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RECORDATION NO. _____ Filed & Recorded

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INTERSTATE COMMERCE COMMISSION

CHattel MORTGAGE SECURITY AGREEMENT

AMERICAN BANK AND TRUST CO. OF PA. (hereinafter called Bank) with its principal office at 35 North Sixth Street, Reading, Berks County, Pennsylvania, and ANDREW L. LEWIS, JR., Surviving Trustee of the property of Reading Company, Debtor in reorganization under Section 77 of the Bankruptcy Act, (hereinafter called Borrower) whose principal address is Twelfth and Market Streets, Philadelphia, Philadelphia County, Pennsylvania, hereby agree as follows:

1. SECURITY FOR A LOAN. Borrower is hereby granted a loan in principal amount of \$106,920 from Bank which Borrower agrees to pay in 16 consecutive quarterly installments commencing April 1, 1974, of \$6,682.50 each to be applied to principal together with interest at a rate per annum of 9%, or 1% above the prime commercial rate of Bank, whichever is higher, on the unpaid principal balance for the preceding quarter, which loan will be used to pay the purchase price of harness equipment to secure automobile frames to 33 flat cars for shipment by railroad, such equipment being made up of steel forms to be welded to the floor of the railroad car upon which a stack of frames will be seated and removable steel harnesses consisting of a steel framework fitted to the top of the stack of frames and fastened to the floor of the car with rods, chains and turnbuckles to secure the frames in place, marked with Reading Company numbers 215 to 247, inclusive, and attached to flat cars marked FTTX 500020, 500040, 500041, 500061, 500111, 500115, 500117, 500120, 500121, 500125, 500165, 158335, 158337, 158345, 158349, 158370, 253674, 253679, 253680, 253682, 253687, 253693, 253696,

253706, 253782, 603582, 603585, 603591, 603603, 603604, 603634, 603637 and 603642, to be used by Borrower in the maintenance of its property. The first 11 sets of equipment are to be acquired from Penn Central Transportation Company, and the remaining are to be acquired from Chicago, Milwaukee, St. Paul and Pacific Railroad. The harness equipment will be located from time to time on various railroads in the States of Pennsylvania, Delaware, Maryland, New Jersey, New York, Connecticut and Massachusetts. Borrower, in order to secure (1) the payment of the said debt, (2) all costs and expenses including attorneys' fees and court costs incurred in the collection of same, and (3) all future advances made by Bank for taxes, levies, insurance and repairs to or maintenance of said harness equipment, together with interest on all of the foregoing, and intending to be legally bound, hereby mortgages and grants to Bank a security interest in said harness equipment, together with all replacements thereof and all attachments, accessories and equipment now or hereafter installed therein or affixed thereto (hereinaft collectively called the "goods").

2. USE AND ENJOYMENT. Until default under said debt, Borrower shall be entitled to the possession of the goods and to use and enjoy the same.

3. ALTERNATIVE PROVISIONS. The goods are not now and will not be so affixed or related to realty as to be a part thereof.

4. PREPAYMENT PERMITTED. Borrower may prepay the unpaid balance of principal of said debt at any time, without premium or penalty, and all interest shall thereafter cease to accrue.

5. COVENANTS AND WARRANTIES. Borrower warrants and agree that:

(1) The goods are or will be owned by Borrower and are not subject to any security interest except that created by this Agreement, or to any liens or encumbrances and Borrower will defend the goods against the claims and demands of all persons;

(2) So long as any part of the said debt remains unpaid Borrower will not sell, exchange, lease, mortgage, encumber or pledge the goods, create any security interest therein (except that created by this Agreement), or otherwise dispose of the goods or any of borrower's rights therein or under this Agreement without the prior written consent of Bank; provided, however, that with the prior written consent of Bank, which shall not be unreasonably withheld, Borrower may sell the goods to a third party of reliable standing with the financial community which shall have duly assumed Borrower's obligations hereunder, and thereupon the obligations of Borrower hereunder shall terminate except as to obligations arising prior to such sale.

(3) Borrower will maintain the goods in good condition and repair, reasonable wear and tear excepted, and will pay and discharge all taxes, levies and other impositions levied thereon as well as the cost of repairs to or maintenance of the same; if Borrower fails to pay such sums, Bank may do so for Borrower's account, adding the amount thereof to the debt secured hereby;

(4) Borrower will insure the goods against such risks

and casualties and in such amounts as Bank shall require; all insurance policies shall be written for the benefit of Borrower and Bank as their interests may appear, and such policies or certificates evidencing the same shall be furnished to Bank. If Borrower fails to pay the premium on any such insurance, Bank may do so for Borrower's account, adding the amount thereof to the debt secured hereby. Borrower hereby assigns to Bank any return on unearned premiums which may be due upon cancellation of any such policies for any reason whatsoever and directs the insurers to pay Bank any amounts so due. Bank is hereby appointed Borrower's attorney-in-fact to endorse any draft or check which may be payable to Borrower in order to collect such return or unearned premiums or the proceeds of such insurance; any balance of insurance proceeds remaining after payments in full of all amounts secured hereunder shall be paid to Borrower;

(5) Borrower will not permit any of the goods to be removed from the locations specified above without the prior written consent of Bank, and will permit Bank to inspect the goods at any time;

(6) Borrower will not permit any other security interest to attach to any of the goods; permit the goods to be levied upon under any legal process; or permit anything to be done that may impair the value of any of the goods or the security intended to be afforded by this Agreement;

(7) Borrower will pay all costs of filing any financial

continuation or termination statement with respect to the security interest created by this Agreement; Bank is hereby appointed Borrower's attorney-in-fact to do all acts and things which Bank may deem necessary to perfect and continue perfected the security interest created by this Agreement and to protect the goods;

(8) Borrower's principal place of business is as hereinbefore stated and Borrower has no other place of business except as set forth below and will promptly notify Bank of any change in the location of any place of business and of the establishment of any new place or places of business:

Offices at various places in Pennsylvania, New Jersey and Delaware.

(9) Anything in this Agreement to the contrary notwithstanding the existence of any lien of the First and Refunding Mortgage on Debtor's property which shall be junior to Bank's security interest in the goods referred to above shall not be a violation of the terms of subparagraphs (1), (2), (3) or (6) of this paragraph 5.

6. DEFAULT. In the event of default in the payment of said debt or any future advances, expenditures or liabilities hereby secured, or in the due observance or performance of any of the other conditions or agreements hereof, or in case any of the warranties of Borrower herein contained shall prove to be false or misleading, Bank may proceed to exercise one or more of the rights accorded by the Uniform Commercial Code (Pa.) It is understood and agreed that this Agreement has been made

and entered into pursuant to said Code and that Bank has all the rights and remedies accorded thereby. If any provision of this Agreement shall for any reason be held to be invalid or unenforceable, such invalidity or unenforceability shall not affect any other provision hereof, but this Agreement shall be construed as if such invalid or unenforceable provision had never been contained herein. Upon the happening of any such default, Borrower, upon demand by the Bank, shall assemble the goods and make them available to the Bank at a place reasonably convenient to both parties. It is recognized by the parties hereto that, in addition to its rights under the Uniform Commercial Code as aforesaid, Bank shall be entitled to all rights under law as a lender to receive in full the principal, interest attorneys' fees, costs and expenses relating to the above mentioned loan.

7. BENEFIT OF AGREEMENT. The rights and privileges of Bank under this Agreement shall inure to the benefit of its successors and assigns. All covenants, warranties and agreements of Borrower contained in this Agreement are joint and several and shall bind successors and assigns; provided that nothing herein shall be deemed to create any obligation or liability on the part of Richardson Dilworth or Andrew L. Lewis, Jr., other than in their capacities as Trustees of the property of Reading Company.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed this 22nd day of January 1974.

BANK

AMERICAN BANK AND TRUST CO. OF PA.

By Nelson R Oswald
Asst Vice Pres.

Attest:

James P Buttle
Asst Sec.

BORROWER

~~RICHARDSON DILWORTH and ANDREW L. LEWIS, JR., Trustees of the property of Reading Company, Debtor.~~

~~Richardson Dilworth~~

Executed:
January 25, 1974.

Witness:

Andrew L. Lewis, Jr.
Andrew L. Lewis, Jr.
Surviving Trustee of the property
of Reading Company, Debtor

Arthur W. Williams

COMMONWEALTH OF PENNSYLVANIA:

COUNTY OF PHILADELPHIA : SS.
:

On this 25th day of January, 1974,

before me personally appeared ANDREW L. LEWIS, JR., Surviving
Trustee of the property of Reading Company, Debtor, signer
and sealer of the foregoing instrument, and he acknowledged
the same to be his free act and deed, as such Trustee, before
me.

Robert H. Williams
Notary Public

Notary Public, Philadelphia, Philadelphia Co.
My Commission Expires January 17, 1973

NOTICE OF ASSIGNMENT

This is to advise that, effective April 1, 1976, 12:01 a.m., the Financing Agreement described below has been assigned to the Consolidated Rail Corporation by the

Trustees of: Reading Company
1 Plymouth Meeting
Plymouth Meeting, PA 19452

The Financing Agreement is a Lease
, dated January 1, 1974
bearing the ICC recordation number 7325
The payee's name and address is: American Bank and Trust Co. of
Pennsylvania
35 North Sixth St.
Reading, PA

This Notice of Assignment has been placed in the file of the ICC recordation number listed above and the entire assignment is contained in the ICC recordation file stamped in the margin of this assignment. A copy hereof will be promptly mailed to the payee listed above for distribution to the beneficial holder(s) of the Financing Agreement described in this Notice of Assignment.

Consolidated Rail Corporation