RECORDATION NO. 7685
OCT 1 1974 - 3 16 PM
INTERSTATE COMMERCE COMMISSION

LOAN AND SECURITY AGREEMENT

THIS AGREEMENT, made and entered into as of this 1st day of May, 1974, between TRACK ONE COMPANY (hereinafter called "Borrower"), and NORTH CAROLINA NATIONAL BANK, Charlotte, North Carolina (hereinafter called "Bank"),

The parties hereto agree as follows:

(1) Concurrently with the execution and delivery of this Agreement, Borrower has executed and delivered to Bank its promissory note dated May 1, 1974, in the amount of One Million Two Hundred Seventy-six Thousand and no/100 ($1,276,000.00) Dollars.

(2) Borrower hereby grants to Bank to secure Borrower's liability under said note, a security interest in:

88 seventy-ton, fifty-foot freight cars, bearing car numbers PICK 55,030 through PICK 55,117 (inclusive)

(3) So long as Borrower shall have any liability to Bank under said note, Borrower will not, without the prior written consent of Bank, grant any security interest in or permit any lien or encumbrance to attach to any of the foregoing collateral.

(4) Borrower represents that the proceeds of said note will be used to acquire the freight cars described in Paragraph 2, the total cost of which shall be $1,852,400, or $21,050 per car.

(5) Bank will make advances under said note as the freight cars are completed and delivered. The amount to be advanced to or on behalf of Borrower shall be $14,500 per car. Closings shall take place on groups of not less than five (5) cars. Before advances are made with respect to any such closing Bank shall have received with respect to the freight cars covered by each such advance the following documents:

(a) Executed Bill of Sale in the form attached hereto as Exhibit "A";

(b) Certificate of Acceptance in the form attached hereto as Exhibit "B";

(c) Opinion of Counsel in the form attached hereto as Exhibit "C".

(6) Borrower represents and warrants that as of the date of each closing he will be the Owner of said freight cars free and clear of all liens and encumbrances and that the security interest granted hereby shall be a valid, subsisting first lien on the freight cars described herein.

(7) Borrower will cause each freight car described herein to be kept numbered with the identifying number as set out in this Agreement and will cause each such unit to be plainly, distinctly, permanently and conspicuously marked in letters not less than one inch (1") in height, the words, "TRACK ONE COMPANY - OWNER", or other appropriate words with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the security interest of the Bank to such freight cars and its rights under this Agreement. Borrower will not permit any such freight car of the Equipment to be placed in operation or exercise any control or dominion over any such unit unless each side of such unit shall have been so marked and will replace promptly any such marking or renew any such marking, which may be removed, defaced or destroyed. The Borrower

will not permit the identifying numbers of any such units to be changed except in accordance with a statement of new numbers to be substituted therefor, which statement previously shall have been filed with the Bank by the Borrower and promptly filed, recorded or deposited in all public offices where this Agreement shall have been filed, recorded or deposited.

(8) In the event that any freight car shall be or become worn out, lost, stolen, destroyed or irreparably damaged from any cause whatsoever during the continuance of this Agreement (hereinafter called a Casualty Occurrence) the Borrower shall replace the unit at its own cost with other operable standard gauge rolling stock equal in value to the depreciated value and of substantially as good material and construction as that worn out, lost, stolen, destroyed or irreparably damaged, and shall give the Bank or its assignee an opinion of counsel to the effect that this Agreement constitutes a first lien on such replacement unit, and shall execute, deliver and file and record such further document as may be reasonably requested by the Bank or its assignee in support of such opinion, or the Borrower shall promptly pay to the Bank a sum equal to three and one-third (3 1/3%) percent of the balance due with said note with interest accrued thereon to the date of such payment, in which event all succeeding payments under said note shall be correspondingly reduced.

(9) Borrower will at all times maintain each freight car in good order and repair at his own expense.

(10) During the term of this Agreement, the Borrower will comply, and will cause any lessee of the Equipment to comply, in all respects with all laws of the jurisdictions in which the freight cars may be operated, with all standards recommended by the Association of American Railroads and with all lawful rules of the Department of Transportation, the Interstate Commerce Commission and any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over the freight cars to the extent that such laws and rules affect the operation or use of the freight cars. In the event that such laws or rules require the alteration of the freight cars, the Borrower will conform therewith, at its expense, and will maintain the same in proper condition for operation under such laws and rules; provided, however, that the Borrower may, in good faith, contest the validity or application of any such law or rule in any reasonable manner which does not, in the opinion of the Bank, adversely affect the property or rights of the Bank hereunder.

(11) An event of default shall occur in case:

(a) The Borrower shall fail to pay in full, when due and payable any sum payable by the Borrower under said note and such failure shall continue for more than ten (10) days after such payment shall have become due and payable; or

(b) Borrower shall, for more than 30 days after the Bank shall have demanded in writing performance thereof, fail or refuse to comply with any covenant, agreement, term or provision of said note or this Agreement on its part to be kept or performed or to make provision satisfactory to the Bank for such compliance; or

(c) A petition for reorganization under Section 77 of the Bankruptcy Act, as now constituted or as said Section 77 may be hereafter amended, shall be filed by or against Borrower or any Lessee of said cars and, unless such petition shall be dismissed, nullified, stayed, or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all the obligations of the Borrower under this Agreement shall not have been duly assumed in writing pursuant to a court order or decree,

by a trustee or trustees appointed in such proceedings in such manner that such obligations shall have the same status as obligations incurred by such trustee or trustees within 30 days after such appointment, if any, or 60 days after such petition shall have been filed, whichever shall be earlier; or

(d) Any proceedings shall be commenced by or against the Borrower or any Lessee of said cars for any relief under any bankruptcy or insolvency law, or law relating to the relief of debtors, readjustments of indebtedness, reorganizations, arrangements, compositions, or extensions (other than a law which does not permit any readjustment of the indebtedness payable hereunder), and, unless such proceedings shall be dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all the obligations of the Borrower or such Lessee shall not have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees or receiver or receivers appointed for the Borrower or for its property in connection with any such proceedings in such manner that such obligations shall have the same status as obligations incurred by such trustee or trustees or receiver or receivers, within 30 days after such appointment, if any, or 60 days after such proceedings shall have been commenced, whichever shall be earlier.

(12) At any time after the occurrence of such event of default the Bank may:

(a) At its option, declare (hereinafter called a Declaration of Default) the entire unpaid balance of said note, together with the interest thereon then accrued and unpaid, immediately due and payable, without further demand, and thereafter the aggregate of the unpaid balance of such indebtedness and interest shall bear interest from the date of such declaration at the rate of ten and one-half (10 1/2%) percent per annum, and the Bank shall thereupon be entitled to recover judgment in any court having jurisdiction over the Borrower or its property, in addition to its other remedies provided for herein, for said amount payable, with interest as aforesaid, together with attorney's fees and expenses incurred to recover such judgment, and any other amounts due and owing hereunder, and to collect such judgment out of any property of the Borrower wherever situated;

(b) Take or cause to be taken by its agent or agents immediate possession of the freight cars, or any unit thereof, without liability to return to the Borrower any sums therefor paid and free from all claims whatsoever, except as hereinafter in this subparagraph expressly provided, and may remove the same from possession and use of Borrower or its Lessors or assignees with or without process of law.

In case the Bank shall rightfully demand possession of the freight cars in pursuance of this Agreement and shall designate a point or points for the delivery of the freight cars to the Bank, Borrower

shall at its own expense, forthwith and in the usual manner, cause the freight cars to be moved to such point or points as shall be designated by the Bank and shall there deliver the freight cars or cause them to be delivered to the Bank. At the option of the Bank, the Bank may keep the freight cars in storage for a reasonable time until the Bank shall have leased, sold or otherwise disposed of the same. For such purpose the Borrower agrees to pay all such charges for rent, storage and the necessary facilities at any point or points selected by the Bank. The Borrower hereby expressly waives any and all claims against the Bank and its agent or agents for damages of whatever nature in connection with any retaking of any unit of the freight cars in any reasonable manner so long as such retaking by the Bank shall be undertaken with reasonable care.

After the entire indebtedness under said note shall have been declared immediately due and payable as hereinabove provided (unless such Declaration has been rescinded), the Bank with or without retaking possession thereof at its election and upon ten days' notice to the Borrower and to any other persons to whom the law may require notice of the time and place, may sell the freight cars, or any unit thereof, free from any and all claims of the Borrower or any other party claiming by, through or under the Borrower at law or in equity, at public or private sale and with or without advertisement as the Bank may determine; provided, however, that prior to such sale or prior to the making of a contract for such sale, the Borrower may make full payment of the entire indebtedness under said note, together with interest thereon accrued and unpaid and all other payments due under this Agreement as well as expenses of the Bank in retaking, holding and preparing the freight cars for disposition and arrangement for the sale and the Bank's reasonable attorneys' fees. The proceeds of any such sale, less the attorneys' fees and any other expenses incurred by the Bank in taking possession of, removing, storing and selling the freight cars shall be credited on the amount due to Borrower under the provisions of this Agreement and said Note.

Any sale hereunder may be held or conducted at such place or places and at such time or times as the Bank may specify, in one lot and as an entirety or in separate lots, and without the necessity of gathering at the place of said sale the property to be sold, and in general in such manner as the Bank may determine. The Bank may itself bid for and become the purchaser of the freight cars, or any unit thereof, so offered for sale.

Each and every power and remedy hereby specifically given to the Bank shall be in addition to every other power and remedy hereby specifically given or now or hereafter existing at law or in equity, and each and every power and remedy may be exercised from time to time and simultaneously and as often and in such order as may be expressly limited herein. All such powers and remedies shall be cumulative, and the exercise of one shall not be deemed a waiver of the right to exercise any other or others except as such exercise may be limited herein. No delay, except where time limits are expressly herein provided, or omission of the Bank in the exercise of any such power or remedy and no renewal or extension of any payments due hereunder shall impair any such power or remedy or shall be construed to be a waiver of any default or an acquiescence therein.

All sums of money realized by the Bank from the sale shall be applied, first to the payment of the expenses and liabilities of the Bank herein undertaken to be paid, second to the payment of interest on the unpaid balance under said note accrued and unpaid and third to the payment of the unpaid principal under said note. If, after applying as aforesaid all sums of money realized by the Bank under the remedies herein provided, there shall remain any amount due to it under the provisions of this Agreement. Borrower shall have no personal liability for such deficiency and Bank shall look solely to said cars to satisfy obligations of Borrower under this Agreement and under said note.

If, after applying as aforesaid all sums realized by the Bank, there shall remain a surplus in the possession of the Bank, such surplus shall be paid to the Borrower.

Borrower will pay all reasonable expenses, including attorneys' fees, incurred by the Bank in enforcing its remedies under the terms of this Agreement. In the event that the Bank shall bring any suit to enforce any of its rights hereunder and shall be entitled to judgment, then in such suit Bank may recover reasonable expenses, including attorneys' fees, and the amount thereof shall be included in such judgment.

(13) Prior to any closing on said freight cars, the Borrower will cause this Agreement and any assignment hereof or of any interest herein, and any supplements hereto or thereto, to be filed and recorded with the Interstate Commerce Commission in accordance with Section 20C of the Interstate Commerce Act; and the Borrower will from time to time do and perform any other act and will execute, acknowledge, deliver, file and record any and all further instruments in such place or places as are required by law or reasonably requested by the Bank for the purpose of proper protection, to the satisfaction of counsel for the Bank, of its title to the freight cars and its rights under this Agreement or for the purpose of carrying out the intention of this Agreement. The Borrower will promptly furnish to the Bank evidences of such filing or recording.

(14) Borrower shall furnish to Bank quarterly operating statements with respect to the freight cars commencing with the quarter beginning April 1, 1975.

(15) Borrower shall pay all costs incident to the preparation, execution, acknowledgment and recordation of this Agreement including the reasonable fees of counsel for Bank incurred in reviewing this document.

(16) Bank shall be entitled to a fee of 1/2% of the loan amount to be paid prior to the closing of the first group of freight cars.

(17) Bank hereby consents to the lease of the freight cars to Pickens Railroad Company under the terms contained in that certain Agreement of Lease dated May 1, 1974, between Borrower and said Railroad, a copy of which has been furnished Bank. Bank shall have the right to approve the Lessee if such cars are hereafter leased by Borrower to any other party which consent shall not be unreasonably withheld.

(18) Any notice hereunder shall be deemed to be properly served if delivered or mailed as follows:

(a) to Borrower: Post Office Box 8931, Station A
Greenville, South Carolina 29604

(b) to Bank: Post Office Box 120
Charlotte, North Carolina 28255

or at such other address as may have been furnished in writing by any party to the other parties hereto.

(19) The terms of this Agreement and all rights and obligations hereunder shall be governed by the laws of the State of North Carolina, provided, however, that the parties shall be entitled to all rights conferred by Section 20c of the Interstate Commerce Act and by the recordation provisions of any other act pursuant to which this Agreement is recorded.

(20) This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original and such counterparts together shall constitute but one and the same contract, which shall be sufficiently evidenced by any such original counterpart.

(21) Notwithstanding any provision to the contrary herein contained, Borrower shall have no personal liability hereunder. This Agreement is executed by Borrower for the sole purpose of subjecting said freight cars to the lien of Bank given to secure the obligations created by this Agreement and said note.

IN WITNESS WHEREOF, the parties hereto, each pursuant to due authority, have caused this Agreement to be duly signed in their respective names as of the date first above written.

WITNESS:

Elizabeth B. Wood

ATTEST:

C. A. C. R. [illegible]

Secretary

TRACK ONE COMPANY

BY: STERLING CAPITAL, LTD.

BY: John M. Sterling Jr. President

J. Wesley Davis

J. Wesley Davis

GENERAL PARTNERS

WITNESS:

Doris T. Troutman

ATTEST:

J. W. Kriser

~~Assistant~~ Secretary

NORTH CAROLINA NATIONAL BANK

BY: D. Douglas Buchanan

STATE OF SOUTH CAROLINA)
COUNTY OF GREENVILLE)

On this 1st day of May, 1974, before me personally appeared John M. Sterling, Jr., to me personally known, who, being by me duly sworn, says that he is the President of Sterling Capital, Ltd., General Partner of Track One Company, the Owner of the railroad cars described in the foregoing instrument, and William W. Kehl, to me personally known to be the Assistant Secretary of Sterling Capital, 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 as General Partner of Track One Company by authority of its Board of Directors and they acknowledged that the execution of the foregoing instrument was its free act and deed.

Elizabeth B. Wood (L.S.)
Notary Public for South Carolina
My Commission Expires: 5/6/81

STATE OF NORTH CAROLINA)
COUNTY OF MECKLENBURG)

On this 1st day of May, 1974, before me personally appeared D. Douglas Buchanan, to me personally known, who, being duly sworn, says that he is Assistant Vice President of North Carolina National Bank; that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation and 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.

Lorena C. Tourshee (L.S.)
Notary Public for North Carolina
My Commission Expires: June 19, 1977

STATE OF SOUTH CAROLINA)

COUNTY OF GREENVILLE)

On this 1st day of May, 1974, before me personally appeared J. Wesley Davis, to me personally known, who, being by me duly sworn, says that he is a General Partner of TRACK ONE COMPANY; that the foregoing instrument was signed and sealed on behalf of TRACK ONE COMPANY by him as a General Partner and he acknowledged that the execution of the foregoing instrument was his free act and deed.

Elizabeth B. Wood (L.S.)
Notary Public for South Carolina

My Commission Expires: 5/6/81

BILL OF SALE

GOLDEN TYE CORPORATION, a South Carolina corporation ("Builder"), for the sum of One ($1.00) Dollar and other consideration to it paid by TRACK ONE COMPANY, receipt of which is hereby acknowledged, has bargained, sold, assigned, transferred and set over and by these presents does bargain, sell, assign, transfer and set over unto TRACK ONE COMPANY, the following units of railroad equipment which have been delivered by Builder to Pickens Railroad Company pursuant to the provisions of the Purchase Agreement of said TRACK ONE COMPANY:

Quantity	Type of Equipment	Railroad's Car Numbers (all inclusive)
	70-ton, 50-foot freight cars	

TO HAVE AND TO HOLD all and singular the railroad equipment above described to TRACK ONE COMPANY, its successors and assigns, for its own use forever.

The Builder hereby warrants to TRACK ONE COMPANY and to the Railroad that, at the time of delivery to the Railroad, the Builder had legal title to such units and good and lawful right to sell such units and that title to such units was free of all claims, liens and encumbrances of the Builder or of anyone claiming through the Builder.

IN WITNESS WHEREOF, Builder has caused this instrument to be executed in its name by its duly authorized officers and its corporate seal to be hereunto affixed and duly attested this _____ day of _____, 1974.

ATTEST: GOLDEN TYE CORPORATION

_____ BY: _____

Secretary Vice-President

(Corporate Seal)

EXHIBIT A

CERTIFICATE OF ACCEPTANCE

NO. _____

_____

PICKENS, SOUTH CAROLINA

TO: **GOLDEN TYE CORPORATION AND**
NORTH CAROLINA NATIONAL BANK

THE UNDERSIGNED, BEING THE DULY AUTHORIZED REPRESENTATIVE OF **PICKENS** RAILROAD COMPANY ("RAILROAD") HEREBY CERTIFIES THAT:

_____ 70-TON, 50-FOOT FREIGHT CARS, BEARING

THE FOLLOWING ROAD NUMBERS:

PICK _____

_____

_____

_____

HAVE BEEN INSPECTED AND ACCEPTED BY ME ON BEHALF OF THE RAILROAD, AS CONFORMING IN ALL RESPECTS TO THE SPECIFICATIONS AND DEPARTMENT OF TRANSPORTATION AND INTERSTATE COMMERCE COMMISSION REQUIREMENTS.

IT IS FURTHER CERTIFIED THAT THERE WERE PLAINLY, DISTINCTLY AND CONSPICUOUSLY MARKED ON EACH SIDE OF EACH CAR AT THE TIME OF ITS ACCEPTANCE THE FOLLOWING WORDS IN LETTERS NOT LESS THAN ONE INCH IN HEIGHT:

TRACK ONE COMPANY - OWNER

BY: _____
AUTHORIZED REPRESENTATIVE OF
PICKENS RAILROAD COMPANY

EXHIBIT B

WYCHE, BURGESS, FREEMAN & PARHAM
PROFESSIONAL ASSOCIATION
ATTORNEYS AT LAW
GREENVILLE, SOUTH CAROLINA 29603

C. GRANVILLE WYCHE
ALFRED F. BURGESS
C. THOMAS WYCHE
DAVID L. FREEMAN
JAMES C. PARHAM, JR.
JAMES M. SHOEMAKER, JR.
WILLIAM W. KEHL

CHARLES W. WOFFORD
LARRY D. ESTRIDGE

POST OFFICE BOX 10207
44 EAST CAMPERDOWN WAY
CABLE ADDRESS: JURAL

TELEPHONE 803-242-3131

Gentlemen:

In connection with your closing on 70-ton, 50-foot freight cars bearing Serial Nos.
we hereby give the following opinion: Golden Tye Corporation is a duly organized and existing corporation in good standing under the laws of the State of South Carolina, the State of its incorporation, and has the power and authority to own its properties and to carry on its business as now conducted.

The Bill of Sale from Golden Tye Corporation, as Builder, and to Track One Company, as Vendee, covering said cars, has been duly authorized, executed and delivered by Golden Tye Corporation and serves to convey a good and marketable title to said cars.

At the time of delivery of the foregoing units of equipment by Golden Tye Corporation such units were free of all claims, liens, security interests and other encumbrances except the lien and security interest of North Carolina National Bank under Security Agreement dated May 1, 1974. In our opinion, this Security Agreement constitutes a valid and subsisting first lien on said cars.

Very truly yours,

WYCHE, BURGESS, FREEMAN & PARHAM, P. A.

William W. Kehl

WWK:ebw

EXHIBIT C