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JUN 17 1976 - 1 55 PM
INTERSTATE COMMERCE COMMISSION

SECURITY AGREEMENT

THIS AGREEMENT, made this 15th day of June, 1976, between CASTLE CAPITAL CORPORATION, herein called the Debtor, with its office located at 1345 Avenue of the Americas, New York, New York, and STATE BANK OF ALBANY, a trust company with its principal place of business located at 69 State Street, Albany, New York, herein called the Secured Party,

W I T N E S S E T H :

To secure the payment of an indebtedness in the amount of \$700,000, with interest, as evidenced by a note of even date herewith, and also to secure any other indebtedness or liability of the Debtor to the Secured Party arising out of said loan transaction, including this Security Agreement, direct or indirect, absolute or contingent, due or to become due, now existing or hereafter arising (all hereinafter called the "obligations") Debtor hereby grants and conveys to the Secured Party a security interest in, and mortgages to the Secured Party the property described in the schedule attached hereto, all proceeds thereof, if any, and all increases, substitutions, replacements, additions and accessions thereto.

If the Debtor shall pay to the Secured Party, its successors or assigns, the amount of said note or any renewals or extensions thereof, together with interest thereon, then this security agreement is void and of no effect but in case of nonpayment of such note or extensions or renewals thereof or failure to comply with the terms and conditions of this security agreement, then the Secured Party or its successors or assigns shall have full power and authority to enter upon any place or places where said property described in said schedule or schedules attached hereto may be and take possession thereof.

The Uniform Commercial Code shall govern the rights, duties and remedies of the parties and any provisions herein declared invalid under any law shall not invalidate any other provisions of this agreement. Upon any default of the Debtor and at the option of the Secured Party the obligation or obligations secured by this agreement shall immediately become due and payable in full without notice or demand and the Secured Party shall have all the rights, remedies and privileges with respect to repossession, retention and sale of the collateral and the disposition of the proceeds as are accorded by the applicable sections of the Uniform Commercial Code with respect to default. Upon any default the Secured Party's reasonable attorneys' fees and the legal and other expenses for pursuing, searching for, receiving, taking, keeping, storing, advertising and selling the collateral shall be chargeable to the Debtor. The Debtor shall remain liable for any deficiency resulting from a sale of the collateral and shall pay any such deficiency forthwith on demand.

The Debtor, if required by the Secured Party, shall keep the collateral insured for the benefit of the Secured Party against loss and damage by fire, theft and accidental physical damage in such amount or amounts and for costs as the Secured Party shall require.

The collateral described in Part I of the Schedule attached hereto is under lease to Penn-Dixie Industries, Inc., and Debtor warrants, covenants and agrees that it will not agree to any amendment or modification of such lease or to any sublease of such collateral without the written consent of the Secured Party. Debtor warrants, covenants and agrees to keep all of the collateral free and clear of all liens, charges, encumbrances, taxes and assessments (except for the rights of Penn-Dixie Industries, Inc. in the collateral described in Part I of the Schedule pursuant to its lease of such equipment); to pay, when due, all taxes, assessments and license fees relating to all of the collateral; to keep the collateral described in Part I of the Schedule at Debtor's own cost and

expense, in good repair and condition subject to ordinary wear and tear and available for inspection by the Secured Party at all reasonable times (subject, however, to the provisions of the aforesaid lease relating to loss or destruction of any of such collateral, provided that the amounts stipulated in such lease to be paid to Debtor on account thereof are paid over to Secured Party in full or partial prepayment of Debtor's indebtedness, as the case may be).

So long as Debtor shall not be in default of any of the obligations, the amount over and above \$14,531.00 out of each monthly rental payment of \$18,250.00 (such excess amount being \$3,719.00) shall be deposited upon receipt by Secured Party in Debtor's demand or other account with Secured Party and Debtor may withdraw or otherwise use said funds free of any restriction or claim of Secured Party hereunder.

Waiver of or acquiescence in any default by the Debtor, or failure of the Secured Party to insist upon strict performance by the Debtor of any warranties or agreements in the security agreement, shall not constitute a waiver of any subsequent or other default or failure.

The Secured Party is authorized to file a financing statement in connection herewith.

Debtor shall pay for the fees incurred in any and all filings, giving notice of its security interest herein, which the Secured Party may in its sole discretion deem appropriate, including but not being limited to the fees involved in filing such financing statement.

This Agreement shall be construed in accordance with the Laws of the State of New York.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

CASTLE CAPITAL CORPORATION

By: *Thomas K. Perry*

Its *President*

STATE BANK OF ABLANY

By: *Edward J. Dushka*

Its *Vice President*

SCHEDULE

PART I

One Hundred Twenty (120)
Empty 70 Ton Steel Gondola Cars.
Numbered:

7571	7519	7555	7489	7575	7514	7697	7758
7798	7726	7635	7806	7752	7705	7772	7757
7797	7698	7824	7803	7593	7531	7802	7642
7595	7795	7719	7720	7526	7756	7508	7577
7504	7815	7842	7814	7620	7769	7550	7733
7662	7476	7630	7713	7711	7670	7513	7534
7628	7738	7641	7684	7659	7452	7491	7693
7639	7479	7667	7745	7498	7771	7789	7566
7709	7634	7604	7735	7746	7509	7687	7651
7500	7468	7677	7658	7588	7656	7542	7495
7843	7818	7714	7737	7615	7584	7807	7606
7691	7525	7456	7761	7823	7629	7559	7488
7632	7663	7493	7560	7775	7512	7848	7800
7831	7774	7602	7718	7780	7835	7825	7736
7827	7808	7834	7457	7497	7614	7540	7668

PART II

Rentals and all proceeds due under a certain lease of the above equipment dated June 15, 1976, between Castle Capital Corporation (Lessor) and Penn-Dixie Industries, Inc. (Lessee).

STATE OF NEW YORK)
COUNTY OF NEW YORK) SS:

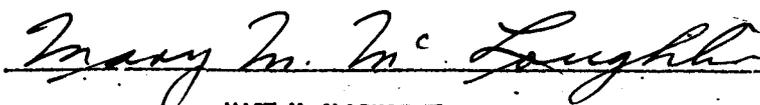
On this 15 day of June, 1976, before me, the subscriber, personally appeared Oliver K Parry to me personally known, who, being by me duly sworn, did depose and say that he resides at 260 Ocean Ave Sea Bright N.J. that he is the President of CASTLE CAPITAL CORPORATION, one of the corporations described in and which executed the foregoing instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said corporation, and that he signed his name thereto by like order.



MARY M. McLOUGHLIN
Notary Public, State of New York
No. 41-4520695
Qualified in Queens County
Commission Expires March 30, 1978

STATE OF NEW YORK)
COUNTY OF NEW YORK) SS:

On this 15 day of June, 1976, before me, the subscriber, personally appeared GERALD F. DERUSHA, to me personally known, who, being by me duly sworn, did depose and say that he resides in the Town of Colonie, Albany County, New York; that he is Vice President of STATE BANK OF ALBANY, one of the corporations described in and which executed the foregoing instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said corporation, and that he signed his name thereto by like order.



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SECURITY AGREEMENT

CASTLE CAPITAL CORPORATION
WITH
STATE BANK OF ALBANY

Dated: June 15, 1976
