

RECORDATION NO. 10314, FILED 1227

CHattel MORTGAGE AND SECURITY AGREEMENT APR 26 1979-8 407

INTERSTATE COMMERCE COMMISSION

KNOWN ALL MEN BY THESE PRESENTS, that EMONS INDUSTRIES, INC. ("Industries") in consideration of \$1.00 to it paid by the INDUSTRIAL VALLEY BANK and TRUST COMPANY ("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 freight cars used or intended to be used in interstate commerce listed in Exhibit "A" attached hereto (the "Collateral").

TO HAVE AND TO HOLD the Collateral 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 Industries shall pay or cause to be paid to Bank the aforementioned sum and such other sums as Industries shall have borrowed from Bank under that certain Revolving and Term Loan Agreement between Industries, Leasing, Railcar and Bank dated as of September 1, 1978, which is incorporated herein by reference as though fully set forth, ("Loan Agreement") and fully and faithfully performed all of Industries' obligations herein and therein contained, then this Chattel Mortgage and Security Agreement shall be

void; otherwise it shall remain in full force and effect.

Industries warrants to Bank that on the date hereof it is the absolute owner of the Collateral, free and clear of all liens, encumbrances and adverse claims, other than the interest herein bargained, sold and granted to Bank.

In the event that any of the Collateral is leased pursuant to a lease or sold under a conditional sales agreement to a party other than the Maryland and Pennsylvania Railroad Company, and such lease or conditional sales agreement is assigned by Industries to the Bank, this Chattel Mortgage and Security Agreement shall not be enforced by the Bank with respect to such Collateral unless such lease or conditional sales agreement shall be in default in accordance with the terms thereof.

Unless and until Industries shall breach any of the foregoing covenants and agreements or upon the occurrence of an Event of Default, which shall be continuing under the Loan Agreement, Industries shall have the right of possession and use of the Collateral in accordance with the Loan Agreement.

Industries hereby covenants to keep or cause to be kept the Collateral in good condition and repair.

Should Industries fail or refuse to perform any

EXHIBIT A

Eighty (80) rebuilt, fifty foot, wood lined, general purpose boxcars, Class "XM" numbered consecutively as follows:
MPA7300 - MPA7379, inclusive.