

CHATTEL MORTGAGE AND SECURITY AGREEMENT JUN 1 1978 -2 55 PM

INTERSTATE COMMERCE COMMISSION

KNOW ALL MEN BY THESE PRESENTS THAT

ATLANTIC & WESTERN FINANCIAL CORPORATION (Atlantic & Western) in consideration of \$1.00 to it paid by MARINE MIDLAND BANK (Bank), receipt of which is hereby acknowledged, does hereby bargain, sell and convey to Bank, its successors and assigns, and does hereby grant to Bank a security interest in and lien upon (under the Uniform Commercial Code, as amended, or other appropriate Law) all those certain railroad boxcars used or intended to be used in interstate commerce listed in Exhibit 1 attached hereto.

TO HAVE AND TO HOLD the said railroad boxcars so bargained, sold and conveyed, or intended to be, unto the said Bank, its successors and assigns.

The condition of this Chattel Mortgage and Security Agreement is that, if Atlantic & Western shall pay or cause to be paid to Bank the aforementioned sum and such other sums as Atlantic & Western shall have borrowed from Bank under that certain Loan Agreement between Atlantic & Western and Bank, dated the 26 day of May , 1978, which is incorporated herein by reference as though fully set forth, and fully and faithfully perform all of Atlantic & Western's obligations herein and therein contained, then this Chattel Mortgage and Security Agreement shall be void; otherwise, it shall remain in full force and effect.

Atlantic & Western warrants to Bank that on the date hereof it is the absolute owner of the said railroad boxcars, free and clear of all liens, encumbrances and adverse claims, other than the interest herein bargained, sold and granted to Bank.

Unless and until Atlantic & Western shall fail or refuse to perform, or be in breach of, any of the foregoing covenants and agreements or an event of default shall occur under the said Loan Agreement, Atlantic & Western hereby lets and demises from Bank the right of possession and use of the said railroad boxcars for the purpose of leasing twenty-five (25) of said railroad boxcars to the Atlantic & Western Corporation and twenty-five (25) said boxcars to the Hutchinson and Northern Railway Company.

Atlantic & Western hereby covenants to keep, or cause to be kept, the said railroad boxcars in good condition and repair.

Should Atlantic & Western fail or refuse to perform any of the foregoing covenants and agreements, or upon the happening of an event of default as defined in the aforesaid Loan Agreement, Bank may exercise all its rights and remedies set forth in the Loan Agreement, including the right to take possession of the railroad boxcars hereby mortgaged, and may exercise any of its rights under the Uniform Commercial Code, as amended, and other applicable laws.

This Chattel Mortgage and Security Agreement shall be

binding upon and inure to the benefit of the successors and assigns of Atlantic & Western and Bank.

EXECUTED this 26th day of May, 1978.

ATLANTIC & WESTERN FINANCIAL CORPORATION

By: W. B. Joyce
W. B. Joyce, President

EXHIBIT 1

Fifty (50) Fifty foot six inch 70 ton XM or XF boxcars bearing the following serial numbers:

ATW 16000 through ATW 16024 inclusive

HN 2000 through HN 2024 inclusive