

North Carolina National Bank  
P.O. Box 610  
New Bern, NC 28560  
Telephone 919 | 638-1111

RECORDATION NO. 90047 Filed 1425

9-026A020

JAN 26 1979 9:02 AM

INTERSTATE COMMERCE COMMISSION

NOV JAN 26 1979

Date

Fee \$ 50.00

DC Washington, D.C.



January 23, 1979

Office of the Secretary  
Interstate Commissions  
Washington, D. C.

Re: Thomas F. Webb

Gentlemen:

We enclose herewith the original and two copies of the security agreement on the above named, and our check in the amount of \$50.00 for recordation. Please return the original to us for our files.

We thank you in advance.

Sincerely,

R. A. Ipock  
Vice President

RAI:bh

Enclosures

INTERSTATE  
COMMERCE COMMISSION  
RECEIVED

JAN 25 1979

ADMINISTRATIVE SERVICES  
MAIL UNIT

I.C.C.  
FEE OPERATION BR.

JAN 26 7 58 AM '79

RECEIVED

**Interstate Commerce Commission**  
**Washington, D.C. 20423**

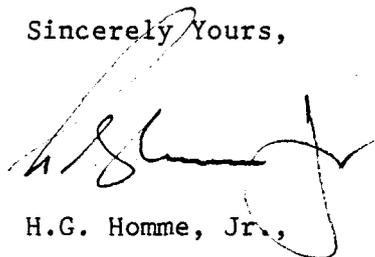
OFFICE OF THE SECRETARY

R. A. Ipock, Vice President  
North Carolina National Bank  
P. O. Box 610  
New Bern, NC 28560

Dear Mr. Ipock:

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 January 26, 1979 at 9:00 AM , and assigned recordation number(s) 10047

Sincerely Yours,



H.G. Homme, Jr.,  
Secretary

Enclosure(s)

SE-30-T  
(2/78)

THIS IS TO CERTIFY THAT THIS IS A TRUE COPY OF THE SECURITY AGREEMENT DATED NOVEMBER 27, 1978 SIGNED BY THOMAS F. WEBB.

R. A. Ipock  
R. A. Ipock, Vice President

RECORDATION NO. 10047 Filed 1425

SECURITY AGREEMENT

JAN 26 1979-9 00 AM

~~IN WISCONSIN~~ SECURITY AGREEMENT, made and entered into as of this 27<sup>th</sup> day of November, 1978 by and between Thomas Frederick Webb, herein called "Debtor", and NORTH CAROLINA NATIONAL BANK, a national banking association (herein called "Secured Party");

W I T N E S S E T H:

WHEREAS, the Secured Party and the Debtor have entered into a Loan Agreement of even date herewith (herein called the "Loan Agreement"), pursuant to which the Secured Party has loaned the Debtor the sum of \$135,000, which loan is evidenced by the Note of Debtor of even date herewith in the original principal amount of \$135,000 (herein called the "Note"); and

WHEREAS, the Debtor has agreed to secure all indebtedness arising under the Loan Agreement and evidenced by the Note and any other indebtedness of Debtor to the Secured Party by railway cars owned by Debtor, which railway cars were purchased by Debtor with the proceeds of a loan by the Secured Party to the Debtor;

NOW, THEREFORE, in consideration of the loan by Secured Party to Debtor of \$135,000 and the covenants, promises and conditions contained herein, it is agreed as follows:

SECTION 1. Grant of Security Interest. In order to secure the payment of the principal of and interest on the Note according to its tenor and effect, and to secure the payment of all other indebtedness of Debtor to Secured Party, now existing or hereafter arising, and the performance and observance of all other covenants and conditions in the Loan Agreement, the Note and this Security Agreement contained, Debtor does hereby convey, warrant, mortgage, assign, pledge and grant

the Secured Party, its successors and assigns, a security interest in and to the properties, rights, interests and privileges described in Sections 1.1 and 1.2 hereof (all of which properties hereby mortgaged, assigned and pledged or intended so to be are hereinafter collectively referred to as the "Collateral").

Section 1.1. Equipment Collateral. Collateral includes the equipment described in Schedule A attached hereto and made a part hereof (hereinafter referred to collectively as the "Equipment" and individually as "Item of Equipment").

Section 1.2. Duration of Security Interest. The Secured Party, its successors and assigns shall have and hold the Collateral forever; provided always, however, that such security interest is granted upon the express condition that if the Debtor shall pay or cause to be paid all the indebtedness hereby secured and shall observe, keep and perform all the terms and conditions, covenants and agreements herein and in the Loan Agreement and Note contained, then these presents and the estate hereby granted and conveyed shall cease and this Security Agreement shall become null and void; otherwise to remain in full force and effect.

SECTION 2. Covenants and Warranties. The Debtor covenants, warrants and agrees as follows:

Section 2.1 Debtor's Duties. The Debtor covenants and agrees well and truly to perform, abide by and to be governed and restricted by each and all of the terms, provisions, restrictions, covenants and Note, and in each and every supplement thereto or amendment thereof which may at any time or from time to time be executed and delivered by the parties thereto or their successors and assigns, to the same extent as through each and all of said terms, provisions, restrictions, covenants and agreements were fully set out herein.

Section 2.2. Warranty of Title. The Debtor has the right, power and authority to grant a security interest in the Collateral to the Secured Party for the uses and purposes herein set forth; Debtor is the owner of the Equipment, free and clear of all liens and encumbrances; and the Debtor will warrant and defend the title to the Collateral against all claims and demands of persons claiming by, through or under the Debtor (excepting only the right, title and interest of the Lessee under the Lease).

Section 2.3. Further Assurances. The Debtor will, at its own expense, do, execute, acknowledge and deliver all and every further acts, deeds, conveyances, transfers and assurances necessary or proper for the perfection of the security interest being herein provided for in the Collateral, whether now owned or hereafter acquired.

Section 2.4. Mark Equipment. The Debtor will cause each unit of Equipment to be kept numbered with the identifying number set out in Schedule A and will cause each such unit to be plainly, distinctly, permanently and conspicuously marked with the words, \_\_\_\_\_ Vermont Railway \_\_\_\_\_, 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 Secured Party to the Equipment and its rights under this Agreement. Debtor will not permit any unit of Equipment to be placed in operation or exercise any control or dominion over any such unit unless each side of such unit of Equipment shall have been so marked and will replace promptly any such marking or renew any such marking, which may be removed, defaced or destroyed. Debtor 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 Secured Party by Debtor and promptly filed, recorded or deposited in all public offices where this Agreement shall have been filed, recorded or deposited.

Section 2.5. Casualty. In the event that any Unit of Equipment shall be or become worn out, lost, stolen, destroyed or irreparably damaged from any cause whatsoever during the continuance of this Agreement, the Debtor shall replace the Unit of Equipment at its own cost or cause the Unit of Equipment to be replaced with other operable standard guage 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 Secured Part or its assignee an opinion of counsel to the effect that this Agreement constitutes a first lien on such replacement Unit of Equipment, and shall execute, deliver and file and record such further document as may be reasonably requested by the Secured Party or its assignee in support of such opinion, or Debtor shall promptly pay to the Secured Party a sum equal to 3% of the balance due under the Note, together with interest accrued thereon to date of such payment at the rate set forth in the Note, in which event all succeeding payments under the Note shall be correspondingly reduced.

Section 2.6. Maintenance. The Debtor will at all times cause the Equipment to be maintained in good order and repair and to that end will ensure that PLM performs all of its obligations under Paragraph 7 of the Lease with respect to repair and maintenance of the Equipment.

Section 2.7. Insurance. The Debtor will cause \_\_\_\_\_  
PLM to provide the insurance on the Equipment as described in Paragraph 18 of the Lease and to name the Secured Party as mortgagee on any policy covering occurrences described

in Section 2.5 which are insured against, and Debtor shall furnish Secured Party with copies of such insurance policies and pay all premiums which may become due with respect to such policies.

Section 2.8. Compliance. The Debtor will comply, and will cause any lessee of the Equipment to comply, in all respects with all laws of the jurisdictions in which the Equipment may be operated, with all laws of the jurisdictions in which the Equipment 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 Equipment to the extent that such laws and rules affect the operation or use of the Equipment. In the event that such laws or rules require the alteration of the Equipment or any part thereof, the Debtor will conform therewith, at its expense, and will maintain the same in proper condition for operation under such laws and rules; provided, however, that Debtor 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 Secured Party, adversely affect the property or rights of the Secured Party hereunder.

Section 2.9. Recordation and Filing. The Debtor will cause this Security Agreement and all supplements thereto, the Lease and all supplements thereto, and all financing and continuation statements and similar notices required by applicable law, at all times to be kept, recorded and filed at its own expense in such manner and in such places as may be required by law in order fully to preserve and protect the rights of the Secured Party hereunder, and will at its own expense furnish to the Secured Party promptly after the execution and delivery

of this Security Agreement and of each supplemental Security Agreement an opinion of counsel stating that in the opinion of such counsel this Security Agreement or such supplement, as the case may be, has been properly recorded or filed for record so as to make effective of record the security interest intended to be created hereby.

Section 2.10. Modifications of the Lease or Management Agreement.

Debtor will not:

(a) declare a default or exercise any of its remedies under, or terminate, modify or accept a surrender of, or offer or agree to any termination, modification, surrender or termination of, the Lease or Management Agreement (except as otherwise expressly provided herein) or by affirmative act consent to the creation or existence of any security interest or other lien to secure the payment of indebtedness upon the leasehold estate created by the Lease or any part thereof; or

(b) receive or collect or permit the receipt or collection of any service charges or rental payment under the Lease prior to the date for payment thereof provided for by the Lease or assign, transfer or hypothecate (other than to the Secured Party hereunder) any rent payment then due or to accrue in the future under the Lease in respect of the Equipment; or

(c) sell, mortgage, transfer, assign or hypothecate (other than to the Secured Party hereunder) its interest in the Equipment or any part thereof or in any amount to be received by it from the use or disposition of the Equipment.

Section 2.11. Power of Attorney in respect of the Lease. Debtor does hereby irrevocably constitute and appoint the Secured Party, its true and lawful attorney with full power of substitution for it and in

its name, place and stead, to ask, demand, collect, receive, receipt for, sue for, compound and give acquittance for any and all service charges, income and other sums which are assigned under Section 1.1 and Section 1.2 hereof with full power to settle, adjust or compromise any claim thereunder as fully as the Debtor could itself do, and to endorse the name of the Debtor on all commercial paper given in payment or in part payment thereof, and in its discretion to file any claim or take any other action or proceedings, either in its own name or in the name of the Debtor or otherwise, which the Secured Party may deem necessary or appropriate to protect and preserve the right, title and interest of the Secured Party in and to such service charges and other sums and the security intended to be afforded hereby.

SECTION 2. Possession and Use of Property.

Section 3.1. Possession of Collateral. While the Debtor is not in default hereunder he shall be suffered and permitted to remain in full possession, enjoyment and control of the Equipment and to manager, operate and use the same and each part thereof with the rights and franchises appertaining thereto; provided, always, that the possession, enjoyment, control and use of the Equipment shall at all times be subject to the observance and performance of the terms of this Security Agreement. It is expressly understood that the use and possession of the Equipment by the Lessee under and subject to the Lease shall not constitute a violation of this Section 3.1.

SECTION 4. Application of Assigned Service Charges and Certain Other Moneys Received by the Secured Party.

Section 4.1. Application of Service Charges. As more fully set forth in Section 1.2 hereof the Debtor has hereby granted to the Secured

Party a security interest in service charges, rents, issues, profits, income and other sums due and to become due under the Lease.

Section 4.2. Default. If an event of default referred to in Section 5 hereof has occurred and is continuing, all amounts received by the Secured Party pursuant to Section 1.2 hereof shall be applied in the manner provided for in Section 5 in respect of proceeds and avails of the Collateral.

SECTION 5. Defaults and Other Provisions.

Section 5.1. Events of Default. The term "event of default" for all purposes of this Security Agreement shall mean one or more of the following:

(a) Default in payment of an installment of the principal of, or interest on, the Note when and as the same shall become due and payable, whether at the due date thereof or at the date fixed for prepayment, by acceleration or otherwise, and any such default shall continue unremedied for three (3) calendar days; or

(b) An event of default as set forth in the Loan Agreement; or

(c) Default on the part of the Debtor in the due observance or performance of any covenant or agreement to be observed or performed by it under this Security Agreement and such default shall continue unremedied for thirty (30) calendar days; or

(d) Any representation or warranty made herein or in the Loan Agreement or the Note or in any report, certificate, financial or other statement furnished in connection with this Security Agreement, the Loan Agreement, the Lease or the Note, or the transactions contemplated thereby shall prove to be false or misleading in any material respect; or

(e) Any claim, lien or charge (other than the Lease and liens, charges and encumbrances which the Lessee is obligated to discharge under the Lease) shall be asserted against or levied or imposed upon the Equipment, and such claim, lien or charge shall not be discharged or removed within thirty (30) calendar days after the written notice from the Secured Party or the holder of any note to the Debtor and the Lessee demanding the discharge or removal thereof.

Section 5.2. Secured Party's Rights. Debtor agrees that when any "event of default" as defined in Section 5.1 hereof has occurred and is continuing, the Secured Party shall have the rights, options,

(d) The Secured Party may proceed to protect and enforce this Security Agreement, the Loan Agreement, and the Note by suit or suits or proceedings in equity, at law or in bankruptcy, and whether for the specific performance of any covenant or agreement herein contained or in execution or aid of any power herein granted; or for foreclosure hereunder, or for the appointment of a receiver or receivers for the mortgaged property or any part thereof, or, subject to the provisions of Section 6 hereof, for the recovery of judgment for the indebtedness hereby secured or for the enforcement of any other proper legal or equitable remedy available under applicable law;

(e) The Secured Party may proceed to exercise all rights, privileges, and remedies of the Debtor under the Lease or the Management Agreement, and may exercise all such rights and remedies either in the name of the Secured Party or in the name of the Debtor for the use and benefit of the Secured Party.

Section 5.3. Acceleration Clause. In case of any sale of the Collateral, or of any part thereof, pursuant to any judgment or decree of any court or otherwise in connection with the enforcement of any of the terms of this Security Agreement, the principal of the Note, if not previously due, and the interest accrued thereon, shall at once become and be immediately due and payable; also, in the case of any such sale, the purchaser or purchasers, for the purpose of making settlement for or payment of the purchase price, shall be entitled to turn in and use the Note and any claims for interest matured and unpaid thereon, in order that there may be credited as paid on the purchase price the sum apportionable and applicable to the Note including principal and interest thereof out of the net proceeds of such sale after allowing for the proportion of the total purchase price required to be paid in actual cash.

Section 5.4. Waiver of Debtor. The Debtor covenants that it will not at any time insist upon or plead, or in any manner whatsoever claim or take any benefit or advantage of, any stay or extension law now or at any time hereafter in force, nor claim, take, nor insist upon any benefit or advantage of or from any law now or hereafter in force

providing for the valuation of appraisal of the Collateral or any part thereof, prior to any sale or sales thereof to be made pursuant to any provision herein contained, or to the decree, judgement or order of any court of competent jurisdiction; nor, after such sale or sales, claim or exercise any right under any statute now or hereafter made or enacted by any state or otherwise to redeem the property so sold or any part thereof, and hereby expressly waives for itself and on behalf of each and every person, except decree or judgment creditors of the Debtor acquiring any interest in or title to the Collateral or any part thereof subsequent to the date of this Security Agreement, all benefit and advantage of any such law or laws, and covenants that it will not invoke or utilize any such law or laws or otherwise hinder, delay or impede the execution of any power herein granted and delegated to the Secured Party, but will suffer and permit the execution of every such power as though no such power, law or laws had been made or enacted.

Section 5.5. Effect of Sale. Any sale, whether under any power of sale hereby given or by virtue of judicial proceedings, shall operate to divest all right, title, interest, claim and demand whatsoever, either at law or in equity, of the Debtor in and to the property sold, shall be a perpetual bar, both at law and in equity, against the Debtor, its successors and assigns, and against any and all persons claiming the property sold or any part thereof under, by or through the Debtor, its successors or assigns.

Section 5.6. Application of Sale Proceeds. The purchase money proceeds and avails of any sale of the Collateral, or any part thereof, and the proceeds and the avails of any remedy hereunder shall be paid to and applied in the following order:

First, to the payment of costs and expenses of foreclosure or suit, if any, and of such sale, and of all proper expenses, liability and advances, including legal expenses and attorneys' fees, incurred or made hereunder by the Secured Party, or the holder or holders of the Note, and of all taxes assessments or liens superior to the lien or these presents, except any taxes, assessments or other superior lien subject to which said sale may have been made;

Second, to the payment to the holder or holders of the Note of the amount then owing or unpaid on the Note for interest;

Third, to the payment to the holder or holders of the Note of the amount then owing or unpaid on the Note for principal;

Fourth, to the payment of the surplus, if any, to the Debtor, its successors and assigns, or to whomsoever may be lawfully entitled to receive the same.

Section 5.7. Discontinuance of Remedies. In case the Secured Party shall have proceeded to enforce any right under this Security Agreement by foreclosure, sale, entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely, then and in every such case the Debtor, the Secured Party and the holder or holders of the Note shall be restored to their former positions and rights hereunder with respect to the property subject to to the security interest created under this Security Agreement.

Section 5.8. Cumulative Remedies. No delay or omission of the Secured Party or of the holder of the Note to exercise any right or power arising from any default on the part of the Debtor, shall exhaust or impair any such right or power or prevent its exercise during the continuance of such default. No waiver by the Secured Party, or the holder of any Note of any such default, whether such waiver be full or partial, shall extend to or be taken to affect any subsequent default, or to impair the rights resulting therefrom except as may be otherwise provided herein. No remedy hereunder is intended to be exclusive of

any other remedy but each and every remedy shall be cumulative and in addition to any and every other remedy given hereunder or otherwise existing; nor shall the giving, taking or enforcement of any other or additional security, collateral or guaranty for the payment of the indebtedness secured under this Security Agreement operate to prejudice, waiver or affect the security of this Security Agreement or any rights, powers or remedies hereunder, nor shall the Secured Party or holder of the Note be required to first look to, enforce or exhaust such other or additional security, collateral or guaranties.

SECTION 6. Miscellaneous.

Section 6.1. Successors and Assigns. Whenever any of the parties hereto is referred to such reference shall be deemed to include the successors and assigns of such party; and all the covenants, promises and agreements in this Security Agreement contained by or on behalf of the Secured Party, shall bind and inure to the benefit of the respective successors and assigns of such parties whether so expressed or not.

Section 6.2. Partial Invalidity. The unenforceability or invalidity of any provision or provisions of this Security Agreement shall not render any other provision or provisions herein contained unenforceable or invalid.

Section 6.3. Communications. All communications provided for herein shall be in writing and shall be deemed to have been given (unless otherwise required by the specific provisions hereof in respect of any matter) when delivered personally or when deposited in the United States mail, registered, postage prepaid, addressed as follows:

If to the Debtor: *Thomas Frederick Webb*  
*2319 Medical Dental Center*  
*New Bern, N.C. 28560*

If to the Secured Party: North Carolina National Bank  
P. O. Box 610  
New Bern, North Carolina 28560

or as to the Debtor or the Secured Party at such other address as the Debtor or the Secured Party may designate by notice duly given in accordance with this Section to the other party.

Section 6.4. Release. The Secured Party shall release this Security Agreement and the security interest granted hereby by proper instrument or instruments upon presentation of satisfactory evidence that all indebtedness secured hereby has been fully paid or discharged.

Section 6.5. Obligations of Debtor. The assignment made hereby of the Lease and Management Agreement is an assignment as collateral security, and the execution and delivery hereof shall not in any way impair or diminish the obligation of Debtor under the Lease and the Management Agreement nor shall any of the obligations contained in the Lease and Management Agreement be imposed upon the Secured Party as the result of the execution of this Security Agreement.

Section 6.6. Counterparts. This Security Agreement may be executed, acknowledged and delivered in any number of counterparts, each of such counterparts constituting an original but all together only one Security Agreement.

Section 6.7. Headings. Any headings or captions preceding the text of the several sections hereof are intended solely for convenience of reference and shall not constitute a part of this Agreement nor shall they affect its meaning, construction or effect.

R. H. Speck acknowledged the said writing to be the act and deed of said Thomas L. White.

WITNESS my hand and notarial seal.

Barbara Marie Howell  
Notary Public

My commission expires: April 27, 1981

STATE OF NORTH CAROLINA

COUNTY OF CRAVEN

This 27<sup>th</sup> day of November, 1978, personally came before me, Barbara Marie Howell, a Notary Public in and for said County and State C. R. Anderson who, being by me duly sworn, says that he is a Vice President of NORTH CAROLINA NATIONAL BANK, and that the seal affixed to the foregoing instrument in writing is the corporate seal of said Association, and that said writing was signed and sealed by him in behalf of said Association by its authority duly given. And the said R. H. Speck, Post Secretary acknowledged the said writing to be the act and deed of said Association.

WITNESS My hand and notarial seal.

Barbara Marie Howell  
Notary Public

My commission expires: April 27, 1981

SCHEDULE A TO  
SECURITY AGREEMENT

5 - 4750 cu. ft. capacity, 100 ton covered hopper cars with the following serial numbers and car numbers:

Ser.#419306	Car #10756
Ser.#419303	Car #10757
Ser.#419304	Car #10758
Ser.#419484	Car #10759
Ser.#419294	Car #10760