ATLANTIC & WESTERN FINANCIAL CORPORATION

P. O. BOX 1208
SANFORD, NORTH CAROLINA 27330

TEL: 919 — 776 - 7521
TELEX: 802511

9-221A184
No.
Date AUG 9 1979
Fee $ 800.00
ICC Washington, D. C.

Office of the Secretary
Interstate Commerce Commission
12th and Constitution
Washington D. C.

Countersigned — Frank J. Hart

RECORDATION NO. 10716 - 10731 Filed 1425
AUG 9 1979 - 3 30 PM
INTERSTATE COMMERCE COMMISSION

Re: ~~34~~ 29 Class XF Boxcars
Bearing Hutchinson & Northern
Railway Company Markings
HN 5064 - 5076 inclusive and
5078 - 5085 inclusive and
5090 - 5099 inclusive

Gentlemen:

On behalf of Mid-South Bank and Trust Company we enclose an original and a copy of ~~seventeen~~ sixteen security agreements for the above captioned ~~34~~ 29 cars with Mid South Bank Bank & Trust Company as secured party and a check drawn on McDermott & Parks Esqs for ~~$850.00~~ $800.00 in payment of the filing fee.

We request that the original of each document be recorded and that we be given a certified copy of each security agreement.

The investors are as follows:

CHARLES M. REEVES JR — Cars HN 5064-5073
WB + SARAH JOYCE — Cars HN 5074-5075
THOMAS B + ELIZABETH J AMELIA — Cars HN 5078

RECEIVED
AUG 9 3 28 PM '79
I.C.C.
OPERATION BR.

MARY CAROLYN REEVES BASS and SAM Q. BASS HN 5079

DAVID C REEVES HN 5080

JOHN M REEVES HN 5081

JAMES M PARROTT, JR AND SUZANNE R PARROT HN 5082

WILLIAM W. AND ELLEN B STATON ——— HN 5083

JOHNAS F NOCKADAY AND DIXIE L NOCKADAY — HN 5084

PAUL O. HOWARD AND BARBARA E JAMES HOWARD — HN 5085

OTRACY PARKS III ——— HN 5090 - 5094

HAROLD GREENBERG ——— HN 5095

STEPHEN IRWIN ——— HN 5096

STUART M. PELLMAN ——— HN 5097

FREDERICK R. BIEHL ——— HN 5098

MELVIN S. SLADE ——— HN 5099

Your cooperation in this matter is greatly appreciated

Very truly yours

Frank J Harriton

FRANK J HARITON

SPECIAL COUNSEL

10731

AUG 9 1979 3:50 PM

INTERSTATE COMMERCE COMMISSION

SECURITY AGREEMENT

Date 8-9-79

Stuart M. Pellman of New York County, ~~State of North~~ ~~Carolina~~ whose address is 440 E. 56th St., New York, NY 10022, hereinafter called "Debtor", for valuable consideration, receipt of which is hereby acknowledged, hereby grants to **Mid-South Bank & Trust Company**, a North Carolina Banking Corporation with one of its principal offices in Sanford, N. C. said state, hereinafter called "Secured Party", a security interest in, and mortgages to Secured Party, the following property and any and all additions, accessions thereto, or after acquired similar properties, hereinafter called the "Collateral" as follows: 50' 6", 70 ton XF boxcar with 10' sliding doors bearing Serial No. HN5097

to secure payment of a debt of $ 31,000.00 as evidenced by note or notes of even date herewith and also any and all liabilities of Debtor to Secured Party under this agreement or said note or notes or any renewals or extensions thereof (all hereinafter called the "obligations").

Debtor hereby warrants and covenants that:

(a) The collateral is bought or used primarily for

_____ Personal, family or household purposes

_____ Farming operations

_x_ Business use

and if checked here _x_, is being acquired with the proceeds of the note or notes, which Secured Party may disburse directly to the seller of the collateral;

(b) The collateral will be kept at _____

Debtor will promptly notify Secured Party of any change in the location of the collateral within said state; and debtor will not remove the collateral from said state without written consent of the Secured Party;

(c) If the collateral is bought or used primarily for business use, Debtor's place of business in said state (if any) is that shown at the beginning of this agreement; and all other places of business of Debtor in said state outside of the town or city mentioned in the previous clause are located as follows _____;

(d) If the collateral is bought or used primarily for personal, family or household purposes, or for farming operations use, or if Debtor has no place of business in said state, Debtor's residence in said state is that shown at the beginning of this agreement;

(e) If the collateral is to be attached to real estate, a description of the real estate is as follows: _____

and the name of the record owner is _____; and if the collateral is attached to real estate prior to the perfection of the security interest granted hereby, Debtor will on demand of Secured Party furnish the latter with a disclaimer or disclaimers, signed by all persons having an interest in the real estate, of any interest in the collateral which is prior to Secured Party's interest.

Additional provisions

This agreement is subject to the additional provisions set forth on the back side hereof, the same being incorporated herein by reference.

Signed and delivered on the day and year first above written.

(Secured Party need sign only if agreement is to be used as Financing Statement).

Stuart M. Pellman
(Debtor)

Mid-South Bank & Trust Co
(Secured Party)

By [signature]

pp. Paula M. Pellman
(Debtor)

By _____

SEPARATE NOTE REQUIRED

FORM #198

ADDITIONAL PROVISIONS

Further warranties and covenants of debtor

Debtor hereby warrants and covenants that:

(a) Except for the security interest granted hereby Debtor is the owner of the collateral free from any adverse lien, security interest or encumbrance; and Debtor will defend the collateral against all claims and demands of all persons at any time claiming the same or any interest therein;

(b) No Financing Statement covering any collateral or any proceeds thereof is on file in any public office and at the request of Secured Party, Debtor will join with Secured Party in executing one or more Financing Statements pursuant to the Uniform Commercial Code in form satisfactory to Secured Party and will pay the cost of filing the same or filing or recording this agreement in all public offices wherever filing or recording is deemed by Secured Party to be necessary or desirable;

(c) Debtor will not sell or offer to sell or otherwise transfer the collateral or any interest therein without the written consent of Secured Party;

(d) Debtor will have and maintain insurance at all times with respect to all collateral against risks of fire (including so-called extended coverage), theft and such other risks as Secured Party my require, and in the case of motor vehicles, collision, containing such terms, in such form, for such periods and written by such companies as may be satisfactory to Secured Party, such insurance to be payable to Secured Party and Debtor as their interests may appear; all policies of insurance shall provide for ten days' written minimum cancellation notice to Secured Party; Debtor shall furnish Secured Party with certificates or other evidence satisfactory to Secured Party of compliance with the foregoing insurance provisions; and Secured Party may act as attorney for Debtor in obtaining, adjusting, settling and cancelling such insurance and endorsing any drafts;

(e) Debtor will keep the collateral free from any adverse lien, security interest or encumbrance and in good order and repair and will not waste or destroy the collateral or any part thereof; Debtor will not use the collateral in violation of any statute or ordinance; and Secured Party may examine and inspect the collateral at any time wherever located;

(f) Debtor will pay promptly when due all taxes and assessments upon the collateral or for its use or operation or upon this agreement or upon any note or notes evidencing the obligations.

Additional rights of parties

At its option, Secured party may discharge taxes, liens or security interests or other encumbrances at any time levied or placed on the collateral, may pay for insurance on the collateral and may pay for the maintenance and preservation of the collateral. Debtor agrees to reimburse Secured Party on demand for any payment made, or any expense incurred by Secured Party pursuant to the foregoing authorization. Until default Debtor may have possession of the collateral and use it in any lawful manner not inconsistent with this agreement and not inconsistent with any policy of insurance thereon.

Events of default

Debtor shall be in default under this agreement upon the happening of any of the following events or conditions:

(a) Default in the payment or performance of any obligation, covenant or liability contained or referred to herein or in any note evidencing the same;

(b) Any warranty, representation or statement made or furnished to Secured Party by or on behalf of Debtor proving to have been false in any material respect when made or furnished;

(c) Loss, theft, substantial damage, destruction, sale or encumbrance to or of any of the collateral, or the making of any levy, seizure or attachment thereof or thereon;

(d) Death, dissolution, termination of existence, insolvency, business failure, appointment of a receiver of any part of the property of, assignment for the benefit of creditors by, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against, Debtor or any guarantor or surety for Debtor.

Remedies

Upon such default and at any time thereafter Secured Party may declare all obligations secured hereby immediately due and payable and shall have the remedies of a secured party under the Uniform Commercial Code. Secured Party may require Debtor to assemble the collateral and make it available to Secured Party at a place to be designated by Secured Party which is reasonably convenient to both parties. Unless the collateral is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, Secured Party will give Debtor reasonable notice of the time and place of any public sale thereof or of the time after which any private sale of any other intended disposition thereof is to be made. The requirements of reasonable notice shall be met if such notice is mailed, postage prepaid, to the address of Debtor shown at the beginning of the agreement at least five days before the time of the sale or disposition. Expenses of retaking, holding, preparing for sale, selling or the like shall include Secured Party's reasonable attorney's fees and legal expenses. The Secured Party may also have all rights and remedies specified in the note.

General

No waiver by Secured Party of any default shall operate as a waiver of any other default or of the same default on a future occasion. All right of Secured Party hereunder shalll inure on a future occasion. All rights of Secured Party hereunder shall inure to the benefit of its successors and assigns; and all obligations of Debtor shall bind his heirs, executors or administrators of his or its successors or assigns. If there be more than one Debtor, their obligations hereunder shall be joint and several. This agreement shall become effective when tt is signed by Debtor.

~~STATE OF~~
~~COUNTY OF~~ DISTRICT OF COLUMBIA : SS:

I, Jane Tyler Cushman, a Notary Public, do hereby certify that Joseph L. Wallace, Jr., personally came before me this day and acknowledged that he is the President of Mid-South Bank and Trust Company, a North Carolina banking corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its corporate name by him as President.

WITNESS my hand and notarial seal this 9th day of August, 1979.

Jane Tyler Cushman
Notary Public

My Commission Expires September 30, 1979

STATE OF NEW YORK)
COUNTY OF NEW YORK) SS:

I, Edna Felder, a Notary Public, do hereby certify that Stuart M. Pellman and Paula Pellman, personally came before me this day and acknowledged the execution of the foregoing instrument.

WITNESS my hand and notarial seal this 9th day of August, 1979.

Edna Felder
Notary Public

EDNA FELDER
Notary Public, State of New York
No. 03-6258500
Qualified in Bronx County
Commission Expires March 30, 1980