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~~INTERSTATE COMMERCE COMMISSION~~  
~~INTERSTATE COMMERCE~~

## SECURITY AGREEMENT

AGREEMENT dated as of April 23, 1976  
by TRACK ONE COMPANY, a South Carolina  
Limited Partnership (said Limited Partner-  
ship being hereinafter called Track One),  
and PICKENS RAILROAD COMPANY, a South Caro-  
lina corporation (said corporation being  
hereafter called Pickens), in favor of  
FIRST SECURITY STATE BANK, a state banking  
corporation, not in its individual capacity  
but solely as Trustee pursuant to a Trust  
Agreement dated as of March 15, 1975, with  
ITEL Leasing International, Inc. (said  
Trustee being hereinafter called the Trustee).

### W I T N E S S E T H:

WHEREAS, Track One is the owner of certain railroad  
boxcars which have been leased to Pickens; and

WHEREAS, as Pickens is the Lessee of said boxcars and  
is a 54% Partner in Track One; and

WHEREAS, as an inducement to the Trustee to consent  
to the release of certain collateral heretofore given by Pickens  
to secure its obligations under the Lease by giving Trustee a  
security interest in substitute collateral;

NOW, THEREFORE, Track One and Pickens hereby agree as follows:

1. Creation of Security Interest. In consideration of the financial accommodations given, to be given, or continued, to Pickens by means of the lease financing described above, Track One hereby creates in favor of the Trustee a security interest in the Collateral described in Paragraph 2 immediately below.

2. Collateral. The Collateral of this Security Agreement is each and all the boxcars of the following description:

<u>Type</u>	<u>Quantity</u>	<u>Lessee's Car Numbers (Inclusive)</u>
70-ton, 50-foot freight (box) cars	48	PICK 55030 - 55077

and all additions and accessions thereto, substitutions thereof and all proceeds from their sale or other disposition.

3. Acknowledgment of Prior Security Interest. It is understood that there is a prior security interest in the Collateral in favor of North Carolina National Bank pursuant to a Loan and Security Agreement between Track One and said Bank dated May 1, 1974. Track One and Pickens represent and warrant that there is no other security interest, lien or encumbrance in or on the

Collateral nor will any other security interest, lien or encumbrance be allowed by it to attach against the Collateral during the continuance of this Agreement.

4. Obligation of Pickens. Pickens will pay to the Trustee all sums due and perform all covenants which it is obligated to pay and perform under the Lease. Pickens hereby joins in the execution of this Security Agreement for the purpose of subjecting its interest as Lessee in said Collateral to the terms of this Security Agreement.

5. Location of Collateral. The Collateral will be kept at all times within the boundaries of the United States of America, will be kept open to inspection by or on behalf of the Trustee at reasonable times and places and, subject to the provisions of this Agreement, shall not be removed from the United States of America unless Pickens and Track One notify the Trustee in writing, the Trustee consents in writing in advance of its removal to another location, and Track One and Pickens performs, at their own expense, all acts necessary to assure that the Trustee will have a perfected security interest in the Collateral in such other location.

6. Covenants. Pickens and Track One covenant and represent as follows:

(a) They will warrant and defend the Collateral against the claims and demands of all persons and the Collateral will remain railroad property subject to the jurisdiction of the Interstate Commerce Commission.

(b) Pickens agrees that, at its own cost and expense, it will maintain and keep each unit of Lease Equipment in good order and repair, ordinary wear and tear excepted.

(c) Pickens and Track One shall not dispose of the Collateral or any interest therein except as authorized in this Agreement or in writing by the Trustee, and they shall keep the Collateral free from unpaid charges, including taxes, and from liens, encumbrances, security interests other than that of the Trustee and North Carolina National Bank and their successors and assigns.

(d) Track One and/or Pickens shall execute alone or with the Trustee a financing statement or other document or procure any document, and pay all connected costs, necessary to protect the security interest of the Trustee in this Agreement against the interests of third persons.

7. Default. Any misrepresentation or misstatement in connection with this Agreement on the part of the parties or any noncompliance or nonperformance of their obligations hereunder shall constitute a default. In addition, the parties shall

be in default if a proceeding under any of the provisions of the Bankruptcy Act shall be instituted by or against either of them or an application shall be made for the appointment of a receiver of the property of either of them, or if either shall make an assignment for the benefit of creditors or if a meeting of their creditors shall be called, or if any of their property shall be attached.

8. Remedies and Governing Law. The terms of this Agreement and all rights and obligations hereunder shall be governed by the laws of the State of Utah; provided, however, that the parties shall be entitled to all additional rights conferred by Section 20 C of the Interstate Commerce Act.

9. Inspection of Records. The Trustee may, at any reasonable time, enter upon the premises of either party to inspect their books and records pertaining to the Collateral or its proceeds, and the parties shall, if requested, in good faith assist the Trustee in making such inspection.

10. Benefits. No promises, agreements, representations or warranties shall be binding upon the Trustee unless made a part of this Agreement in writing. This Agreement shall inure to the benefit of and bind the successors and assigns of the parties hereto.

IN WITNESS WHEREOF, the parties have executed this

instrument on the day and year first above written.

PICKENS RAILROAD COMPANY

BY: O. Mowroe

Printed Name O. Mowroe

Title: President

ATTEST:

BY: [Signature]

Title: asst. Secretary

TRACK ONE COMPANY, in its  
capacity as Trustee,  
BY: STERLING CAPITAL, LTD.,  
General Partner

BY: John M. Sterling, Jr.

Printed Name John M. Sterling, Jr.

Title: President

ATTEST:

BY: Carl A. Well

Title: Assistant Secretary

STATE OF SOUTH CAROLINA )

COUNTY OF GREENVILLE )

On this 18 day of May, 1976, before me personally appeared John M. Sterling, Jr., to me personally known, who, being by me duly sworn, says that he is President of Sterling Capital, Ltd., General Partner of TRACK ONE COMPANY; 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 Track One Company by authority of the Partnership, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Partnership.

Heather H. Parrish  
Notary Public

[Notarial Seal]

My Commission Expires: 11-14-85

STATE OF SOUTH CAROLINA )

COUNTY OF GREENVILLE )

On this 18 day of May, 1976, before me personally appeared O. Monroe, to me personally known, who, being by me duly sworn, says that he is President of PICKENS RAILROAD COMPANY; 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.

Heather H. Parrish  
Notary Public

[Notarial Seal]

My Commission Expires: 11-14-85