at any time, including an internal inspection, at Lender's sole option and expense.

Transfer or Assignment. Without prior notice or approval from Borrower, Lender reserves the right to sell or transfer Borrower's Credit Line Account and Lender's rights and obligations under this Agreement to another lender, entity, or person, and to assign Lender's rights under the security agreement. Borrower's rights under this Agreement belong to Borrower only and may not be transferred or assigned. Borrower's obligations, however, are binding on Borrower's heirs and legal representatives. Upon any such sale or transfer, Lender will have no further obligation to provide Borrower with credit advances or to perform any other obligation under this Agreement.

Notify Us of Inaccurate Information We Report To Consumer Reporting Agencies. Please notify us if we report any inaccurate information about your account(s) to a consumer reporting agency. Your written notice describing the specific inaccuracy(ies) should be sent to us at the following address: First Peoples Community FCU PO Box 1377 Cumberland, MD 21501-1377.

JURY WAIVER. LENDER AND BORROWER EACH HEREBY WAIVE TRIAL BY JURY IN ANY ACTION OR PROCEEDING TO WHICH LENDER OR BORROWER MAY BE PARTIES, ARISING OUT OF, OR IN ANY WAY PERTAINING TO, THIS AGREEMENT. IT IS AGREED THAT THIS WAIVER CONSTITUTES A WAIVER OF TRIAL BY JURY OF ALL CLAIMS AGAINST ALL PARTIES TO SUCH ACTIONS OR PROCEEDINGS. THIS WAIVER IS KNOWINGLY, WILLINGLY AND VOLUNTARILY MADE BY LENDER AND BORROWER, AND LENDER AND BORROWER EACH HEREBY REPRESENT THAT NO REPRESENTATIONS OF FACT OR OPINION HAVE BEEN MADE BY ANY INDIVIDUAL TO INDUCE THIS WAIVER OF TRIAL BY JURY OR TO IN ANY WAY MODIFY OR NULLIFY ITS EFFECT. BORROWER FURTHER REPRESENTS THAT BORROWER HAS BEEN REPRESENTED IN THE SIGNING OF THIS AGREEMENT AND IN THE MAKING OF THIS WAIVER BY INDEPENDENT LEGAL COUNSEL, SELECTED OF BORROWER'S OWN FREE WILL, AND THAT BORROWER HAS HAD THE OPPORTUNITY TO DISCUSS THIS WAIVER WITH COUNSEL.

LATE CHARGE. If a payment is 10 days or more late, Borrower will be charged 10.000% of the unpaid portion of the regularly scheduled payment or \$25.00, whichever is greater, with a maximum late charge of \$1,000.00..

Governing Law. This Agreement will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the State of Maryland without regard to its conflicts of law provisions. This Agreement has been accepted by Lender in the State of Maryland.

CREDIT AGREEMENT AND DISCLOSURE

Loan No: 0146

(Continued)

Page 4

Caption Headings. Caption headings in this Agreement are for convenience purposes only and are not to be used to interpret or define the provisions of this Agreement.

Interpretation. Borrower agrees that this Agreement, together with the security agreement, is the most reliable evidence of Borrower's agreements with Lender. If a court finds that any provision of this Agreement is not valid or should not be enforced, that fact by itself will not mean that the rest of this Agreement will not be valid or enforced.

Severability. If a court of competent jurisdiction finds any provision of this Agreement to be illegal, invalid, or unenforceable as to any circumstance, that finding shall not make the offending provision illegal, invalid, or unenforceable as to any other circumstance.

Arbitration. Borrower and Lender agree that all disputes, claims and controversies between them whether individual, joint, or class in nature, arising from this Agreement or otherwise, including without limitation contract and tort disputes, shall be arbitrated pursuant to the Rules of the American Arbitration Association in effect at the time the claim is filed, upon request of either party.

Acknowledgment and Amendments. Borrower understands and agrees to the terms and conditions in this Agreement. Borrower acknowledges that, subject to applicable laws, Lender has the right to change the terms and conditions of the Credit Line program, including without limitation, the Margin.

Applicable Lending Law. To the extent not preempted by federal law, this loan is being made under the terms and provisions of Subtitle 9 of Title 12 of the Maryland Commercial Law Article.

This Agreement is dated May 11, 2016.

THIS AGREEMENT IS GIVEN UNDER SEAL AND IT IS INTENDED THAT THIS AGREEMENT IS AND SHALL CONSTITUTE AND HAVE THE EFFECT OF A SEALED INSTRUMENT ACCORDING TO LAW.

BORROWER:

WESTERN MARYLAND SCENIC RAILROAD

By: [Signature] (Seal)
MICHAEL E BRANT, President of WESTERN MARYLAND SCENIC RAILROAD

By: [Signature] (Seal)
ROBERT FLANIGAN, Vice President of WESTERN MARYLAND SCENIC RAILROAD

By: [Signature] (Seal)
JOHN GARNER, GENERAL SUPERINTENDENT of WESTERN MARYLAND SCENIC RAILROAD

ACCEPTED: FIRST PEOPLES COMMUNITY FCU

By: [Signature] (Seal)
CHARLES L. CROFF, JR., Vice President/Relationship Manager