

WASHINGTON
NEW YORK
HARRISBURG

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10532

RECORDATION NO.

Filed 1425

LOS ANGELES

MIAMI

PARIS

ASSOCIATED OFFICE

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JUN 22 1979 - 12 30 PM

I. C. C.
OPERATION BR.
RECORDATION NO. 10532B
Filed 1425

INTERSTATE COMMERCE COMMISSION

HOWARD L. MEYERS
DIAL-DIRECT (215) 491-9536

JUN 22 1979 - 12 30 PM

June 22, 1979

9-173A030

JUN 22 1979

RECORDATION NO. 10532B
Filed 1425

INTERSTATE COMMERCE COMMISSION

RECORDATION NO. 10532B
Filed 1425

156.00

JUN 22 1979 - 12 30 PM

JUN 22 1979 - 12 30 PM

Interstate Commerce Commission
WASHINGTON, D.C.

INTERSTATE COMMERCE COMMISSION

Re: One Hundred and Ten 70-Ton General Purpose
Boxcars (NSL 155582 through 155609, inclusive,
PT 205050 through PT 205131)

Gentlemen:

Enclosed herewith for filing are the following documents and instruments in connection with the financing of the above-referenced railroad rolling stock:

1. Participation Agreement, dated as of June 21, 1979, among National Railway Utilization Corporation ("NRUC") and Pickens Railroad Company ("Pickens") (collectively the "Lessee"), Heleasco Twelve, Inc. ("Heleasco"), Jefferson Standard Life Insurance Company ("JSL"), and Provident National Bank, as Agent (the "Agent");
2. Lease of Railroad Equipment, dated as of June 21, 1979, between Lessee, as lessee, and Heleasco, as lessor;
3. Lease Assignment, dated as of June 21, 1979, between Heleasco and the Agent; and
4. Security Agreement, dated as of June 21, 1979, between Heleasco, as debtor, and the Agent, as secured party.

The railroad rolling stock covered by the foregoing agreements are 50'6", 70-ton, Plate "C", rigid underframe box-cars with 10' sliding doors, Type XM.

William E. Green
Pat

MORGAN, LEWIS & BOCKIUS

Interstate Commerce Commission
June 22, 1979
Page Two

The filing fee for the above transaction accompanies this letter of transmittal.

Kindly acknowledge your receipt of the enclosed documents and the filing fee by affixing your customary stamp to a copy of this letter and returning it to the undersigned.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Howard Meyer".

HLM:smo

Enclosures

061979

SECURITY AGREEMENT

RECORDATION NO. 10532-C Filed 1425
JUN 22 1979 - 12 30 PM
INTERSTATE COMMERCE COMMISSION

THIS SECURITY AGREEMENT made as of June 21, 1979 between HELEASCO TWELVE, INC., a Delaware corporation, with its principal place of business at Suite 203, Springer Building, 3411 Silverside Road, Wilmington, Delaware 19810 (the "Debtor") and PROVIDENT NATIONAL BANK (the "Agent"), a national banking association, with an office at 17th and Chestnut Streets, Philadelphia, PA 19101 as agent for Jefferson Standard Life Insurance Company (the "Lender").

To secure the due and punctual payment of the principal and interest payable under the Debtor's non-recourse promissory note (the "Note") of even date herewith, payable to the order of Lender in the principal amount of \$3,250,642.72, and any and all other promissory notes hereafter at any time issued in replacement or extension thereof by Debtor, and to secure Debtor's obligations hereunder and under a certain Participation Agreement dated the date hereof ("Participation Agreement") among Debtor, Lender, Agent and the Lessee (as hereinafter defined), Debtor hereby assigns, transfers, mortgages and pledges to the Agent and grants to the Agent a security interest in the following described collateral and in all proceeds thereof ("Collateral"):

1. all of the Debtor's right, title and interest in the equipment lease, dated as of the date hereof (the "Lease"), in which NATIONAL RAILWAY UTILIZATION CORPORATION and PICKENS RAILROAD COMPANY are lessees ("Lessee") and Debtor is lessor, and all rentals and other moneys payable thereunder, including all proceeds of insurance, condemnation and requisition proceedings and sales or other dispositions of the property subject thereto and all the Debtor's rights, power and remedies herein and thereunder (but none of its duties or obligations thereunder, if any), including without limitation all the Debtor's rights to give and receive any notice, consent, waiver, demand or approval under or in respect of such Lease, to exercise any election or option thereunder or in respect thereof, to accept any surrender of the property subject to the Lease, to execute and deliver any bill of sale for any such property, and to do all other things which the Debtor is entitled to do under such Lease;
2. subject to the rights of the Lessee under the Lease, all the equipment listed on Schedule 1 attached hereto (the "Equipment"), which Equipment is leased to the Lessee pursuant to the Lease, and all the Debtor's right, title and interest in the Equipment and in all parts, fittings, accessories, accessions, substitutions and replacements therefor or thereof, and all contract rights, chattel paper, accounts, rentals, fees, income and proceeds arising from and in connection with the use of the Equipment; and
3. all of the Debtor's rights and interests (but none of its duties and obligations) in and under that certain Purchase Agreement Assignment relating to the Equipment dated the date hereof by and between the Debtor and National Railway Utilization Corporation ("Purchase Agreement Assignment").

Notwithstanding the foregoing, the Agent agrees that it shall have no security interest in that certain Income Tax Indemnification Agreement dated as of the date hereof by and between Debtor and Lessee or in any sums due thereunder.

In furtherance of the foregoing, Debtor has executed an assignment of lease ("Lease Assignment") dated the date hereof and annexed hereto as Exhibit A, and the Debtor hereby irrevocably constitutes and appoints Agent as its attorney-in-fact, with full power of substitution and revocation, in the name of the Debtor or otherwise to demand, enforce, collect, receive and receipt and give releases for any payment or indemnity becoming due or arising under the Lease or any policy of insurance relating to the Equipment or any Collateral (including any return of insurance premiums), to endorse and collect any checks, drafts or other instruments payable to the Debtor therefor, and to do and take all such other actions as are referred to above relating to the Lease, the Equipment or other Collateral, to file any claims or institute any proceeding for the foregoing which Lender deems necessary, and to compromise any such demand, claim or action.

So long as any amount remains owing on the Note, without Agent's prior written consent, the Debtor will not itself grant any consent or waiver under the Lease, give any notice thereunder or otherwise exercise any rights, powers or remedies of the Lessor thereunder (except as permitted by the next paragraph hereof), or agree to any release of any obligation of the Lessee thereunder or to any amendment, modification or termination thereof. The Debtor hereby consents to and waives notice of the granting by Agent as assignee and secured party hereunder of indulgences to Lessee or extensions of time for payment of any obligations of Lessee under the Lease, Agent's taking or releasing of any security for the obligations of the Lessee under the Lease, Agent's acceptance of partial payments on the Lease or settlement, compromising or compounding of any obligations of any person, primarily or secondarily liable on or with respect to the Lease, all in such manner and at such time or times as Agent may reasonably deem advisable.

The Agent hereby agrees with the Debtor that the Agent will not, so long as no Event of Default under the Lease or this Agreement has occurred and is continuing without the prior written consent of the Debtor, seek to avail itself of or to enforce any rights, powers, privileges, authorizations or benefits to the extent that the benefit thereof inures solely to the Debtor under Sections 6 and 9 of the Lease. If the Agent does not seek to collect that portion of the payments which would otherwise be payable to the Debtor pursuant to Paragraph H hereof, Debtor shall have the right, for only so long as no Event of Default or event which, after notice or lapse of time or both would become an Event of Default under the Lease or this Agreement has occurred and is continuing, to proceed by appropriate court action or actions, either at law or in equity, to enforce performance by the Lessee of such obligations or to recover damages for the breach thereof as provided in Section 10 of the Lease, but may not, without the prior written consent of the Agent, declare an Event of Default under or terminate the Lease provided, however, that the exercise of Debtor's

rights to enforce performance or to recover damages shall always be subject to the rights of the Agent under the Lease Assignment and this Agreement. Notwithstanding the provisions of the Lease or this Agreement, should the Lessee default in the observance or performance of any obligations contained in Sections 6 or 9 of the Lease to the extent that the benefit thereof inures solely to the Debtor, and such default shall continue for 30 days after written notice thereof from the Debtor to the Lessee, the Debtor shall have the right (but only so long as no Event of Default or event which after notice or lapse of time or both would become an Event of Default under the Lease or this Agreement shall have occurred and be continuing) to proceed by appropriate court action or actions, either at law or in equity, to enforce performance by the Lessee of such obligations or to recover damages for the breach thereof as provided in Section 10 of the Lease (which shall constitute collateral security for the payment and performance of the obligations of the Debtor under the Note and under this Agreement and shall be applied as herein provided), but may not, without the prior written consent of the Agent, declare an Event of Default under or terminate the Lease. After the occurrence of an Event of Default, the Agent agrees to (i) permit the Debtor (at Debtor's expense) to enforce performance by the Lessee or to seek to recover damages from the Lessee for the breach of any obligations of the Lessee contained in Sections 6 or 9 of the Lease to the extent that the benefit thereof inures solely to the Debtor (but the Debtor shall not have the right to terminate the Lease without the prior written consent of the Agent) or (ii) enforce (at Debtor's expense) such performance by, or seek to recover such damages from the Lessee; provided, however, that payments received pursuant to this sentence shall constitute collateral security for the payment and performance of the obligations of the Debtor under the Note and this Agreement and shall be applied as herein provided. The rights of the Debtor contained in this paragraph shall not affect the rights of the Agent, before or after the occurrence of an Event of Default under the Lease or this Agreement, which arise under or with respect to Sections 6 or 9 of the Lease, and shall not be deemed to prohibit or limit in any way the right of the Agent to enforce any of the rights and remedies under Section 10 of the Lease.

A. REPRESENTATIONS, WARRANTIES AND AGREEMENTS - Debtor represents, warrants and agrees that:

1. there have been delivered to and accepted by the Lessee, pursuant to the Lease, the units of Equipment described in Schedule 1 hereto, which units have an aggregate Purchase Price (as defined in the Lease) equal to at least 138% of the original principal amount of the Note. The Lease provides for the payment, on or before the installment payment dates of the Note, of rentals in amounts at least equal to the amounts of such installments of principal and interest under the Notes. The counterpart of the Lease designated as chattel paper under the Uniform Commercial Code, Counterpart No. 1 has been delivered to Agent;

2. the Debtor has good and marketable title to the units of Equipment referred to in subparagraph 1 above, free and clear of all liens, claims and encumbrances, subject only to the interests therein of the Lessee under the Lease and the Agent hereunder;
3. the Debtor has filed all tax returns, federal, state, municipal, or otherwise, required of it and is not in default in respect of the due and punctual payment of any taxes payable by Debtor; and no liens for nonpayment of taxes by Debtor exist upon any property, including the Equipment, or other assets of Debtor;
4. (a) it is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and has all requisite power and authority to enter into the Lease, this Agreement, the Lease Assignment, the Participation Agreement, the Purchase Agreement Assignment and the Note, all of which have been duly authorized, executed and delivered by Debtor, and constitute the legal, valid and binding obligations of the Debtor, enforceable in accordance with their terms except as limited by bankruptcy and other laws affecting creditors rights generally, and to consummate the transaction contemplated hereunder and thereunder; (b) the Debtor has not executed any other assignment of the Lease and its right to receive any payments under the Lease and its right, title and interest in and to the Equipment, the Lease and the other Collateral are, and will continue to be, free and clear of any and all liens, agreements or encumbrances (except this Agreement and the rights of the Lessee under the Lease) created or suffered by any act or omission on the part of the Debtor (other than any act or omission in respect of which the Lessee has assumed responsibility under the Lease); (c) the Debtor has received no advance rental or other payments under the Lease and it will not accept any payments under the Lease for its own account except as permitted in this Agreement; (d) Debtor has performed all obligations on its part to be performed under the Lease on or prior to the date hereof and will perform any such obligations during the terms of the Lease; and (e) to the knowledge of the Debtor, there has not occurred on the date hereof any Event of Default or other event which after notice of lapse of time or both would become an Event of Default under the Lease or this Agreement;
5. the making and performance by the Debtor of this Agreement, the Note, the Lease, the Participation Agreement and the Purchase Agreement Assignment and the borrowing and execution and delivery of the Note will not violate any provision of law or of the charter documents or by-laws of Debtor, or constitute a default under or result in the creation of any lien, charge or encumbrance upon any property or assets of the Debtor pursuant to any agreement, indenture or other instrument to which the Debtor is a party or by which it may be bound;
6. there are no actions, suits or proceedings pending or, to the knowledge of the Debtor, threatened, against or affecting the Debtor or in any court or by or before any government department,

agency or instrumentality in which any adverse decision might materially affect the ability of the Debtor to perform its obligations hereunder and under the Note, this Agreement, the Lease, the Participation Agreement and the Purchase Agreement Assignment; and

7. without Agent's prior written consent so long as the Note remains unpaid, Debtor will not grant any consent under the Lease, give any notice thereunder or otherwise exercise any rights, powers or remedies of the Lessor thereunder, or agree to any release of any obligation of the Lessee thereunder or to any modification or any termination thereof.
8. Debtor is not an entity which is subject to the jurisdiction of the Interstate Commerce Commission;
9. it has not engaged in business other than in respect to the acquisition, leasing and the financing of the Equipment contemplated by the Purchase Agreement and will not, without the consent of Agent which consent will not be unreasonably withheld, so long as the Note is outstanding, engage in any business except as contemplated under the Lease and hereunder.
10. it will provide Agent and Lender with a copy of each notice it receives from Lessee promptly upon the receipt thereof.

Except as expressly set forth herein and in Section 2(a) of the Participation Agreement, the Debtor has not made any representations or warranties to the Lender with respect to the transactions contemplated hereby and none shall be implied.

B. DOCUMENTATION - the Debtor will execute and deliver to Agent such documents identifying the Equipment as Agent may from time to time reasonably request. In addition, the Debtor will execute, acknowledge, deliver, file and record all such documents, including financing statements, and take all such other action as may be necessary or as Agent may reasonably request, to perfect and continue perfected under applicable laws the security interests granted hereby as first perfected security interests in the Collateral, and the Debtor hereby irrevocably constitutes and appoints Agent its attorney-in-fact for such purposes, with full power of substitution. The Debtor also will execute and deliver such instruments and take all such other action as Agent may reasonably request to effectuate the purposes of this Agreement and to secure the rights and remedies conferred upon Agent hereunder.

C. DEFAULT - Each of the following will constitute an event of default hereunder ("Event of Default"):

1. the failure by Debtor to pay any amount of principal of or interest on the Note when due, whether at the maturity thereof or by reason of any requirement for the prepayment thereof, by acceleration or otherwise, and such failure shall continue for five days after Agent shall have given the Debtor written notice thereof;

2. the failure by Debtor to pay any other amount when due hereunder or perform any other obligation required by this Agreement or the Lease Assignment or the Participation Agreement, and such failure shall continue for twenty (20) days after Agent shall have given the Debtor written notice thereof;
3. the occurrence of an Event of Default under the Lease (as defined therein);
4. the adjudication of the Debtor as bankrupt or insolvent, or the entry of an order appointing a receiver or trustee for the Debtor or any of its property or approving a petition seeking reorganization, arrangement, composition, adjustment of the debts, liquidation or dissolution of the Debtor under the Bankruptcy Act or any similar law of the United States or any state or other competent jurisdiction, or the filing by the Debtor of a petition or answer seeking or consenting to any of the foregoing, or the filing of a petition against the Debtor seeking any of the foregoing which is not dismissed within sixty (60) days, or the making by the Debtor of a general assignment for the benefit of creditors; or
5. the occurrence of a breach of any of the Representations, Warranties and Agreements under Paragraph A hereof.

D. REMEDIES - At any time after the occurrence of an Event of Default and while the same remains uncured, Agent may declare, by written notice to the Debtor, the entire unpaid balance of the principal of the Note and interest accrued thereon to be immediately due and payable, and, in addition, Agent shall have and may exercise all the rights and remedies of a secured party under the applicable Uniform Commercial Code or other applicable law, including the right, subject to prior rights, if any, of the Lessee under the Lease, to take possession of any Equipment or other Collateral not then in Agent's possession and to dispose of it, or the Debtor's interest therein, at public or private sale, at which Agent, subject to the provisions of applicable law, may be the purchaser.

Any notice of any such sale required by law shall be deemed reasonably and sufficiently given to the Debtor if given at least 15 days prior to the date thereof at the address and in the manner herein provided for notices. The proceeds realized by the Lender on the exercise of any of its remedies shall be applied to the obligations secured by this Agreement in accordance with the provisions of Paragraph I and Debtor will be entitled to any surpluses thereafter. No delay or omission on Agent's part to exercise any right hereunder will impair any such right or be construed as a waiver of any default or any acquiescence therein.

No waiver of any default hereunder will affect any later default or impair any of Agent's rights hereunder. No single, partial or full exercise of any rights by Agent will preclude further or other exercise thereof. The remedies provided for herein shall not be deemed exclusive, but are cumulative and in addition to all other remedies available under applicable law.

E. LIMITATION OF THE DEBTOR'S LIABILITY - Subject only to a breach by the Debtor of its representations, warranties and agreements under subparagraph 4 of Paragraph A hereof or under Paragraph 2(a) of the Participation Agreement (for which breach Debtor's liability shall not be subject to any of the limitations set forth in this Paragraph E.) and notwithstanding any other provision of this Agreement, the Participation Agreement or of the Note, it is understood and agreed that all payments to be made by the Debtor under or pursuant to this Agreement, and the Note (other than payments which Debtor voluntarily may choose to make to cure a Rental Default (as hereafter defined) pursuant to Paragraph H hereof) will be made only from the "income and proceeds from the Equipment" (as defined in this paragraph) and the Debtor's liability hereunder, under the Participation Agreement and under the Note will be limited thereto. For recovery upon default by the Debtor in the payment or performance of any of its obligations hereunder and under the Note, Agent will have recourse solely to the "income and proceeds from the Equipment" and not to any other property of the Debtor. Agent will not proceed for the collection of any amount payable hereunder and under the Note, against, or execute upon, any other assets of the Debtor. Any judgment entered in any action for recovery of any amount due hereunder and under the Note against the Debtor will not be a lien against any other property of the Debtor, and Agent agrees, at Debtor's expense, to execute and deliver all documents and take all such other action as may be necessary to release of record from any such lien such other property of the Debtor. As used herein, the term "income and proceeds from the Equipment" means:

1. if an Event of Default shall have occurred hereunder and while it shall be continuing or an event shall have occurred which with the lapse of time and/or notice provided for in the Lease or hereunder could constitute an Event of Default thereunder or hereunder and until such event shall either become an Event of Default or be cured or otherwise not be capable of maturing into an Event of Default, so much of the following amounts as are indefeasibly received by the Debtor under the Lease or by the Agent as Assignee pursuant to the Assignment at any time after such occurrence and during the continuance thereof:
 - (a) all amounts paid under the Lease including, without limitation, rentals and late charges in respect thereof and amounts in respect to Casualty Occurrences (as defined in the Lease) paid pursuant to the Lease for or with respect to any Equipment, (b) any and all payments or proceeds so received by the Debtor or the Agent as Assignee under the Lease or otherwise for or with respect to the Equipment as the result of the sale, lease or other disposition thereof, and (c) any and all sums received by Debtor or the Agent as assignee of Debtor under Section 10 of the Lease or pursuant to the Purchase Agreement Assignment, and
2. at any other time, only that portion of the amounts referred to in the foregoing clauses (1)(a), (1)(b) and, with respect to amounts received pursuant to the Purchase Agreement Assignment, (1)(c) as are indefeasibly received by the Debtor or the Agent as Assignee and as shall equal the portion of the unpaid principal balance of the Note, accrued interest thereon and all other amounts payable by the Debtor hereunder (including prepayments in respect of Casualty

Occurrences), which are then due and payable on the date such amounts were received by the Debtor or the Agent as Assignee or were required to be paid to the Debtor pursuant to the Lease; it being understood that "income and proceeds from the Equipment" shall in no event include amounts referred to in the foregoing clauses (1)(a), (1)(b), and with respect to amounts received pursuant to the Purchase Agreement Assignment, (1)(c) which were received by the Debtor or the Agent as Assignee when no such Event of Default or other event which with the lapse of time and/or notice provided for in the Lease or hereunder could constitute an Event of Default thereunder or hereunder had occurred and was continuing and which exceeded the amount required to discharge the portion of the unpaid principal balance of the Note, accrued interest thereon and all other amounts payable by the Debtor hereunder, including prepayments thereof required in respect of Casualty Occurrences, which are due and payable on the date when such amounts were received by the Debtor or the Agent as Assignee or were required to be paid to the Debtor pursuant to the Lease.

Nothing herein contained shall limit, restrict, or impair Agent's right to accelerate payment of the Note upon the occurrence of the Event of Default, to bring suit and obtain a judgment against the Debtor on the Note or this Agreement for the full amount of the unpaid principal of the Note, interest thereon and all other amounts payable by the Debtor pursuant hereto (provided that the liability of the Debtor on any such judgment and the satisfaction thereof shall be limited as hereinabove provided), or to exercise (subject to any rights of Lessee under the Lease) Agent's rights and remedies hereunder with respect to the Collateral, including the Equipment and the Lease (including the right to enforce Agent's rights, as Assignee, under the Lease and to dispose of the Equipment and the Lease and to recover from the proceeds thereof the full amount of the unpaid principal of the Note, interest thereon and all other amounts payable by the Debtor pursuant hereto).

F. PREPAYMENT OF NOTE - If any amount shall become due and payable to the Debtor or the Agent as Assignee pursuant to Section 7 of the Lease because of a Casualty Occurrence (as defined in the Lease) with respect to any units of Equipment ("Casualty Value"), then, thereupon, an amount, computed as hereinafter set forth, will be due and payable on account of the principal of and interest accrued on the Note on the date the Casualty Value is due and payable under the Lease. The Agent will accept all sums paid to it pursuant to Section 7 of the Lease with respect to Casualty Occurrences (as therein defined) of Equipment and, unless an Event of Default or event which, after notice or lapse of time or both, would become an Event of Default under this Agreement or under the Lease, shall have occurred and be continuing, (in which event all such amounts shall be held by Agent to satisfy the obligations of the Debtor as provided in Paragraph I) shall apply those portions of such sums hereinafter stated for the account of the Debtor and, immediately following application of rentals to the payment of principal and interest accrued on such date, to the prepayment of principal of the Note. The portion of such sums to be so applied to prepayment of the principal of such Note in respect of any Casualty Occurrence shall be that portion thereof as shall be equal to (i) 72.786447% of the Purchase Price (as defined in the Lease) of the Equipment having suffered such Casualty Occurrence

less (ii) the aggregate amount of payments of principal theretofore made on such Note (including payments out of accrued rentals made on such date but excluding all prepayments in respect of Casualty Occurrences) in respect of an original principal amount equal to 72,786447% of the Purchase Price of such Equipment, considering for this purpose that each payment of principal on the Note was applicable to reduction of the financing for the Purchase Price of each unit of Equipment on a pro rata basis. The remainder of such sums shall be paid to the Debtor. In the event of any partial prepayment of the principal of the Note pursuant to the preceding sentences of this Paragraph F, the amount of each installment payment thereon thereafter coming due will be reduced by an amount which bears the same proportion to the amount of such installment which would have been due in the absence of such prepayment as the amount of such principal prepayment bears to the unpaid principal balance outstanding immediately prior to such prepayment, and the Debtor shall promptly prepare and distribute to the holder of such Note revised schedules of payments reflecting such reduction.

G. COLLECTION EXPENSE - In addition to all other amounts payable hereunder and under the Note, the Debtor will pay all Agent's reasonable expenses, including attorneys' fees, incurred from time to time in enforcing its rights and remedies hereunder, under the Note or under the Lease. If Agent brings suit (or files any claim or petition in any bankruptcy, reorganization, insolvency or other proceeding) to enforce any of its rights (or other recovery or relief), Agent may recover in such action (or other proceeding), in addition to all other amounts payable hereunder and thereunder, its reasonable expenses in connection therewith, and the same shall be included in such judgment (or other form of award).

H. COLLECTION OF RENTALS - Agent will, on behalf of Debtor, collect and receive from the Lessee all rentals and other money payable pursuant to the Lease, and the Agent, except as otherwise provided in this Agreement, may take all such action as may be necessary or desirable to demand, enforce, collect, receive and receipt for all such payments and otherwise enforce compliance by Lessee with all terms and provisions of the Lease. To the extent indefeasibly received, the Agent will apply such payments first, in the manner specified in Paragraph I hereof, and second, so long as no Event of Default or event which, with the lapse of time and/or notice provided for in the Lease or hereunder could constitute an Event of Default thereunder or hereunder shall have occurred and be continuing, any balance shall be deemed to be held by the Agent in trust for the Debtor and shall be paid immediately to the Debtor, by bank wire to the Debtor at such bank as may be specified to the Agent in writing, and such balance shall be retained by the Debtor. All payments received by Agent at such time as an Event of Default shall have occurred and be continuing which otherwise, in whole or in part, would be remitted to Debtor as aforesaid shall be retained by Agent and applied to satisfy Debtor's obligations under the Note and this Agreement. All payments received by Agent at such time as there shall have occurred an event which with the lapse of time and/or notice provided for

in the Lease or hereunder could constitute an Event of Default thereunder or hereunder which otherwise, in whole or in part, would be remitted to Debtor as aforesaid shall be retained by Agent until such event shall either become an Event of Default (in which case such monies shall be applied as aforesaid), or be cured or otherwise not be capable of maturing into an Event of Default (in which case such monies shall be remitted to Debtor as aforesaid). The Debtor agrees that all payments received by the Debtor from the Lessee which are payable to the Agent pursuant to this Agreement shall be held in trust for the Agent and shall be immediately paid to the Agent.

If the Agent shall not receive any rental payment under the Lease when due ("Rental Default"), the Agent shall notify the Debtor at the address set forth in the Lease; provided, however, that the failure of the Agent to so notify the Debtor shall not affect the obligations of the Debtor hereunder or under the Note. Agent agrees that notwithstanding the provisions of Paragraph C.3. hereof, the Agent will not exercise any of its rights or remedies under the Note, this Agreement or the Lease (including, but not limited to acceleration of the payment due under the Note and under the Lease) solely by reason of a Rental Default if (i) the Debtor shall have made all payments required by this Agreement and the Note and there has occurred no Event of Default under this Agreement other than the default under Paragraph C.3. arising by reason of a Rental Default and (ii) a Rental Default has not occurred more than once during the preceding eighteen (18) months.

I. APPLICATION OF PAYMENTS - All payments indefeasibly received by the Agent which are to be applied in satisfaction of the Debtor's obligations under the Note and this Agreement shall be applied, first, to the payment of costs and expenses due to the Agent pursuant to Paragraph G, if any, second, to the payment of accrued interest on the Note, and thereafter to the payment of principal and all other amounts payable hereunder. Payments indefeasibly received by Agent in excess of the amounts necessary to satisfy Debtor's obligations as aforesaid shall be remitted to Debtor as provided in Paragraph H above.

J. EXCHANGE OF NOTES - Upon surrender of any Note at the office of the Debtor, the Debtor, at the request of the Agent, will execute and deliver new notes in exchange, in denominations requested by such Agent, in an aggregate principal amount equal to the unpaid principal amount of the surrendered Note. Such new notes shall be payable to such party as such Agent may request, shall be substantially in the form of the Note, with appropriate changes, and shall be dated and bear interest from the date to which interest has been paid on the surrendered Note. When issued, such notes shall be deemed to be included in the term "Note" as used herein.

K. MULTIPLE NOTES - If more than one Note is outstanding at the time any application of payments is made pursuant to Paragraphs F and I hereof, the application shall be made on all outstanding Notes ratably in accordance with the principal amount remaining unpaid thereon and on the installments of each Note, respectively.

L. NOTICES - All notices, declarations, requests, consents and other communications given hereunder or in connection herewith or with the Note shall be in writing and shall be deemed to have been given when delivered or deposited in the United States mail, registered or certified, postage prepaid, addressed to Debtor at its address stated above, to the Agent at its address stated below, or to such other address as any such party may hereafter specify by written notice to the other.

M. OTHER AGREEMENTS - All references in this Agreement to obligations of Debtor pursuant to this Agreement or payments required to be made pursuant to this Agreement shall for all purposes include, regardless of whether expressly stated any obligations of the Debtor for payments required by the Debtor pursuant to the Assignment or the Participation Agreement.

N. APPLICABLE LAW - This Agreement and the Note shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the laws of the Commonwealth of Pennsylvania.

O. SEVERABILITY - Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall be, as to such jurisdiction, ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

P. SUCCESSORS AND ASSIGNS - This Agreement will bind and inure to the benefit of the respective successors and assigns of the parties hereto, including any holder, as such, of any Note, by acceptance of an assignment hereof or of any Note. Each of the Agent's successors or assigns (including any holder, as such, of any Note) will be deemed to have agreed to be bound by the provisions hereof and of the Note and Agent's undertakings hereunder and thereunder, especially including the provisions of Paragraph E, entitled "Limitation of the Debtor's Liability".

EXECUTED as of the date first above written.

(Corporate Seal)

Attest:

R. G. C. [Signature]
ASST. Secretary

(Corporate Seal)

Attest:

[Signature]
Secretary

HELEASCO TWELVE, INC.

By:

Title: *[Signature]*
President Attorney-in-Fact

PROVIDENT NATIONAL BANK, as Agent

By:

Title: *[Signature]*
ASST. VICE President

Address for notices:
17th & Chestnut Streets
Philadelphia, PA 19101
Attn: Corporate Trust Department

PENNSYLVANIA
STATE OF ~~DELAWARE~~ :
SS:
COUNTY OF *Phila* :

On this *20th* day of June, 1979, before me personally appeared *R. Anderson Dew*, to me personally known, who, being by me duly sworn, says that he is *Attorney-in-Fact* of HELEASCO TWELVE, INC., that one of the seals 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.

Kathleen Carden

Notary Public

My Commission Expires:

KATHLEEN CARDEN, NOTARY PUBLIC
PHILA. PHILA. COUNTY, PA.
My Commission Expires April 4, 1981

STATE OF PENNSYLVANIA :
SS:
COUNTY OF PHILADELPHIA :

On this *20* day of June, 1979, before me personally appeared *JOSEPH FEDUNIVE*, to me personally known, who, being by me duly sworn, says that he is *ASST VICE PRES* of PROVIDENT NATIONAL BANK, that one of the seals 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.

Marcia Shprintz

Notary Public

My Commission Expires:

MARCIA SHPRINTZ, NOTARY PUBLIC
Philadelphia, Philadelphia County, Pa.
My Commission Expires 9/19/81

SCHEDULE 1

<u>Builder</u>	<u>Description</u>	<u>Quantity</u>	<u>Lessee's Road Numbers (Both Inclusive)</u>	<u>Purchase Price Unit</u>	<u>Total</u>
Evans Transportation Company (Southern Iron & Equipment Company Division)	50' 6", 70-ton, Plate "C", Rigid Underframe Boxcars with 10' 0" Sliding Doors (Type XM)	110	NSL 155582 through NSL 155609 and PT 205050 through PT 205131	\$40,600	\$4,466,000

TOTAL PURCHASE PRICE \$4,466,000

FOR VALUE RECEIVED, HELEASCO TWELVE, INC. ("Assignor"), a Delaware corporation, hereby assigns and transfers to PROVIDENT NATIONAL BANK, a national banking association, as agent for JEFFERSON STANDARD LIFE INSURANCE COMPANY ("Assignee"), its successors and assigns, all of Assignor's right, title and interest in and to the lease dated as of the date hereof (Lease No. Y179-1290.2) and all rental schedules and supplements thereto ("Lease") of which National Railway Utilization Corporation and Pickens Railroad Company, with addresses, respectively, at 1100 Centre Square East, 1500 Market Street, Philadelphia, Pennsylvania 19101 and at Cedar Rock Street, Pickens, South Carolina 29671, are lessees and Assignor is lessor, together with all rentals and other moneys coming due thereunder and all proceeds of insurance, condemnation and requisition proceedings and sale or other dispositions of any of the property subject thereto payable to or receivable by the Assignor under or in connection therewith, and all rights, powers and remedies (but none of the duties or obligations, if any) of Assignor under the Lease, including, exclusively on the part of the Assignee, all rights of the Assignor to give and receive any notice, consent, waiver, demand or approval under or in respect of the Lease, to exercise any election or option thereunder or in respect thereof, to accept any surrender of any property subject thereto, to execute and deliver any bill of sale for any such property, and to do all other things which Assignor is entitled to do under this Lease.

Assignor authorizes Assignee to do every act and thing in the name of the Assignor, Assignee or otherwise which Assignee may deem advisable to enforce the terms of the Lease, and the Assignor hereby irrevocably appoints Assignee the true and lawful attorney for the Assignor with full power of substitution and revocation, together with full power and authority in the name of the Assignor, Assignee or otherwise, to demand, enforce, collect, receive, receipt and give releases for any moneys due or to become due under or arising out of the lease or any policy of insurance or indemnity relating to the property subject thereto or the Lease (including any returns of premium), to endorse all checks and other instruments payable to Assignor, and to do and take all such other actions as are referred to in the preceding paragraph relating to the Lease or such property, to file any claims or institute any proceedings for the foregoing which Assignee deems necessary, and to compromise any such demand, claim or action. Notwithstanding the foregoing, it is expressly agreed that (i) Assignor shall remain liable as lessor under the Lease to perform all of the obligations assumed by it thereunder, (ii) the obligations of Assignor under the Lease may be performed by Assignee or any subsequent assignee without releasing Assignor therefrom, (iii) the Assignee or any subsequent assignee shall have no liability or obligation under the Lease by reason of this Assignment and shall not, by reason of this Assignment, be obligated to perform any of the obligations of Assignor under the Lease or to file any claim or take any other action to collect or enforce any payment assigned hereunder, and (iv) Assignor's liability to Assignee shall be limited as provided in Section E of the Security Agreement.

This Assignment is made pursuant to and for the purposes of a certain Security Agreement of even date herewith given by Assignor to Assignee to secure the payment of Assignor's Note and the other obli-

gations referred to therein and shall remain in full force and effect until such Note and obligations have been paid and discharged in full.

Executed as of June 21, 1979.

HELEASCO TWELVE, INC.

(Corporate Seal)

By _____
President

Attest:

Secretary

CONSENT AND AGREEMENT

The undersigned, NATIONAL RAILWAY UTILIZATION CORPORATION, a South Carolina corporation, and PICKENS RAILROAD COMPANY, a South Carolina corporation, the lessees (hereinafter collectively called the "Lessee") named in the Lease (hereinafter called the "Lease") referred to in the foregoing Assignment of Lease (hereinafter called the "Assignment"), hereby (a) acknowledge receipt of a copy of the Assignment and (b) consent to all the terms and conditions of the Assignment and, intending to be legally bound hereby, agree that:

(1) Lessee will pay all rentals, casualty payments, liquidated damages, indemnities and all other moneys provided for in the Lease (which moneys are hereinafter called the "Payments") due and to become due under the Lease or otherwise in respect of the Equipment leased thereunder, directly to the Assignee or to whomsoever the Assignee may from time to time direct;

(2) the Assignee shall be entitled to the benefits of, and to receive and enforce performance of, all the covenants to be performed by the Lessee under the Lease as though the Assignee were named therein as the Lessor;

(3) the Assignee shall not, by virtue of the Assignment, be or become subject to any liability or obligation under the Lease or otherwise;

(4) the Lease shall not, without the prior written consent of the Assignee, be terminated, amended or modified, nor shall any action be taken or omitted by the Lessee, the taking or omission of which might result in an alteration or impairment of the Lease or the Assignment, or of any of the rights created by either thereof, and any such action, without the consent of the Assignee, shall be void; and

(5) any consent or waiver under the Lease given by Lessor, any notice given by Lessor thereunder or other exercise of any rights, powers or remedies of the Lessor thereunder by Lessor, or any release of any obligations of the Lessee by Lessor thereunder without the prior written consent of Assignee, except as may be permitted pursuant to or consented to by Assignee under the Security Agreement (as defined in the Lease), shall be void.

This Consent and Agreement shall be deemed to be a contract made and effected under the laws of the Commonwealth of Pennsylvania, and, for all purposes, shall be construed in accordance with the laws of said Commonwealth.

Dated: June 21, 1979

NATIONAL RAILWAY UTILIZATION CORPORATION

By _____
Vice President

PICKENS RAILROAD COMPANY

By _____
Vice President

