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RECORDATION NO. _____ Filed & Recorded

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CHattel Mortgage

INTERSTATE COMMERCE COMMISSION

KNOW ALL MEN BY THESE PRESENTS, that THE ALTON & SOUTHERN RAILWAY COMPANY, a corporation created and existing by virtue of the laws of the state of Delaware and doing business in the states of Illinois and Missouri, hereinafter called the Mortgagor, in consideration of \$800,000 dollars to it paid by MERCANTILE TRUST COMPANY NATIONAL ASSOCIATION of the City of St. Louis, state of Missouri, hereinafter called the Mortgagee, the receipt whereof is hereby acknowledged, which amount Mortgagor hereby promises to pay as hereinafter provided, does hereby grant, sell, convey and confirm, unto Mortgagee and its successors and assigns, the following goods and chattels, to wit: Six (6) General Motors (Electro-Motive Division) 1500 HP Model SW-1500 Diesel Electric Switching Locomotives numbered A&S 1506 to 1511, both inclusive (hereinafter called the Equipment).

TO HAVE AND TO HOLD all and singular the said Equipment, unto the Mortgagee herein, and its successors and assigns, to its sole use, forever. And the Mortgagor herein for itself, its successors and assigns, does hereby covenant to and with the Mortgagee, its successors and assigns, that Mortgagor is lawfully possessed of the said Equipment as its own property; that the same are free from all incumbrances, and that it will, and its successors shall, warrant and defend the same to the Mortgagee, its successors and assigns, against the lawful claims and demands of all persons.

PROVIDED NEVERTHELESS, that if the Mortgagor, its successors or assigns, shall well and truly pay unto the Mortgagee, its successors and assigns \$800,000 dollars in the following manner:

in 29 equal instalments of \$26,500 and a 30th final instalment of \$31,500. The first instalment shall be payable on June 16, 1971, and subsequent instalments shall be payable semi-annually thereafter on each June 16 and December 16 through December 16, 1985. The unpaid portion of such indebtedness shall bear interest from the date hereof until maturity at a rate per annum equal to the best rate of the Mercantile Trust Company National Association for loans of 90-day maturity to substantial and responsible commercial borrowers (hereinafter called the Prime Rate) as from time to time in effect. Each change in such interest rate shall take effect on the first day of the month following the change in such Prime Rate. Such interest shall be payable semi-annually on the dates of maturity of instalments of principal as above set forth. Interest hereunder shall be determined on the basis of a 360-day year of twelve 30-day months. The Mortgagor will pay, to the extent legally enforceable, interest at 2% above said Prime Rate per annum upon all amounts remaining unpaid after the same shall have become due and payable pursuant to the terms hereof, anything herein to the contrary notwithstanding. All payments provided for in this Agreement shall be made by the Mortgagor in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts. The Mortgagor may, at its option, at any time, prepay any or all of the principal installments, without premium, in the inverse order of maturity; provided, however, that if such prepayment shall be made directly or indirectly from proceeds of borrowings, a premium shall be payable in the amount of 1/2 of 1% per annum upon each instalment so prepaid from the date of payment to the date upon which such instalment is due.

then this mortgage is to be void, otherwise to remain in full force and effect.

AND PROVIDED ALSO, that it shall be lawful for the Mortgagor, its successors and assigns, to retain possession of the said Equipment, and at its own expense, to keep and use the same until it or its successors or assigns, shall make default in the payment of the said sum of money above specified, either in principal or interest, at the time or times, and in the manner hereinbefore stated. And the Mortgagor hereby covenants and agrees that in case default shall be made in the payments as aforesaid, or of any part thereof, or the interest thereon, on the day or days respectively on which the same shall become due and payable; or if the Mortgagee, or its successors or assigns, shall feel itself insecure or unsafe, or shall fear diminution, removal, or waste of said property; or if the Mortgagor shall sell or assign, or attempt to sell or assign, the said Equipment, or any interest therein; or if Missouri Pacific Railroad Company shall cease to be the owner of at least 50% of the capital stock of Mortgagor; or if any writ, or any distress warrant shall be levied on said Equipment, or any part thereof; then, and in any or either of the aforesaid cases, all of said sum of money, both principal and interest, shall, at the option of the said Mortgagor, its successors or assigns, without notice of said option to anyone, become at once due and payable, and the Mortgagee, its successors or assigns or any of them, shall thereupon have the right to take immediate

possession of said Equipment, and for that purpose, may pursue the same wherever it may be found, and may enter any of the premises of the Mortgagor with or without force or process of law, wherever the said Equipment may be, or be supposed to be, and search for the same and if found, to take possession of, and remove, and sell, and dispose of the said Equipment, or any part thereof, at public auction, to the highest bidder, after giving 30 days' notice of the time, place and terms of sale, together with a description of the Equipment to be sold, by notices posted up in three public places in the vicinity of such sale, or at private sale, with or without notice, for cash or on credit, as the Mortgagee, its successors or assigns, agents or attorneys, or any of them, may elect. In case the Mortgagor shall rightfully demand possession of the Equipment in pursuance of this Mortgage and shall reasonably designate a point or points upon the lines of the Mortgagee for the delivery of the Equipment to Mortgagor, the Mortgagee shall, at its own expense, forthwith and in the usual manner, cause the Equipment to be moved to such point or points on its lines as shall be designated by the Mortgagor and shall there deliver the Equipment or cause it to be delivered to the Mortgagor; and, at the option of the Mortgagor, the Mortgagor may keep the Equipment on any of the lines of Mortgagee or premises of the Mortgagee until the Mortgagor shall have leased, sold or otherwise disposed of the same, and for such purpose the Mortgagee agrees to furnish, without charge for rent or storage, the necessary facilities at any point or points selected

by the Mortgagor reasonably convenient to the Mortgagee. This agreement to deliver the Equipment and to furnish facilities for its storage as hereinbefore provided is of the essence of the agreement between the parties, and, upon application to any court of equity having jurisdiction in the premises, the Mortgagor shall be entitled to a decree against the Mortgagee requiring specific performance hereof. The Mortgagee hereby expressly waives any and all claims against Mortgagor and its agent or agents for damages of whatever nature in connection with any retaking of any unit of the Equipment in any reasonable manner. Out of the money arising from any such sale of the Equipment, Mortgagee shall retain all costs and charges for pursuing, searching for, taking, removing, keeping, storing, advertising, and selling such Equipment, and all prior liens thereon, together with the amount due and unpaid upon the principal and interest owed to it, rendering the surplus, if any remain, unto Mortgagor, or its legal representatives.

IN TESTIMONY WHEREOF, the parties hereto hath hereunto caused their corporate seals to be affixed, and these presents to be signed by their respective officers and attested by their respective Secretaries this 16th day of December, 1970.

Seal

ATTEST:


G. P. Strelinger, Secretary

THE ALTON & SOUTHERN RAILWAY COMPANY

By


D. B. Jenks, President

