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RECORDATION NO. _____ Filed & Recorded

DEC 12 1972 -2 05 PM

CHattel Mortgage

INTERSTATE COMMERCE COMMISSION

MISSOURI-KANSAS-TEXAS RAILROAD COMPANY, 701 Commerce Street, Dallas, Texas 75202, hereinafter called "Katy," and SOUTHERN IRON & EQUIPMENT COMPANY, a division of U. S. Railway Mfg. Co., an Illinois corporation, with its division office at 5522 New Peachtree Road, Chamblee, Georgia 30344, hereinafter called "Southern," agree as follows:

Section I. Creation of Mortgage

Katy hereby grants to Southern a Chattel Mortgage on the Collateral described in Section II of this Chattel Mortgage to secure performance and payment of the obligations and indebtedness of Katy to Southern as hereinafter provided. In addition, Katy hereby grants to Southern security title in Collateral to better secure said performance and payment and to provide Southern with any additional remedies thereby available.

Section II. Collateral

The Collateral of this Chattel Mortgage are those certain forty (40) 50'6" fifty-ton general service boxcars having been rebuilt by Southern to Katy's specifications and sold by Southern to Katy and bearing Katy's standard marking and numbered 2260 to 2299, both inclusive.

It is expressly understood that this Chattel Mortgage also covers all substitutions of and replacements for any of the above described property.

This Chattel Mortgage includes proceeds from sale or destruction; provided, however, it is expressly agreed that the inclusion of proceeds in this Chattel Mortgage or in any instrument filed or recorded in any public office shall not

authorize Katy to sell, dispose of, or otherwise use the Collateral in any manner not specifically authorized in this Chattel Mortgage.

Section III. Indebtedness Secured

This Chattel Mortgage secures the indebtedness of Katy to Southern as evidenced by four promissory notes in the aggregate principal sum of ~~\$318,212.00~~^{319,050.40}, bearing interest at the rate of 6 1/4% and all due on May 1, 1973, executed by Katy, payable to the order of Southern, and any extensions or renewals of said note or notes or any part thereof.

Section IV. Katy's Representations, Warranties, and Agreements

Katy represents, warrants, and agrees that:

(1) No filing with the Interstate Commerce Commission or other evidence of lien covering the Collateral or its proceeds is on file in any public office superior to the mortgage granted by this Chattel Mortgage and there is no lien, security interest or encumbrance in or on the Collateral superior to the mortgage granted by the Chattel Mortgage, and Katy is or will be the owner of the Collateral upon delivery of notes in payment for same.

(2) Katy's chief place of business is the address shown at the beginning of this Chattel Mortgage, and Katy will immediately notify Southern in writing of any change in Katy's chief place of business.

(3) The Collateral will not be misused or abused, wasted or allowed to deteriorate, except for the ordinary wear and tear of its intended primary use, and will not be used in violation of any statute or ordinance.

Section IV (continued)

(4) Katy will insure the Collateral against ordinary risks, under insurance policies presently in force as to other like properties of Katy. Such insurance policies shall contain a standard mortgagee's endorsement providing for payment of any loss as to Collateral to Southern. All policies of insurance shall provide for ten-days' written minimum cancellation notice to Southern. Katy shall furnish Southern with certificates or other evidence satisfactory to Southern of compliance with the foregoing insurance provisions. Southern may apply any proceeds of such insurance which may be received by it in payment on account of the obligations secured hereby, whether due or not.

(5) Katy will not sell, rent, lease, lend, or otherwise transfer or encumber or dispose of the Collateral or any interest therein, other than its use in regular interchange service, and will not permit the Collateral to be subjected to any unpaid lien, charge, or mortgage in favor of any party other than Southern, either voluntarily or involuntarily, without the prior written consent of Southern.

(6) Katy will promptly pay when due all taxes and assessments upon the Collateral, or for its use or operation, or upon this Chattel Mortgage or upon any note or notes evidencing any indebtedness or obligations secured hereby.

(7) Katy has not heretofore signed any instrument, and no instrument is now on file with the Interstate Commerce Commission or in any other public office, covering any of the Collateral superior to the lien of this mortgage, and so long as any amount remains unpaid on any indebtedness or liabilities of Katy to Southern, Katy will not execute and there will not be on file

Section Iv (7) (continued)

in any public office any instrument superior to the lien of this mortgage, other than this Chattel Mortgage in favor of Southern hereunder, unless the prior written consent and approval of Southern shall have first been obtained. Katy will pay the cost of filing or recording this Chattel Mortgage (and any assignment or modification hereof) with the Interstate Commerce Commission at any time and from time to time whenever filing or recording of the same is deemed by Southern to be necessary or desirable.

(8) Katy will, at its own expense, do, make, procure, execute, and deliver all acts, things, writings, and assurances as Southern may at any time request to protect, assure, or enforce its interests, rights, and remedies created by, provided in, or emanating from this Chattel Mortgage.

(9) Katy will, at its own expense, supply Southern along with this executed Chattel Mortgage an opinion of counsel for Katy substantially in the form attached hereto as Exhibit A.

(10) The Collateral is being acquired with the proceeds of the note or notes secured hereby.

Section V. Events of Default

Katy shall be in default under this Chattel Mortgage upon the happening of any of the following events or conditions (herein called an "Event of Default"):

(1) Katy's failure to pay when due any indebtedness secured by this Chattel Mortgage, either principal or interest.

(2) Default by Katy in the punctual performance of any of the obligations, covenants, terms, or provisions contained or referred to in this Chattel Mortgage or in any note secured hereby.

Section V (continued)

(3) Default by Katy on any note secured hereby.

(4) Any warranty, representation, or statement contained in this Chattel Mortgage proves to have been false in any respect when made or at any time thereafter.

Section VI. Southern's Rights and Remedies

A. Rights Exclusive of Default

(1) This Chattel Mortgage, Southern's rights hereunder, or the indebtedness hereby secured may be assigned from time to time and, in any such case, the Assignee shall be entitled to all of the rights, privileges, and remedies granted in this Chattel Mortgage to Southern.

(2) Southern may inspect the Collateral and Katy's books and records pertaining thereto at any reasonable time and, pursuant to this authorization, Southern may enter upon Katy's premises or other place or places where the Collateral or said books and records may be kept. Katy shall assist Southern in making such inspection.

B. Rights in Event of Default

(1) Upon the occurrence of an event of default, and at any time thereafter, Southern may declare all obligations secured hereby immediately due and payable without presentment, demand, or any notice to Katy, and Southern shall have and may exercise any and all of the rights and remedies that a Secured Party would have under the Uniform Commercial Code as adopted in the State of Georgia with respect to Collateral if this transaction were covered by said Code and as otherwise granted herein, or under any other applicable law, or under any other agreement executed by

Section VI, B (1) (Continued)

Katy including, without limitation, the right and power to sell, at public or private sale or sales, or otherwise dispose of, lease, or utilize the Collateral and any part thereof in any manner authorized or permitted under said Uniform Commercial Code after default by a Debtor, and to apply proceeds thereof toward payment of any costs and expenses and attorneys' fees and legal expenses thereby incurred by Southern and toward payment of any and all obligations secured hereby, in such order or manner as Southern may elect. Among the rights of Southern in the event of default, and without limitation, Southern shall have the right to take possession of the Collateral and enter upon any premises where same may be situated for such purpose without being deemed guilty of trespass and without liability for damage thereby occasioned, and to take any action deemed necessary or appropriate in its discretion, to repair, refurbish, or otherwise prepare the Collateral for sale, lease, or other use or disposition as herein authorized. Southern may require Katy to assemble the Collateral or any part thereof and make it available to Southern at a place to be designated by Southern which is reasonably convenient to both parties. To the extent permitted by law, Katy expressly waives any notice of sale, lease, or other disposition of the Collateral or the exercise of any other right or remedy of Southern hereunder; and to the extent that such notice is required and cannot be waived, Katy agrees that if such notice is mailed, postage prepaid, to Katy at the address first shown herein at least five days before the time of sale or disposition, such notice

Section VI, B (1) (Continued)

shall be deemed reasonable and shall fully satisfy any requirement for giving said notice. Expenses of retaking, holding, preparing for sale, selling, or the like shall include Southern's reasonable attorneys' fees and legal expenses plus interest thereon at the rate of ten percent (10%) per annum. Katy shall remain liable for any deficiency.

(2) All rights to marshalling of assets of Katy, including any such rights with respect to the Collateral, are hereby waived.

(3) Southern may remedy any default and may waive any default without waiving the default remedied or without waiving any other prior or subsequent default.

(4) The remedies of Southern hereunder are cumulative, and the exercise of any one or more of the remedies provided herein shall not be construed as a waiver of any of the other remedies of Southern.

Section VII. Additional Agreements

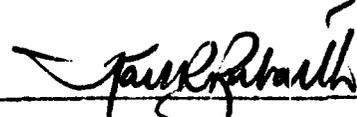
(1) The section headings appearing in this instrument have been inserted for convenience only and shall be given no substantive meaning or significance whatever in construing the terms and provisions of this instrument. Terms used in this instrument which are defined in the Uniform Commercial Code in Georgia are used with the meanings as therein defined.

(2) The law governing this secured transaction shall be that of the State of Georgia in force at the date of this instrument; provided that should Southern be entitled to any additional rights or remedies under the applicable law of any other jurisdiction, or should any additional rights or remedies be

hereafter granted to secured parties by the law of Georgia or the applicable law of any other jurisdiction, Southern shall also have and may exercise any such additional rights or remedies.

EXECUTED in multiple original counterparts this 11th day of December, 1972.

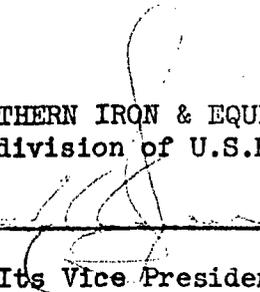
MISSOURI-KANSAS-TEXAS RAILROAD COMPANY

By 
Its Vice President

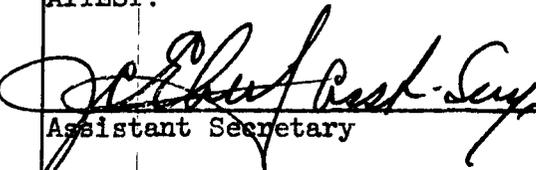
ATTEST:


Assistant Secretary

SOUTHERN IRON & EQUIPMENT COMPANY
(a division of U.S. Railway Mfg. Co.)

By  Vice President
Its Vice President

ATTEST:


Assistant Secretary

STATE OF TEXAS)
)
COUNTY OF Dallas)

On this the 11TH day of DEC., 1972, before me personally appeared KARL R. ZIEBARTH, to me personally known, who being by me duly sworn, says that he is the Vice President of MISSOURI-KANSAS-TEXAS RAILROAD COMPANY, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

R. E. Mc Cormick
Notary Public in and for

My Commission Expires:
June 1, 1973

Dallas County, Texas

STATE OF Georgia)
)
County of DeKalb)

On this the 6 day of December, 1972, before me personally appeared Tom C Campbell, to me known personally, who being by me duly sworn, says that he is the Vice President of U. S. RAILWAY MFG.CO., of which SOUTHERN IRON & EQUIPMENT COMPANY is a division, that the seal affixed to the foregoing instrument is the corporate seal of said Corporation, that said instrument was signed and sealed on behalf of said Corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

Grace C. Mc Neese
Notary Public in and for
DeKalb County, Georgia

My Commission Expires:
November 26, 1976

MISSOURI-KANSAS-TEXAS RAILROAD COMPANY

LAW DEPARTMENT

KATY BUILDING

701 COMMERCE STREET

DALLAS, TEXAS 75202

747-0311

AREA CODE 214

WILLIAM A. THIE
GENERAL COUNSEL
JOHN B. WEBSTER
GENERAL SOLICITOR

JOE C. CRAWFORD
JOHN P. MCCALL
GENERAL ATTORNEYS

Southern Iron & Equipment Company
Chamblee, Georgia

Gentlemen:

As General Counsel for the Missouri-Kansas-Texas Railroad Company (hereinafter referred to as "MKT"), the undersigned is familiar with the proceedings taken by MKT to effectuate the purchase of 40 used railroad cars from Southern Iron & Equipment Company, a division of U. S. Railway Mfg. Co., pursuant to a Car Rebuilding and Purchase Agreement and the delivery of a chattel mortgage and notes dated _____ in connection therewith as a partial settlement under said Agreement, and the undersigned is of the opinion as follows:

1. MKT is a corporation duly organized and validly existing in good standing under the laws of the State of Delaware and has corporate power to enter into and execute said Car Rebuilding and Purchase Agreement, said chattel mortgage, and said notes; to carry out its obligations thereunder; and to carry out and comply with the provisions thereof; and
2. Said Car Rebuilding and Purchase Agreement, said chattel mortgage, and said notes have been duly authorized by all necessary corporation action of MKT and duly executed on behalf of MKT and when delivered will constitute the legal, valid, and binding obligations of MKT, enforceable in accordance with their terms; and
3. Said chattel mortgage has been filed with the Interstate Commerce Commission and all fees paid and said chattel mortgage constitutes first and prior encumbrances to which said used railroad cars are subject and said railroad cars are subject to no other lien, charge, security interest, or encumbrance of any nature whatsoever; and
4. No other recording, filing, or depositing of said chattel mortgage is necessary and no governmental authorization or approval is necessary in connection with said chattel mortgage or any action contemplated thereunder.

Respectfully submitted,

W. A. Thie, General Counsel
Missouri-Kansas-Texas Railroad Company