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SECURITY AGREEMENT AND ASSIGNMENT

DATED AS OF MARCH 15, 1973

Between

RADNOR ASSOCIATES, LTD.  
Debtor  
400 East Lancaster Avenue  
Wayne, Pennsylvania

RECORDATION NO. 7107 Filed

JUL 16 1973 - 10 16 AM

and

INTERSTATE COMMERCE COMMISSION

THE PHILADELPHIA NATIONAL BANK  
Secured Party  
Northeast corner Broad and Chestnut Streets  
Philadelphia, Pennsylvania 19101

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COVERING 8 TIE HANDLERS

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Filed and recorded with the Interstate Commerce Commission  
pursuant to Section 20c of the Interstate Commerce Act on  
, 1973, at Recordation No. \_\_\_\_\_.

SECURITY AGREEMENT AND ASSIGNMENT

This Agreement is made as of the 15<sup>th</sup> day of March, 1973 by and between RADNOR ASSOCIATES, LTD., 400 East Lancaster Avenue, Wayne, Pennsylvania, (hereinafter the "Debtor"), and THE PHILADELPHIA NATIONAL BANK, a national banking association organized and existing under the laws of the United States of America with its principal office at the Northeast corner Broad and Chestnut Streets, Philadelphia, Pennsylvania (hereinafter the "Secured Party", which term shall include successors and assigns) to induce Secured Party to lend Debtor the sum of Eighty Thousand Dollars (\$80,000), prior to August 15, 1973 and to secure the repayment of such indebtedness as is evidenced by Debtor's Non-Recourse Secured Note, dated \_\_\_\_\_, 1973 (in form of Exhibit "A" hereto), bearing interest as provided therein (hereinafter "the Note"), and any renewal or extension thereof and also in order to secure: (1) all costs and expenses incurred in the collection of the Note and enforcement of Secured Party's rights thereunder and hereunder; (2) all future advances made by Secured Party for taxes, levies, insurance and repairs to or maintenance of the Collateral (as that term is hereinafter defined); (3) interest on (1) and (2); and (4) any renewal, extensions or any other obligations of Debtor to Secured Party whether mature or immature, direct or indirect, absolute or contingent.

WARRANTIES AND REPRESENTATIONS

The Debtor makes the following representations and

warranties to Secured Party: That

(i) The general business of Debtor is the arranging of equipment leases and acquisition of property for leasing to others;

(ii) Debtor is not now nor was, within the four (4) months prior to the date hereof, insolvent;

(iii) There are no claims or proceedings pending, or to the knowledge of Debtor threatened, against or affecting Debtor or to which any property or rights of Debtor are subject, in any court, or before any governmental authority which involve the possibility of materially and adversely affecting the business of Debtor or the ability of Debtor to perform this Agreement. The Debtor is not in default with respect to any order of any court or governmental authority;

(iv) All tax returns required to be filed by Debtor in all jurisdictions have been filed, and no taxes, assessments, fees, liens or other governmental charges or claims upon or against Debtor or any of its properties or income have been imposed or made;

(v) Compliance by Debtor with all of the provisions hereof (1) is within the powers of Debtor; (2) is not and will not be in conflict with nor result in any breach in any of the provisions of, or constitute a default or result in the creation of any lien or encumbrance upon any property of Debtor.

under the provisions of any law, regulation, governmental order, agreement or other instrument to which Debtor is a party or by which it may be bound;

(vi) No event has occurred and no condition exists which after notice or lapse of time, or both, would constitute a default under this Agreement. Debtor is not in default under the provisions of any agreement or other instrument, law, or regulation or governmental order to which Debtor is a party or by which Debtor may be bound;

(vii) Neither the nature of Debtor, its business or property nor any relationship between Debtor and any other person, nor any circumstance in connection with the offer, issue, sale or delivery of the Note or the execution and delivery of this Agreement is such as to require a consent, approval or authorization of, or filing, registration or qualification with, any governmental authority on the part of Debtor.

#### SECURITY INTEREST AND ASSIGNMENT OF LEASE

Debtor hereby gives the Secured Party a security interest in the property described in the "Schedule of Equipment", attached hereto, made a part hereof marked Exhibit "C", together with all replacements, repairs, component parts, substitutions and additions thereto, and all accessions and attachments which may not be removed without impairing the value of that property

(all of the foregoing referred to collectively hereinafter as the "Collateral"). Debtor has agreed to lease the Collateral to Richardson Dilworth and Andrew L. Lewis, Jr., Trustees of the property of Reading Company (hereinafter "the Lessee") under an Agreement to Lease Railroad Equipment dated as of March 15, 1973 (hereinafter "the Lease"), substantially in the form which is attached hereto, made part hereof marked Exhibit "D". Debtor hereby assigns to and gives the Secured Party a security interest in the Lease and in and to all of Debtor's right, title and interest in all sums due or to become due under the Lease as further security for the sums due under the Note (such sums referred to hereinafter as the "Liabilities").

Debtor represents that the Collateral shall be paid for with the proceeds of the Note and Debtor's funds, is subject to no liens or other interests (including tax liens), excepting the Lease, and is to be used in business and is not held as inventory of Debtor.

It is an express condition of this Agreement that if and when Debtor shall pay the Secured Party the sums due under the Note as provided therein, then the security interests created and assignments effected by and pursuant to this Agreement shall be terminated.

#### COVENANTS

Debtor covenants and agrees:

- (a) To forever defend the Collateral against any claim of any person of any interest

therein;

(b) That all replacements, repairs, substitutions, and component parts of or to the Collateral, and all attachments and accessions to the Collateral which may not be removed without impairing the value thereof are or shall become subject to the terms of this Security Agreement;

(c) To comply with all requirements of law in order to grant and preserve a valid lien upon and security interest in the Collateral in favor of the Secured Party;

(d) Not to use the Collateral in violation of any law;

(e) Not to sell, or make any assignment or transfer of any interest in, or create a security interest in, mortgage or in any way encumber the Collateral; provided, that Debtor may permit Lessee to assign or transfer its interest in the Collateral to a third party, provided that the Secured Party agrees in writing to such assignment or transfer, which agreement shall not be unreasonably withheld;

(f) To allow Secured Party and its representatives or its assigns, free access to and right of inspection of the Collateral at all times;

(g) In the event of loss or damage to all or any part of the Collateral (short of irreparable damage to or wearing out of the Collateral) of which Debtor has knowledge, promptly to send written notice thereof to the Secured Party or its assigns, and to cause the same to be repaired or replaced in a manner satisfactory to Secured Party;

(h) To give notice to the Secured Party immediately of any legal proceeding of which Debtor has knowledge wherein the Collateral is in any manner seized, or possessed or wherein seizure or possession may be threatened or attempted, and of the institution of any legal proceedings relative to the solvency of Debtor, and to defend against the same and to pay any reasonable expenses (including attorney's fees) of Secured Party resulting therefrom;

(i) To perform and comply and to use its best efforts to cause Lessee to conform and comply with the terms of the Lease;

(j) To notify Secured Party of any change in name or mailing address or place of business of Debtor in advance of such change;

(k) To pay or cause Lessee to pay all taxes, assessments and charges levied on the Collateral or on account of the use, storage, maintenance or repair thereof or upon Debtor solely by reason of

its ownership thereof and to keep at all times all and every part of the Collateral free and clear of all such taxes, assessments or charges which might in any way affect the title of Debtor to or the interest of Secured Party in or result in a lien upon any of the Collateral, and annually or more frequently, upon request, Debtor shall promptly deliver to Secured Party receipts evidencing payment thereof (if any there shall be); provided, however, that if Lessee shall in good faith, and by proper legal action, contest any tax, claim, lien, encumbrance or other charge, or the validity thereof, and shall have established on its books a reserve for the payment thereof in such amount as Debtor may require, then Lessee shall not be required to pay the same, or to produce such receipts, during the maintenance of said reserve and as long as such contest operates to prevent collection, and is maintained and prosecuted with diligence, and shall not have been terminated or discontinued adversely to Lessee; and further provided that the non-payment thereof will not, in the opinion of the Secured Party, materially adversely affect the Collateral or rights of the Secured Party hereunder; and still further provided that such tax assessment or charge shall be paid forthwith upon the commencement of proceedings to foreclosure any

lien securing the same.

(l) In the event any tax, assessment or charge shall have been charged or levied against the Secured Party directly, or in the event that Debtor fails to pay any tax, assessment or charge as aforesaid, and the same is paid by the Secured Party, to reimburse the Secured Party therefor on demand. Any premiums, taxes, assessments and charges so paid by the Secured Party shall be a part of the Liabilities and shall be payable on demand, with interest at nine and one-half per cent (9 1/2%) per annum.

(m) To indemnify, protect and hold harmless the Secured Party from and against any and all liability, claims, demands, costs, charges and expenses, including but not limited to reasonable counsel fees, in any manner imposed upon or accruing against Secured Party because of the Secured Party's interest in the Collateral. The foregoing covenants of indemnity shall continue throughout the term of the Lease.

(n) To cause Lessee to pay, or upon Lessee's failure to do so, to pay itself all costs of filing any financing, continuation or termination statements with respect to the security interest created by this Security Agreement.

(o) The Secured Party is hereby irrevocably

appointed Debtor's attorney-in-fact (which appointment is coupled with an interest) to do, at Secured Party's option and at Debtor's expense, all acts and things which Secured Party may deem necessary to perfect and continue perfected the security interest created by this Security Agreement and to protect the Collateral, including but not limited to the execution of financing statements.

Debtor further covenants and agrees that, in case a default shall occur in the payment of Liabilities or any part thereof or a default or breach shall occur with respect to any of the terms of this Security Agreement, or the Note, or Debtor shall breach any warranty or agreement herein provided, or the institution of any proceeding in bankruptcy or receivership or insolvency by or against Debtor, or of any proceeding against the Collateral, or in case the Lease between Debtor and Lessee is wholly terminated for any reason whatsoever, or is in default and Debtor fails to pay the Liabilities as they become due pursuant to the provisions of the Note, the Secured Party may, at its option, declare all of the Liabilities to be immediately due and payable, together with all accrued interest thereon. The Debtor hereby authorizes and empowers Secured Party, with the aid and assistance of any person, to enter upon any premises of Lessee where the Collateral may be located or such other place as the Collateral may be located, without process of law, and to procure and retain the Collateral for its account or at any time or times to dispose of the same, at public or private sale

upon such notice as is required by law, and from any proceeds received by Secured Party in connection with or incidental to the repossession, any attempted repossession, holding, storage, preparation for sale, and the sale, including Secured Party's legal expenses, and then to pay said Liabilities in such order and amount as Secured Party shall determine. Any remaining surplus shall be paid to Debtor.

Debtor waives a trial by jury and the right to interpose any counterclaim or offset of any nature or description in any litigation between Debtor and Secured Party with respect to this Security Agreement, any claim arising out of, relating to or connected with the loan and the Note secured hereby, the Collateral or taking of possession thereof by Secured Party.

Secured Party shall not by any act, delay or omission or otherwise be deemed to have waived any right or remedy on any future occasion.

Debtor hereby authorizes and empowers any attorney or attorneys or the prothonotary or clerk of any court in the Commonwealth of Pennsylvania, to appear for Debtor, in any such court in an appropriate action there or elsewhere brought or to be brought against Debtor at the suit of Secured Party, as of term or time there to be held, and therein to confess or enter judgment against, Debtor for all sums due by Debtor to Secured Party hereunder, with costs of suit; and for so doing, this Security Agreement or a copy hereof verified by Affidavit shall be a sufficient warrant.

The Collateral is and shall remain personalty during the

term of this Security Agreement.

This Security Agreement shall be binding upon and inure to the benefit of the successors and assigns of the parties hereto.

All notices shall be deemed to have been given when sent by certified or registered mail to the last known address of the person to whom notice is being given.

Interest under this Security Agreement shall be determined on the basis of a 360-day year of twelve 30-day months.

This is the entire Security Agreement between Debtor and Secured Party and may not be changed, modified or discharged in whole or in part and no right or remedy of the Secured Party hereunder or under the Note may be waived except by written agreement signed by the Secured Party.

Debtor acknowledges receipt of an executed copy of this Security Agreement.

It is the intention of the parties that the provisions of the Note and this Security Agreement shall be in conformity with the laws of any state, territory or governmental authority wherein or before whom it may be sought to be enforced and, if it should appear that any of the provisions thereof are in conflict with any statute or rule of law of any such state, territory or governmental authority, then such provisions shall be deemed inoperative and null and void to the extent that they may conflict therewith and shall be deemed modified to conform with such statute or rule of law.

Secured Party agrees for itself and its successors and

assigns that so long as the Lessee shall not be in default under the Lease, Secured Party will not attempt to take possession of the Collateral or otherwise exercise any of its rights hereunder to the Collateral, and Lessee shall have quiet enjoyment of the Collateral during the term of the Lease without interference by the Secured Party or its successors and assigns. The foregoing to the contrary notwithstanding, so long as possession by the Lessee is not disturbed, in the event of default by Debtor, Secured Party at its option, may take title to the Collateral, and Debtor agrees to execute any document necessary to cause title to pass or to evidence the same.

If the services of any attorney be employed for the enforcement of any of the obligations of the Debtor, or of the rights of the Secured Party, either by suit or otherwise, Debtor agrees to pay reasonable attorney's fees, and suit may be instituted by Secured Party or its successors and assigns, in any county, city or township of the Commonwealth of Pennsylvania, and Debtor, or anyone claiming under Debtor, hereby waives the right to move for a change of the place of trial, and agrees that such suit may be tried in the county, city or township where instituted.

This Security Agreement shall be governed by the laws of the Commonwealth of Pennsylvania.

Intending to be legally bound hereby, the parties hereto have executed this Security Agreement and Assignment as of the

date and year first above written.

RADNOR ASSOCIATES, LTD.

ATTEST:

*[Handwritten signature]*  
\_\_\_\_\_  
Title

(Corporate Seal)

By *[Handwritten signature]* President  
\_\_\_\_\_  
Title

THE PHILADELPHIA NATIONAL BANK

ATTEST:

*[Handwritten signature]*  
\_\_\_\_\_  
Title

(Corporate Seal)

By *[Handwritten signature]*  
\_\_\_\_\_  
Title  
**W. T. RISKIE**  
**VICE-PRES.**

COMMONWEALTH OF PENNSYLVANIA :  
COUNTY OF *Philadelphia* : SS

On this *25<sup>th</sup>* day of *June*, 1973,  
before me personally appeared *Louis A. Zelner, Jr.*,  
to me personally known, who, being by me duly sworn, says  
that he is *President* of RADNOR ASSOCIATES, LTD., 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.

*Mary J. Koskoff*  
Notary Public  
My Commission expires *3/25/74*

(Notarial seal)

COMMONWEALTH OF PENNSYLVANIA :  
COUNTY OF *Philadelphia*:<sup>SS</sup>

On this *12<sup>th</sup>* day of *July*, 1973,  
before personally appeared *W. T. Riskie*,  
to me personally known, who, being by me duly sworn, says  
that he is *Vice President* of The Philadelphia  
National Bank, that the seal affixed to the foregoing instru-  
ment 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.

*Rosemary McGraw*  
\_\_\_\_\_  
Notary Public  
My Commission Expires

(Notarial Seal)

ROSEMARY MCGRAW  
Notary Public, Philadelphia, Philadelphia Co.  
My Commission Expires October 18, 1976

EXHIBIT "A" TO THAT CERTAIN SECURITY AGREEMENT AND ASSIGNMENT  
MADE AS OF March 15, 1973 BY AND BETWEEN RADNOR ASSOCIATES,  
LTD. AND THE PHILADELPHIA NATIONAL BANK

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RADNOR ASSOCIATES, LTD.

NON-RECOURSE SECURED NOTE

\$80,000.00 \_\_\_\_\_, 1973

FOR VALUE RECEIVED, RADNOR ASSOCIATES, LTD (hereinafter "Radnor") promises to pay to the order of THE PHILADELPHIA NATIONAL BANK and its assigns (hereinafter the "Holder") on or before \_\_\_\_\_, 19\_\_\_\_, as herein provided, the principal sum of EIGHTY THOUSAND DOLLARS (\$80,000.00) together with interest from the date hereof until maturity on the principal balance from time to time remaining unpaid hereon at the rate of nine and one-half percent (9 1/2%) per annum (computed on the basis of a 360-day year of 12 consecutive 30-day months) in 31 consecutive equal quarterly installments, in arrears, each in the amount of \$ \_\_\_\_\_, commencing \_\_\_\_\_, 1973 and continuing to and including \_\_\_\_\_, 19\_\_\_\_, together with interest on any overdue principal and interest at the rate of ten and one-half percent (10 1/2%) per annum. Each quarterly installment shall be applied first to interest accrued on the unpaid principal hereof to the date of payment and the balance of such installment, if any, shall be applied to the unpaid principal balance thereof.

In the event an item of Equipment referred to in that certain Lease Agreement which is Exhibit "D" to the Security

Agreement (hereinafter "the Lease") suffers a casualty and is not replaced by the Lessee identified therein, this Note may be prepaid in the amount of the Stipulated Loss Value thereof (as that sum may be determined by reference to Exhibit "B" to the Lease) without penalty.

All payments of principal and interest hereunder shall be made at the principal office of The Philadelphia National Bank, Northeast corner Broad and Chestnut Streets, Philadelphia, Pennsylvania, or at such other place as the Holder hereof shall designate to Radnor, in immediately available funds.

This Note is the Note referred to in that certain Security Agreement and Assignment dated as of March 15, 1973 (hereinafter the "Security Agreement") entered into between Radnor and The Philadelphia National Bank.

This Note and the Holder hereof, and Radnor, are entitled to all of the benefits and security provided for by or referred to in the Security Agreement to which instrument reference is hereby made for a statement thereof, including a description of the rights of the Holder of this Note and Radnor in respect thereof.

This Note may be declared due prior to its expressed maturity date in accordance with and on the terms and in the manner provided for in the Security Agreement. The terms and provisions of the Security Agreement, the rights and obligations of Radnor and rights of the Holder may be changed and modified only to the extent permitted by and as provided in the Security

Agreement.

On and subject to the conditions contained in the Security Agreement, this Note is transferable by the Holder and is exchangeable for Notes of other denominations.

No failure on the part of the Holder in exercising any right or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or remedy preclude any other or further exercise thereof or the exercise of any other right or remedy hereunder. No modification or waiver of any provision of this Note, nor any departure by Radnor therefrom, shall in any event be effective unless the same shall be in writing, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose given. Whenever any payment to be made under this Note shall be due on a Saturday, Sunday or public holiday under the laws of the Commonwealth of Pennsylvania, such payment shall be deemed to be payable on the next following business day, and such extension of time shall in such case not be included in computing interest, if any, in connection with such payment. Radnor agrees to pay costs and expenses reasonably incurred in connection with the enforcement of this Note. This Note shall be deemed to have been made under and shall be governed by the laws of the Commonwealth of Pennsylvania in all respects, including matters of construction, validity and performance.

The remedies of the Holder as provided herein and in the Security Agreement shall be cumulative and concurrent and may

be pursued singly, successively, or together against Radnor and/or the Collateral (as that term is defined in the Security Agreement) at the sole discretion of the Holder and shall not be exhausted by any exercise thereof but may be exercised as often as occasion therefor shall occur; and the failure to exercise any such right or remedy shall in no event be construed as a waiver or release of the same.

Radnor hereby waives and releases all errors, defects, and imperfections in any proceedings instituted by the Holder under the terms of this Note, or under the Security Agreement, as well as all benefit that might accrue to Radnor by virtue of any present or future laws exempting the Collateral from attachment, levy, or sale under execution, or providing for any stay of execution, exemption from civil process or extension of time for payment.

Radnor shall pay the cost of any revenue, tax or other stamps now or hereafter required by law at any time to be affixed to this Note; and if any taxes be imposed with respect hereto, Radnor agrees to pay to the Holder upon demand the amount of such taxes, and hereby waives any contrary provisions of any rules or laws of court now or hereafter in effect.

Anything in this Note, the Security Agreement, that certain Lease Agreement made as of March 15, 1973 (the "Lease") among Radnor and Richardson Dilworth and Andrew L. Lewis, Jr., Trustees of the property of Reading Company (the "Lessee"), any certificate, opinion, or document of any nature whatsoever to

the contrary notwithstanding, neither the Holder nor its successor or assigns shall have any claim, remedy or right to proceed (in law or in equity) against Radnor, for the payment of any deficiency or any other sum owing on account of the indebtedness evidenced by this Note or for the payment of any liability resulting from the breach of any representation, agreement or warranty of any nature whatsoever (except in the case of a fraudulent statement or representation) from any source other than the Collateral and the sums due and to become due under the Lease; and the Holder by its acceptance of this Note agrees to look solely to the Collateral and the sums due and to become due under the Lease for the payment of said indebtedness and the satisfaction of all such liability; provided, however, that nothing herein contained shall limit, restrict or impair the right of the Holder to accelerate the maturity of this Note upon a default hereunder, to bring suit and obtain a judgment against Radnor (which judgment, however, shall not be executed on with respect to any assets of Radnor except the Collateral) on this Note or to foreclose the lien of the Security Agreement or otherwise realize upon the Collateral and the sums due and to become due under the Lease, including the right to proceed against the Lessee under the Lease, all as provided in the Security Agreement.

By accepting this Note, Holder agrees for itself and its successors and assigns that so long as the Lessee shall not be in default under the Lease, Holder will not attempt to take

possession of the Collateral or otherwise exercise any of its rights in and to the Collateral, and Lessee shall have quiet enjoyment of the Collateral during the term of the Lease without interference by the Holder or its successors and assigns. The foregoing to the contrary notwithstanding, so long as possession by the Lessee is not disturbed, in the event of default by Debtor, Holder at its option, may take title to the Collateral, and Debtor agrees to execute any document necessary to cause title to pass or to evidence the same.

RADNOR ASSOCIATES, LTD.

By \_\_\_\_\_ Title

ATTEST:

By \_\_\_\_\_ Title

(Corporate Seal)

Exhibit C

SCHEDULE OF EQUIPMENT

8 new hydraulic machines, self-propelled on railroad track, to pick up railroad ties, generally described as "tie handlers", bearing Reading Company numbers 3400 to 3407, inclusive.