



RONALD K. GOODING
CONTROLLER

NATIONAL RAILWAY UTILIZATION CORP.
P.O. Box 216 / 402 Cedar Rock Street / Pickens, South Carolina 29671 / (803) 878-3581 • 859-1400

December 17, 1976

RECORDATION NO. 8621 Filed & Recorded

6-356A015

DEC 21 1976 10 52 AM

DEC 21 1976

INTERSTATE COMMERCE COMMISSION

50-

Interstate Commerce Commission
12th & Constitution Avenues NW
Washington, D. C. 20423

CC Washington, D. C.

Attention: Ms. Lee, Room 1227

RECEIVED
Dec 21 10 44 AM '76
I.O.C.
FEE OPERATION BR.

Dear Ms. Lee:

I transmit for filing the following documents:

Master Lease dated December 15, 1976, between Pickens Railroad Company and National Railway Utilization Corporation, as Lessees, and NCNB Leasing Corporation, Lessor, covering Fifty (50) 70-ton 50' 6" box cars bearing numbers NSL 100200 - NSL 100249, both inclusive.

The address for Pickens Railroad Company is P. O. Box 216, Pickens, South Carolina 29671. The address for NCNB Leasing Corporation is P. O. Box 120, Charlotte, N. C. 28255.

Enclosed herewith is the original and two certified copies together with check in the amount of \$50.00 in payment of the filing fee.

Please return the original to William W. Kehl, Esquire, P. O. Box 10207, Greenville, S. C. 29603, with the recording certification data stamped thereon.

Very truly yours,

John A. Mariscotti
John A. Mariscotti
Executive Vice President

JAM:ebw

Enclosures

cc: Mr. James C. Carlisle, Vice President
NCNB Leasing Corporation
P. O. Box 120
Charlotte, N. C. 28255

Interstate Commerce Commission
Washington, D.C. 20423

12/21/76

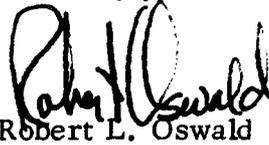
OFFICE OF THE SECRETARY

William W. Kehl Esq.
P.O.Box 10207
Greenville, S.C. 29603

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 20(c) of the Interstate Commerce Act, 49 U.S.C. 20(c), on 12/21/76 at 10:50am and assigned recordation number(s) 8621

Sincerely yours,



Robert L. Oswald
Secretary

Enclosure(s)

SE-30
(5/76)

MASTER LEASE

THIS LEASE, made this 15 day of December, 19 76, by and between NCNB Leasing Corporation, with its main office located at Charlotte, North Carolina, hereinafter called "lessor," and

Pickens Railroad Co.
P. O. Box 216
402 Cedar Rock Street
Pickens, South Carolina 29671

RECORDATION NO. 8621 Filed & Recorded

DEC 21 1976 10 52 AM

hereinafter called "lessee",

INTERSTATE COMMERCE COMMISSION

WITNESSETH:

For and in consideration of the mutual covenants and promises hereinafter set forth, the parties hereto agree as follows:

1. **Lease.** Lessor hereby leases to lessee, and lessee hereby leases and hires from lessor, all machinery, equipment and other property described in (a) the schedule executed by the parties concurrently herewith or hereafter and made a part hereof, and (b) any schedule or schedules hereafter executed by the parties hereto and made a part hereof. All said machinery, equipment and other property described in all said schedules is hereinafter collectively called "equipment"; and all said schedules is hereinafter collectively called "schedule".

2. **Term.** The term of this lease respecting each item of equipment commences upon whichever of the following dates is earlier:

- The date lessor confirms to the seller of said item of equipment the lessee's purchase order for said item or;
- The date said item of equipment is delivered to lessee.

The term of this lease ends on the date designated in the schedule.

3. **Rent.** The rent for any and every item of equipment described in the schedule shall be the amount designated in the schedule. Lessee shall pay lessor said rent in advance, in the amounts and at the times set forth in the schedule, at the main office of lessor, in Charlotte, North Carolina, or to such other person and/or at such other place as lessor may from time to time designate in writing.

4. **Use.** Lessee shall cause equipment to be operated by competent employees only, and shall pay all expenses of operation and maintenance of the equipment. Lessee shall use the equipment in a careful and proper manner and shall comply with and conform to all national, state, municipal, police and other laws, ordinances and regulations in anywise relating to the possession, use or maintenance of the equipment. If at any time during the term hereof lessor supplies lessee with labels, plates or other markings, stating that the equipment is owned by lessor, lessee shall affix and keep the same upon a prominent place on the equipment.

5. **Lessee's Inspection; Conclusive Presumptions.** Lessee shall inspect the equipment within forty-eight (48) hours after receipt thereof. Unless lessee within said period of time gives written notice to lessor, specifying any defect in or other proper objection to the equipment, lessee agrees that it shall be conclusively presumed, as between lessor and lessee, that lessee has fully inspected and acknowledged that the equipment is in good condition and repair, and that lessee is satisfied with and has accepted the equipment in such good condition and repair.

6. **Lessor's Inspection.** The equipment shall be located on the premises shown in the schedule. Lessor shall at any and all times during business hours have the right to enter into and upon the premises where the equipment may be located for the purpose of inspecting the same or observing its use. Lessee shall give lessor immediate notice of any attachment or other judicial process affecting any item of equipment and shall, whenever requested, by lessor, advise lessor of the exact location of the equipment.

7. **Alterations.** /Without the prior written consent of lessor, lessee shall not make any alterations, additions or improvements to the equipment. All additions and improvements of whatsoever kind or nature made to the equipment shall belong to and become the property of lessor upon the expiration, or earlier termination, of this lease.

8. **Repairs.** Lessee, at its own cost and expense, shall keep the equipment in good repair, condition and working order and shall furnish any and all parts, mechanisms and devices required to keep the equipment in good mechanical and working order.

9. **Loss and Damage.** Lessee hereby assumes and shall bear the entire risk of loss and damage to the equipment from any and every cause whatsoever. No loss or damage to the equipment or any part thereof shall impair any obligation of lessee under this lease which shall continue in full force and effect.

10. **Surrender.** Upon the expiration or earlier termination of this lease, with respect to any item of equipment, lessee shall, upon demand by lessor, return the same to lessor in good repair, condition and working order, ordinary wear and tear resulting from proper use thereof alone excepted, in the following manner as may be specified by lessor:

(a) By delivering such item of equipment at lessee's cost and expense to such place as lessor shall specify within the city or county in which the same was delivered to lessee or to which same was moved with the written consent of lessor; or

(b) By loading such item of equipment at lessee's cost and expense on board such carrier as lessor shall specify and shipping the same, freight collect, to the destination designated by lessor.

11. **Insurance.** Lessee shall keep the equipment insured against all risks of loss or damage from every cause whatsoever for not less than the full replacement value thereof as determined by lessor; and shall carry public liability and property damage insurance covering the equipment. All said insurance shall be in form and amount and with companies approved by lessor, and shall be in the joint names of lessor and lessee. Lessee shall pay the premiums therefor and deliver said policies, or duplicates thereof, to lessor. Each insurer shall agree, by endorsement upon the policy or policies issued by it or by independent instrument furnished to lessor, that it will give lessor thirty (30) days written notice before the policy in question shall be altered or cancelled. The proceeds of such insurance, at the option of lessor, shall be applied (a) toward the replacement, restoration or repair of the equipment or (b) toward payment of the obligations of lessee hereunder. Lessee hereby appoints lessor as lessee's attorney-in-fact to make claim for, receive payment of, and execute and endorse all documents, checks or drafts for, loss or damage under any said insurance policy.

12. **Taxes.** Lessee shall keep the equipment free and clear of all levies, liens and encumbrances and shall pay all license fees, registration fees, assessments, charges and taxes (municipal, state and federal) which may now or hereafter be imposed upon the ownership, leasing, renting, sale, possession or use of the equipment, excluding, however, all taxes on or measured by lessor's income.

13. **Lessor's Payment.** In case of failure of lessee to procure or maintain said insurance or to pay said fees, assessments, charges and taxes, all as hereinbefore specified, lessor shall have the right, but shall not be obligated, to effect such insurance, or pay said fees, assessments, charges and taxes, as the case may be. In that event, the cost thereof shall be repayable to lessor with the next installment of rent, and failure to repay the same shall carry with it the same consequence, including interest at the highest lawful contract rate per annum, as failure to pay any installment of rent.

14. **Warranties.** Lessor, not being the manufacturer of the equipment, nor manufacturer's agent, makes no warranty or representation, either express or implied, as to the fitness, quality, design, condition, capacity, suitability, merchantability or performance of the equipment or of the material or workmanship thereof, it being agreed that the equipment is leased "as is" and that all such risks, as between the Lessor and the Lessee, are to be borne by the Lessee at its sole risk and expense. Lessee accordingly agrees not to assert any claim whatsoever against the Lessor based thereon. Lessee further agrees, regardless of cause, not to assert any claim whatsoever against the Lessor for loss of anticipatory profits or consequential damages. No oral agreement, guaranty, promises, condition, representation or warranty shall be binding; all prior conversations, agreements or representations related hereto and/or to said equipment are integrated herein. No modification hereof shall be binding unless in writing signed by Lessor. Lessor is not responsible for any repairs, service or maintenance in the leased equipment or the operations thereof.

15. **Indemnity.** Lessee shall indemnify lessor against, and hold lessor harmless from, any and all claims, actions, suits, proceedings costs, expenses, damages and liabilities, including attorney's fees, arising out of, connected with, or resulting from the equipment, including without limitation the manufacture, selection, delivery, possession, use, operation or return of the equipment.

16. **Security.** As security for the prompt and full payment of the rent, and the faithful and timely performance of all provisions of this lease, and any extension or renewal thereof, on its part to be performed, lessee has pledged and deposited with lessor the amount set forth in the schedule. In the event any default shall be made in the performance of any of the covenants on the part of lessee herein con-

See reverse side for additional terms and conditions which are a part of this lease.

tained with respect to any item or items of equipment lessor shall have the right, but shall not be obligated, to apply said security to the curing of such default. Any such application by lessor shall not be a defense to any action by lessor arising out of said default; and, upon demand, lessee shall restore said security to the full amount set forth in the schedule. Upon the expiration, or earlier termination, of this lease, or any extension or renewal thereof, provided lessee has paid all of the rent herein called for and fully performed all of the other provisions of this lease on its part to be performed, lessor will return to lessee any then remaining balance of said security.

17. **Default.** If lessee with regard to any item or items of equipment fails to pay any rent or other amount herein provided within ten (10) days after the same is due and payable, or if lessee with regard to any item or items of equipment fails to observe, keep or perform any other provision of this lease required to be observed, kept or performed by lessee or if lessee shall default in payment or performance under any other lease, contract or note obligation owing to lessor, lessor shall have the right to exercise any one or more of the following remedies; if such default shall continue for ten days after written notice thereof:

(a) To declare the entire amount of rent hereunder immediately due and payable as to any or all items of equipment, without notice or demand to lessee.

(b) To sue for and recover all rents, and other payments, then accrued or thereafter accruing, with respect to any or all items of equipment.

(c) To take possession of any or all items of equipment, without demand or notice, wherever same may be located, without any court order or other process of law. Lessee hereby waives any and all damages occasioned by such taking of possession. Any said taking of possession shall not constitute a termination of this lease as to any or all items of equipment unless lessor expressly so notifies lessee in writing.

(d) To terminate this lease as to any or all items of equipment.

(e) To pursue any other remedy at law or in equity.

Notwithstanding any said repossession, or any other action which lessor may take, lessee shall be and remain liable for the full performance of all obligations on the part of lessee to be performed under this lease.

All such remedies are cumulative, and may be exercised concurrently or separately.

Upon the occurrence of any event of default, lessor is authorized at any time, without notice or demand to set-off, appropriate and apply against any sums due hereunder and all sums of money held by lessor for lessee (whether on deposit or otherwise) and any and all other goods, instruments, security and property of every nature held for lessee.

18. **Bankruptcy.** Neither this lease nor any interest therein is assignable or transferable by operation of law. If any proceeding under the Bankruptcy Act, as amended, is commenced by or against the lessee, or if the lessee is adjudged insolvent, or if the lessee makes any assignment for the benefit of his creditors, or if a writ of attachment or execution is levied on any item or items of the equipment and is not released or satisfied within ten (10) days thereafter, or if a receiver is appointed in any proceeding or action to which the lessee is a party with authority to take possession or control of any item or items of the equipment, lessor shall have and may exercise any one or more of the remedies set forth in paragraph 17 hereof; and this lease shall, at the option of lessor, without notice, immediately terminate and shall not be treated as an asset of lessee after the exercise of said option.

19. **Concurrent Remedies.** No right or remedy herein conferred upon or reserved to lessor is exclusive of any other right or remedy herein or by law or equity provided or permitted; but each shall be cumulative of every other right or remedy given hereunder or now or hereafter existing at law or in equity or by statute or otherwise, and may be enforced concurrently therewith or from time to time.

20. **Lessor's Expenses.** Lessee shall pay lessor all costs and expenses, including attorneys' fees, incurred by lessor in exercising any of its rights or remedies hereunder or enforcing any of the terms, conditions, or provisions hereof.

21. **Assignment.** ^{Except as provided in Paragraph 4,} Without the prior written consent of lessor, lessee shall not (a) assign, transfer, pledge or hypothecate this lease, the equipment or any part thereof, or any interest therein or (b) sublet or lend the equipment or any part thereof, or permit the equipment or any part thereof to be used by anyone other than lessee or lessee's employees. Consent to any of the foregoing prohibited acts applies only in the given instance; and is not a consent to any subsequent like act by lessee or any other person.

All rights of lessor hereunder may be assigned, pledged, mortgaged, transferred, or otherwise disposed of, either in whole or in part, without notice to lessee.

22. **Ownership.** The equipment is, and shall at all times be and remain, the sole and exclusive property of lessor; and the lessee shall have no right, title or interest therein or thereto except as expressly set forth in this lease.

23. **Personal Property.** The equipment is, and shall at all times be and remain, personal property notwithstanding that the equipment or any part thereof may now be, or hereafter become, in any manner affixed or attached to, or imbedded in, or permanently resting upon, real property or any building thereon, or attached in any manner to what is permanent as by means of cement, plaster, nails, bolts, screws or otherwise.

24. **Delinquency Fee.** Should lessee fail to pay any part of the rent herein reserved or any other sum required by lessee to be paid to lessor, within ten (10) days after the due date thereof, lessee shall pay unto the lessor a delinquency fee equal to five percent (5%) of the past due rental installment.

25. **Offset.** Lessee hereby waives any and all existing and future claims, and offsets, against any rent or other payments due hereunder; and agrees to pay the rent and other amounts hereunder regardless of any offset or claim which may be asserted by lessee or on its behalf.

26. **Non Waiver.** No covenant or condition of this lease can be waived except by the written consent of lessor. Forbearance or indulgence by lessor in any regard whatsoever shall not constitute a waiver of the covenant or condition to be performed by lessee to which the same may apply, and until complete performance by lessee of said covenant or condition, lessor shall be entitled to invoke any remedy available to lessor under this lease or by law or in equity despite said forbearance or indulgence.

27. **Entire Agreement.** This instrument constitutes the entire agreement between lessor and lessee; is irrevocable and it shall not be amended, altered or changed except by a written agreement signed by the parties hereto.

28. **Notices.** Service of all notices under this agreement shall be sufficient if given personally or mailed to the party involved at its respective address hereinafter set forth, or at such address as such party may provide in writing from time to time. Any such notice mailed to such address shall be effective when deposited in the United States mail, duly addressed and with postage prepaid.

29. **Gender; Number.** Whenever the context of this lease requires, the masculine gender includes the feminine or neuter, and the singular number includes the plural; and whenever the word "lessor" is used herein, it shall include all assignees of lessor. If there is more than one lessee named in this lease, the liability of each shall be joint and several.

30. **Titles.** The titles to the paragraphs of this lease are solely for the convenience of the parties, and are not an aid in the interpretation of the instrument.

31. **Time.** Time is of the essence of this lease and each and all of its provisions.

IN WITNESS WHEREOF the parties hereto have executed these presents the day and year first above written.

LESSOR:

NCNB LEASING CORPORATION

By 
Title James C. Carlisle, Vice President
One NCNB Plaza, Charlotte, North Carolina

LESSEE:

Pickens Railroad Co.

Name of Lessee
By 
Title Vice President

By _____
Title P. O. Box 216
Address 402 Cedar Rock Street
Pickens, South Carolina 29671

THIS LEASE CANNOT BE CANCELLED

SCHEDULE TO MASTER LEASE

Schedule No. _____

A. EQUIPMENT LEASED:

Fifty (50) 70 Ton 50 ft. 6 in. Rigid Underframe XM Box Cars with nailable steel flooring and 10 ft. sliding doors. Road #'s NSL 100200 to NSL 100249 inclusive

B. TERM: Unless sooner terminated as set forth in the lease, the term of this lease respecting each item of equipment listed on this schedule expires on December 20, 1988

C. RENT: As rent for said equipment, lessee shall pay lessor the sum of \$ 2,415,588.00 plus taxes Except as otherwise provided in the lease or in this schedule said rent shall be payable in 144 monthl. installments, commencing on January 20, 1977, as follows:

Sixty (60) Successive Monthly Installments of \$18,200.00 Plus Taxes Commencing On January 20, 1977,

Followed By

Eighty-Four (84) Successive Monthly Installments Of \$15,757.00 Plus Taxes Commencing O January 20, 1982.

Unless sooner paid, all said rent shall be payable in any event on or before the expiration or sooner termination of this lease.

D. LOCATION: The above described equipment shall be located on railroad trackage within the United States of America and shall not be removed therefrom without the prior written consent of lessor.

E. DEPOSIT: \$ N/A, pursuant to paragraph 16 of the lease of which this schedule is a part.

F. RENEWAL OPTION: Lessee may renew the lease of which this schedule is a part, on a year-to-year basis, upon expiration of original term thereof, at a rental of \$ N/A per year, and other-wise upon the same terms and conditions of the said lease. Said option may be exercised by lessee's written notice to that effect to lessor, not less than sixty (60) days before the expiration of the term of said lease. Said annual rent shall be payable in advance.

H. SPECIAL CONDITIONS:

See attached Rider to Master Lease.

APPROVED AND AGREED TO this 15 day of December, 1976, as

a schedule to that certain lease dated the 15 day of December, 1976, by and between the parties hereto, and made a part hereof.

Lessor:

Lessee:

NCNB LEASING CORPORATION

Pickens Railroad Co.

By James C. Carlisle Title James C. Carlisle Vice President

By [Signature] Title Vice President

Lessee

One NCNB Plaza, Charlotte, North Carolina 28280

(Seal) P. O. Box 216 402 Cedar Rock Street Address Pickens, South Carolina 29671

RIDER TO MASTER LEASE

Paragraph 4 is deleted and amended as follows: Use. Lessee shall pay all expenses of operation and maintenance of the equipment. Lessee shall comply with and conform to all national, state, municipal, police and other laws, ordinances regulations in anywise relating to the possession, use or maintenance of the equipment. So long as there shall be no default under this Lease, the Lessee shall be entitled to the possession of the Equipment and shall be entitled (i) to the use of the Equipment by it or any affiliate upon lines of railroad owned or operated by it or any such affiliate or upon lines or railroad over which the Lessee or any such affiliate has trackage or other operating rights or over which railroad equipment of the Lessee or any such affiliate is regularly operated pursuant to contract, (ii) to permit the use of the Equipment upon connecting and other carriers in the usual interchange of traffic or pursuant to run-through agreements and (iii) to sublease any Unit of Equipment to other companies incorporated under the laws of any state of the United States or the District of Columbia, for use in connection with their operations, but only upon and subject to all the terms and conditions of this Lease; provided, however, that the Lessee shall not assign or permit the assignment of any Unit of Equipment to service involving the regular operation and maintenance thereof outside the United States of America. Lessee shall, whenever requested by Lessor, advise Lessor of the exact location of any and all Equipment. Lessee agrees not to sell, assign, sublet, pledge or otherwise suffer a lien upon or against any interest in the Lease or Equipment except as permitted in this Paragraph 4. Lessee will cause each unit of Equipment to be kept numbered with the identifying number set forth in the attached Schedule and will keep and maintain, plainly, distinctly, and permanently and conspicuously marked on each side of each unit of Equipment in letters not less than one inch in height, the words: "NCNB Leasing Corporation, Owner/Lessor".

Paragraph 10 is deleted and amended as follows: Surrender. As soon as practical on or after the expiration of the original or any extended term of this Lease with respect to any Unit of Equipment, the Lessee will (unless such Unit is sold to the Lessee), at its own cost and expense, at the request of the Lessor, deliver possession of such Unit to the Lessor upon such storage tracks as the Lessor reasonably may designate, provided that such storage tracks shall not be more than 500 miles from Charlotte, North Carolina; except with the consent of Lessee. During the period of time during which the Equipment is being returned on or after the original or any extended term of this Lease, the Lessee will pay to the Lessor as "holdover rent" for each such Unit being returned, the daily equivalent of the rental payment in effect pursuant to this Lease on the last rental payment date hereunder for each day elapsed from the date of expiration of the original or any extended term of this Lease, as the case may be, to the date each such Unit is returned to the Lessor pursuant to this Paragraph 10.

Paragraph 32 is added as follows: Purchase Option. The Lessee shall have the right to purchase all but not less than all of the Equipment then leased hereunder at the expiration of the original term or of any renewal hereof at a price equal to the then fair market value of such Equipment (as hereinafter defined). The Lessee shall give the Lessor written notice 180 days prior to the end of the term, of its election to exercise the purchase option provided for in this Paragraph. Payment of the option price shall be made at the place of payment of rent in funds then and there current against delivery of a Bill of Sale transferring and assigning to the Lessee all right, title and interest of the Lessor in and to the Equipment and containing a warranty against liens or claims of persons claiming by, through or under the Lessor except liens and claims which the Lessee assumed or is obligated to discharge under the terms of the Lease. The Lessor shall not be required to make any representation or warranty as to the condition of the Equipment or any other matters. The fair market value of a Unit of Equipment shall be equal in amount to the value which would be obtained in an arm's-length transaction between an informed and willing buyer/user (other than (i) a lessee currently in possession, or (ii) a used equipment dealer) and an informed and willing seller under no compulsion to sell. If on or before 60 days prior to the date of purchase elected by the Lessee, the Lessor and the Lessee are unable to agree upon a determination of the fair market value of a Unit of Equipment, such value shall be determined in accordance with the foregoing definition by a qualified independent appraiser. The term appraiser shall mean such independent appraiser as the Lessor and the Lessee may mutually agree upon, or, failing such agreement, a panel of three independent appraisers, one of whom shall be selected by the Lessor, the second by the Lessee and the third designated by the first two so selected.

Paragraph 33 is added as follows: Tax Indemnification. If, for any reason, Lessor is not able to utilize all or any portion of any Federal tax deductions, credits and benefits, which are or could be available to Lessor by reason of its ownership of the Equipment, and which are provided for in the Internal Revenue Code, as amended to date hereof or subsequently ("Code"), Lessee shall pay, in addition to the rental payments provided for in the Lease, such further sum at the time and in the manner provided for below, so that, in the opinion of Lessor, Lessor's net return (after all income taxes) on the Equipment would equal the net return (after all income taxes) Lessor would have obtained if Lessor had been able to utilize all of such deductions, credits or other benefits provided under the Code. Lessee shall also pay to Lessor the amount of any interest and additions to tax which may be assessed against Lessor attributable to the disallowance or other loss of all or any portion of such deductions, credits or other benefits provided under the Code. Upon written notification by Lessor that such deductions, credits or other benefits have not been claimed, or if claimed, have been disallowed, Lessee shall pay such further sum (s) as computed above, thirty (30) days after receipt of such notice. Failure to pay said amount within the time herein prescribed shall entitle Lessor to exercise any one or more of the remedies provided for in Paragraph 17 of the Lease, or such other remedies as allowed by law or equity. Upon payment by Lessee of the amounts specified herein, Lessor agrees that, at the request and expense of Lessee, it shall take such steps, required by Code and the regulations thereunder, to permit Lessee to claim such deductions, credits or benefits provided under the Code. Lessee agrees that it will not take such action or file such returns inconsistent with Lessor's right to claim the benefits of such deductions, credits and benefits as provided under the Code. Lessee agrees to keep and make available, at Lessor's request, such records as Lessor may require to determine whether Lessor is entitled to said deductions, credits and benefits as provided under the Code. Upon the request of Lessee, Lessor, at Lessee's expense, shall take, with regard to a bona fide claim, such steps as are feasible to sustain the allowance of a claim to such deductions, credits and benefits as provided under the Code. Lessee's obligations hereunder shall survive the expiration or earlier termination of the Lease.

APPROVED AND AGREED TO this 15 day of December, 19 76, as a rider to that certain lease dated the 15 day of December, 19 76 by and between the parties hereto, and made a part hereof.

Lessor:

NCNB LEASING CORPORATION

By: James Carlisle
 Title James C. Carlisle
 Vice President

One NCNB Plaza, Charlotte, North Carolina 28280

Lessee:

Pickens Railroad Company

Name of Lessee

By: [Signature]
 Title Vice President

By: _____
 Title _____

Lessee

(Seal)

P. O. Box 216
 402 Cedar Rock Street
 Address: Pickens, South Carolina 29671

CERTIFIED COPY OF CORPORATE RESOLUTIONS

Pickens Railroad Co.
Name of Corporation

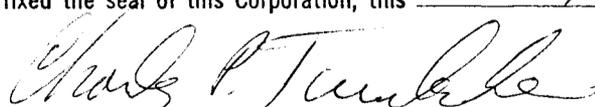
I, the undersigned, hereby certify to NCNB Leasing Corporation, Charlotte, North Carolina, that I am the (Assistant) Secretary of Pickens Railroad Co., a corporation duly organized and existing under the laws of the State of South Carolina that the following is a true copy of resolutions duly adopted by the Board of Directors of said Corporation at a meeting duly held on the 5 day of December, 19 76, at which a quorum was present; and acted throughout; and that such resolutions are in full force and effect and have not been amended or rescinded.

1. RESOLVED, that Ronald K. Gooding, Vice President or John A. Mariscotti, Vice President of this Corporation is/are hereby authorized to borrow on account of this Corporation from NCNB Leasing Corporation, Charlotte, N. C., upon such terms as they shall deem desirable, and to make and deliver notes, secured or unsecured, drafts, acceptances, agreements or obligations of this Corporation therefor and for any and all obligations, of this Corporation to said NCNB Leasing Corporation, now or hereafter existing, to pledge or assign and deliver upon such terms as they may deem desirable, stocks, bonds, bills receivable, accounts, merchandise, bills-of-lading, warehouse receipts, mortgages, insurance policies, certificates, negotiable paper, and any other property held by or belonging to this Corporation, with full authority to endorse, assign and guarantee the same on behalf of this Corporation; to discount any bills receivable or any paper held or owned by this Corporation, with full power to endorse the same in the name of this Corporation; and to execute and deliver all instruments required by the said NCNB Leasing Corporation in connection with any of the foregoing; and,
2. FURTHER RESOLVED, THAT NCNB Leasing Corporation be and it hereby is authorized to honor, receive, certify, or pay all instruments signed in accordance with the foregoing resolution even though drawn or endorsed to the order of any officer or employee signing the same or tendered by him for cashing, or in payment of the individual obligation of such officer or employee, or for deposit to his personal account, and NCNB Leasing Corporation shall not be required or be under any obligation to inquire as to the circumstances of the issuance or use of any instrument signed in accordance with the foregoing resolutions, or the application or disposition of such instrument or the proceeds thereof; and,
3. FURTHER RESOLVED, that any of those named in paragraph "1" above are hereby authorized to negotiate and enter into on behalf of the Corporation any agreement for the Lease of personal property by the Corporation from NCNB Leasing Corporation upon such terms and conditions as the officers, in their discretion, may deem to be in the best interest of the Corporation, and to execute all documents and take other action on behalf of the Corporation as may be necessary or convenient to effectuate and comply with such agreement.
4. FURTHER RESOLVED, that the Secretary or Assistant Secretary of this Corporation shall certify to NCNB Leasing Corporation the names of the persons who are at present authorized to act on behalf of this Corporation under the foregoing resolutions and shall from time to time hereafter, as changes in the personnel of said officers and employees are made, immediately certify such changes to NCNB Leasing Corporation, and NCNB Leasing Corporation shall be fully protected in relying on such certifications of the Secretary or Assistant Secretary and shall be indemnified and held harmless from any claims, demands, expenses, loss, or damage resulting from, or growing out of, honoring the signature of any officer or employee so certified, or refusing to honor any signature not so certified; and,
5. FURTHER RESOLVED, that the foregoing resolutions shall remain in full force and effect until written notice of their amendment or rescission shall have been received by NCNB Leasing Corporation, and that receipt of such notice shall not affect any action taken by NCNB Leasing Corporation prior thereto; and,
6. FURTHER RESOLVED, that all transactions by any of the officers or employees of this Corporation on its behalf, and in its name, with NCNB Leasing Corporation prior to the delivery to NCNB Leasing Corporation of a certified copy of the foregoing resolutions are, in all respects, hereby ratified, confirmed, approved and adopted; and,
7. FURTHER RESOLVED, that the Secretary or Assistant Secretary be, and he hereby is, authorized and directed to certify these resolutions to NCNB Leasing Corporation and that the provisions thereof are in conformity with the Charter and By-Laws of this Corporation.

I further certify that the following are the names of the present officers of this Corporation:

NAME	TITLE
<u>John A. Mariscotti</u>	<u>Vice President</u>
<u>Ronald K. Gooding</u>	<u>Vice President</u>
<u>John M. Sterling</u>	<u>Secretary</u>
<u>Marge Brezee</u>	<u>Assistant Secretary</u>
<u>Charles P. Turnburke</u>	<u>Assistant Secretary</u>

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of this Corporation, this 5 day of December, 19 76



 (Assistant) Secretary

(CORPORATE)

(SEAL)

CERTIFIED COPY OF CORPORATION RESOLUTIONS
OF

National Railway Utilization Corporation

a South Carolina CORPORATION

RESOLVED, that because NCNB Leasing Corporation is willing to make loans and/or equipment lease accommodations from time to time to Pickens Railroad Co.

hereinafter called Debtors, only on condition that this corporation guarantee to NCNB Leasing Corporation the payment of all debts and obligations owing by Debtors and because said loans would be of substantial benefit to and in the best interest of this corporation, John A. Mariscotti as Executive Vice President of this corporation is hereby authorized and empowered to execute and deliver on behalf of this corporation to NCNB Leasing Corporation a Guaranty of payment of all debts and obligations whether now existing or hereafter created of said Debtors to NCNB Leasing Corporation.

FURTHER RESOLVED, that the foregoing resolutions shall remain in full force and effect until written notice of their amendment or repeal shall be received by NCNB Leasing Corporation and until all indebtedness of this corporation to NCNB Leasing Corporation shall have been fully paid and satisfied.

FURTHER RESOLVED, that Charles P. Turnburke, Ass't Secretary, is hereby authorized and directed to certify to NCNB Leasing Corporation the foregoing resolutions and that the provisions thereof are in conformity with the articles of incorporation and by-laws of this corporation.

CERTIFICATION

Charles P. Turnburke, being first duly sworn deposes and says: That he is Ass't Sec. National Railway Utilization Corporation, that the above is a true and correct copy of resolutions and actions taken by the Board of Directors of said corporation at a meeting duly held on the 15th day of December, 19 76, that said resolutions and record of action appear in the Minute Book of said corporation and that said resolutions and actions have not been repealed, amended or canceled: that there is no provision in the Articles of Incorporation or the Bylaws of said corporation or any indenture, contract, or agreement to which said corporation is a party which prohibits any of the foregoing resolutions or any provision thereof.

IN WITNESS WHEREOF, I have hereunto set my name and placed the seal of the Corporation this 12th day of December, 19 76.


Assistant Secretary

(SEAL)

GUARANTY

December 15,

1976

NCNB Leasing Corporation
Charlotte, North Carolina

Dear Sirs:

As an inducement to you to extend credit to, to sell or lease property to, to finance the selling or leasing of property to, and to otherwise deal with Pickens Railroad Co. (hereinafter referred to as "Obligor"), and in consideration thereof, the Undersigned hereby absolutely and unconditionally guarantees to you, your successors and assigns, the due and punctual payment of, and the faithful and prompt performance of all the terms and conditions contained in, any and all leases, lease schedules, purchase contracts, conditional sale contracts, security agreements, notes, debts, or other obligations, primary or secondary (whether by way of endorsement or otherwise) (all hereinafter referred to as "Instruments"), of Obligor, at any time, now or hereafter, incurred with, assigned to or otherwise held by you, including all renewals, extensions and modifications thereof, whether such payments may become due by acceleration or otherwise, together with interest, if any, as and when the same become due and payable, ("Liabilities of Obligor"). The Undersigned further agrees to indemnify you against any losses you may sustain and expenses (including reasonable attorney's fees) you may incur as a result of any wrongful act by Obligor with respect to the Liabilities of Obligor.

The Undersigned agrees that its primary obligation hereunder shall not be affected by, and that you may without notice to Undersigned make, any compromise, settlement, release, renewal, extension, (including without limitation any extension or renewal of the term of any lease held by you with Obligor), indulgence, change in or modification of any of the Liabilities of Obligor, and the Undersigned further agrees that its primary obligation hereunder shall not be affected by any redelivery, repossession, surrender or destruction of any property leased or sold to Obligor.

The Undersigned is your debtor for all Liabilities of Obligor and grants you at all times, a lien on and a security interest in, all stocks, bonds and other securities of the Undersigned at any time in your possession or of any of your affiliates and the same shall at your option be held, administered and disposed of as collateral for the Liabilities of the Obligor; you shall also at all times have the right of set-off against any deposit account which the Undersigned maintains with your affiliates in the same manner and to the same extent that the right of set-off may exist against the Obligor.

It is understood that any of said Instruments may be accepted or created by or with you at any time and from time to time without notice to, or the consent of, the Undersigned, and the Undersigned hereby expressly waives any presentment, demand, protest, and notice of dishonor or default by Obligor in any of said Instruments.

You, in your discretion, may receive and accept from time to time any securities or other property as collateral for any of said Instruments, and may surrender, compromise, exchange and release absolutely the same or any part thereof at any time without notice to the Undersigned and without in any manner affecting the obligation and liability of the Undersigned herein created.

The payment by the Undersigned to you of any amount pursuant to its primary obligation hereunder shall not entitle Undersigned (whether by subrogation or otherwise) to any right of possession of, or title or interest in, any property leased or sold by you to Obligor.

This obligation and liability on the part of the Undersigned shall be a primary, and not a secondary, obligation and liability, payable immediately upon demand without recourse first having been had by you against the Obligor or any person, firm, or corporation; and the Undersigned hereby waives the benefits of all provisions of law for stay or delay of execution or sale of property or other satisfaction of judgment against the Undersigned on account of the primary obligation and liability of Undersigned herein created, in the event that judgment be obtained therefor against the Obligor and execution thereon returned unsatisfied, or in the event it is shown that the Obligor has no property available for the satisfaction of the indebtedness, obligation and liability guaranteed hereby, or until any other proceedings can be held.

This agreement shall remain in force until a written notice revoking it has been received by you from Undersigned; but such revocation shall not release the Undersigned from liability to you, your successors and assigns, or the owners and holders of any of the instruments evidencing the Liabilities of Obligor, on account of any Liabilities of Obligor then in existence or from any renewals or extensions thereof in whole or in part (including without limitation a renewal or extension of the term of any lease held by you with Obligor), whether such renewals or extensions are made before or after such revocation, and with or without notice to or consent of the Undersigned.

This obligation shall be construed in accordance with the laws of the State of North Carolina and shall inure to the benefit of and be binding upon the heirs, executors, legal representatives, successors and assigns of the Undersigned and you; when signed by more than one shall be the joint and several obligations of each.

IN WITNESS WHEREOF, the Undersigned has caused this instrument to be executed by its officers and its corporate seal to be affixed hereto on the day and year first above written.

Very truly yours,

[CORPORATE SEAL]

ATTEST:

Charles F. Tumbel
Secretary

National Railway Utilization Corporation

Name of Corporation

By

John A. Magaw
Exec. Vice-President

Indemnification and Installation Certificate

To: **NCNB Leasing Corporation**

Reference is made to the Agreement(s) dated December 15, 1976 between the undersigned and NCNB Leasing Corporation calling for **sixty (60) monthly payments in the amount of \$18,200 (plus taxes) followed by** ~~eighty-four (84)~~ **eighty-four (84)** monthly payments in the amount of **\$15,757 (plus taxes)** each. We are pleased to

confirm to you as follows:

1. All of the equipment described in the above Agreement(s) has been delivered to and received by the undersigned; that all installation or other work necessary prior to the use thereof has been completed; that said equipment has been examined and/or tested and is in good operating order and condition and is in all respects satisfactory to the undersigned and as represented, and that said equipment has been accepted by the undersigned and complies with all terms of the above Agreements. Consequently, you are hereby authorized to pay for the leased equipment in accordance with the terms of any purchase orders for the same.
2. In the future, in the event that said equipment fails to perform as expected or represented we will continue to honor the above Agreement(s) by continuing to make our monthly payments in the normal course of business and we will look solely to the selier or manufacturer for the performance of all covenants and warranties. In addition, we indemnify NCNB Leasing Corporation and hold them harmless from any nonperformance of the aforementioned equipment.
3. We acknowledge that NCNB Leasing Corporation is neither the manufacturer, distributor or seller of the equipment and has no control, knowledge or familiarity with the condition, capacity, functioning or other characteristics of the equipment.

This certificate shall not be considered to alter, construe, or amend the terms of the aforesaid Agreement(s).

Dated this 15 day of December, 19 76

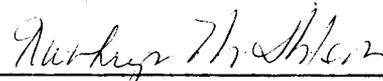
Mark P. Trunko
 Witness Per it See

Pickens Railroad Co.
 (Signature of individual or name of corporation or partnership)
[Signature]
 By _____
Mr. [Signature]
 Title

COMMONWEALTH OF PENNSYLVANIA

COUNTY OF PHILADELPHIA

On this 15th day of December, before me personally appeared John A. Mariscotti, to me personally known, who, being by me dully sworn, says that he is the Vice 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.


Notary Public

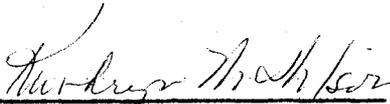
My commission expires:

March 11, 1950

COMMONWEALTH OF PENNSYLVANIA

COUNTY OF PHILADELPHIA

On this 15th day of December, before me personally appeared John A. Mariscotti, to me personally known, who, being by me dully sworn, says that he is the ^{Executive} Vice President of National Railway Utilization Corporation, 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.


Notary Public

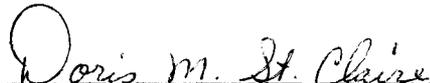
My commission expires:

March 11-1980

STATE OF NORTH CAROLINA

COUNTY OF MECKLENBURG

On this 15th day of December, 1976, before me personally appeared James C. Carlisle, to me personally known, who, being by me duly sworn, says that he is the Vice President of NCNB Leasing Corporation, 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.



Notary Public

My commission expires:

My Commission Expires October 17, 1981

I, Elizabeth B. Wood, hereby certify that I am a
duly qualified and acting Notary Public in and for the State
of South Carolina, and that I have compared the enclosed copies
of the Master Lease with the original document and certify that
it is a true and correct copy in all respects.



Elizabeth B. Wood
Notary Public for South Carolina

My Commission Expires: 5/6/81