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REGISTRAR NO. 14527 Filed 1475

JAN 2 1985 - 9 60 AM

INTERSTATE COMMERCE COMMISSION

(201) 881-1100
MIDLANTIC BANK BUILDING
ONE GARRET MOUNTAIN PLAZA
(INTERSTATE 80 AT SQUIRRELWOOD ROAD)
WEST PATERSON, NEW JERSEY 07424

REPLY TO
P. O. BOX 2925
PATERSON, NEW JERSEY 07509

1 ALSO MEMBER OF FLORIDA BAR
2 ALSO MEMBER OF VIRGINIA BAR
3 ALSO MEMBER OF ILLINOIS BAR

December 28, 1984

Ms. Mildred Lee
Room 2303
Interstate Commerce Commission
12th Street & Constitution Ave., N.W.
Washington, D. C. 20423

Re: Midlantic National Bank/North-
Farmrail Corporation

Dear Ms. Lee:

In accordance with our conversation today, enclosed please find our check in the amount of \$10.00 along with the original and a notarized copy of the security agreement with respect to this matter. You will note that Farmrail Corporation, 300 South Main Street, P.O. Box 1828, Elk City, Oklahoma 73640, is the debtor and Midlantic National Bank/North, One Garret Mountain Plaza, West Paterson, New Jersey 07424, Attention: Commercial Finance Department, is the creditor. You will note that the transaction relates to the financing of the three diesel electric locomotives referred to therein. We understand you will file the notarized copy enclosed and return the original to the undersigned with the filing information duly noted.

Very truly yours,



Robert M. Macfarlan

RMM:ro
Enclosures

CC w/e: Mr. George Mause
Mr. Robert Frega
Mr. Jerald Stringer

Interstate Commerce Commission
Washington, D.C. 20423

1/2/85

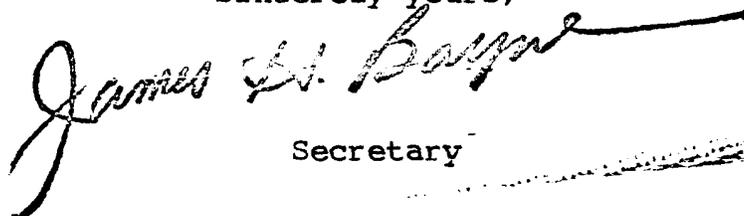
OFFICE OF THE SECRETARY

Robert M. Macfarlan
Evans, Ward Allabough & Amoresano
Midlantic Bank Building
One Garret Mountain Plaza
West Patterson, New Jersey 07424

Dear Sir:

The enclosed document (s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 1/2/85 at 9:50am and assigned re-
recording number (s). 14527

Sincerely yours,


Secretary

Enclosure(s)

SECURITY AGREEMENT (Miscellaneous Property)

(Do NOT use with Article 12 Installment Loans)

SECURITY AGREEMENT MADE December 28, 1984, by

14527

REGISTRATION NO. FILED 1428

FARMRAIL CORPORATION

JAN 2 1985 - 9 50 AM

individual

more than one, then jointly and severally thereafter called the "Debtor", whose residence is 300 South Main Street, P.O. Box 1828, Oklahoma City, Oklahoma 73101

INTERSTATE COMMERCE COMMISSION

with MIDLAND NATIONAL BANK NORTH (hereinafter called "Bank"), whose address is One Corner Mountain Plaza, West Paterson, New Jersey

The Debtor has borrowed from the Bank the sum of \$160,000.00 herein called the "loan", without interest (the said interest being discounted simultaneously herewith in accordance with the statutes of this state empowering and permitting banks to make such discount), in accordance with the terms and tenor of Note(s) of even date herewith, made and delivered by the Debtor to the Bank, described as follows:

DATE OF NOTE(S)	AMOUNT OF NOTE(S)	DISCOUNT DEDUCTED	NO. OF INSTALLMENTS	DATE OF 1ST INSTALLMENT	AMOUNT OF EACH MONTHLY INSTALLMENT EXCEPT THE LAST	DUE DATE OF LAST INSTALLMENT	AMOUNT OF LAST INSTALLMENT
12/28/84	\$160,000.00	---	36	1/28/85	\$2,666.66	12/28/87	\$66,666.90
	(+INTEREST)				(+INTEREST)		(+INTEREST)

(all columns in the above schedule referring to Note(s) secured hereby) or any and all extensions or renewals of said Note(s), in whole or in part, and with interest from maturity at the highest rate permitted by law.

To secure the payment of the loan, the Debtor hereby grants to the Bank a security interest in the following described property:

PROPERTY DESCRIPTION	IDENTITY NUMBERS
SEE ATTACHED SCHEDULE "A"	
(ATTACHED HERETO)	

to be located at together with all the equipment, parts, appliances, appurtenances, accessories and additions, of every kind, now attached, or belonging to, or a component part of said property, or which may hereafter be attached thereto by the Debtor, or become a component part thereof, during the existence of this Security Agreement (hereinafter collectively referred to as "Property").

The Debtor warrants and covenants that:

- (a) except to the extent that this agreement contemplates that the Property or any part thereof will be acquired by the Debtor with the proceeds of the loan, the Debtor is the owner of the Property free and clear of all security interests and liens;
- (b) if checked here , the Property is used or bought for use primarily for personal, family or household purposes;
- (c) if checked here , the Property is used or bought for use primarily in business, including a profession, and is not held or bought for lease or sale;
- (d) if checked here , the Property is being acquired by the Debtor with the proceeds of the loan, and the Debtor hereby authorizes the Bank to disburse the proceeds of the loan directly to the seller of the Property;
- (e) if checked here , the Property consists of goods which are or are to become fixtures, and the description of the real property to which the goods are attached or are to be attached, and the name of the owner of such real property, are as follows:

Debtor shall keep the said Property insured for the benefit of the Bank against loss and damage from risks, and for amounts and with insurers, acceptable to the Bank.

This Security Agreement is subject to terms, covenants and conditions contained on the reverse side hereof and of the aforesaid Note, all of which are hereby made part hereof.

All the provisions, covenants and conditions herein contained shall inure to the benefit of and be binding upon the parties hereto, their respective heirs, executors, administrators, successors and assigns.

IN WITNESS WHEREOF, the said Debtor has hereunto set his, their or its hands and seals or caused these presents to be executed by its duly authorized officers and its corporate seal to be hereunto affixed this December 21, 1984 day of

Signed, sealed and delivered in the presence of

Thomas R. Patton

Witness as to one or both.

Robert L. Frega; Vice President

CORPORATE SEAL

Richard A. Peters; SECRETARY

FARMRAIL CORPORATION

(L.S.)

Richard A. Peters; President

(L.S.)

George C. Betke, Jr.; Chairman & Chief Executive Officer; Treasurer

ANNE K. LEATHERBERRY
NOTARY PUBLIC OF NEW JERSEY
My Commission Expires March 9, 1987

INDIVIDUAL ACKNOWLEDGMENT

STATE OF NEW JERSEY } ss:
COUNTY OF

BE IT REMEMBERED, That on this _____ day of _____ in the year of our Lord One Thousand Nine Hundred and _____ before me, the subscriber, a Notary Public of New Jersey personally appeared _____ who, I am satisfied _____ the Debtor(s) _____ mentioned in the foregoing Instrument, to whom I first made known the contents thereof, and thereupon _____ acknowledged that _____ signed, sealed and delivered the same as a voluntary act and deed, for the uses and purposes therein expressed.

Sworn and subscribed To before me)
at _____)
the date aforesaid)

CORPORATE ACKNOWLEDGMENT

COMMONWEALTH OF MASSACHUSETTS
STATE OF NEW JERSEY } ss:
COUNTY OF MIDDLESEX

BE IT REMEMBERED, That on this 21st day of December Nineteen Hundred and Eighty-Four before me the subscriber, a Notary Public of New Jersey MASSACHUSETTS personally appeared Richard A. Peters who being by me duly sworn on his oath says that he is the Secretary of FARMRAIL CORPORATION the Debtor named in the foregoing Instrument; that he well knows the corporate seal of said corporation; that the seal affixed to said Instrument is the corporate seal of said corporation; that the said seal was so affixed and the said Instrument signed and delivered by Richard A. Peters

who was at the date thereof the _____ President of said corporation, in the presence of this deponent, and said _____ President, at the same time acknowledged that he signed, sealed and delivered the same as his voluntary act and deed, and as the voluntary act and deed of said corporation, by virtue of authority from its Board of Directors, and that deponent, at the same time, subscribed his name to said Instrument as an attesting witness to the execution thereof.

Sworn and subscribed To before me)
at BURLINGTON, MASSACHUSETTS)
the date aforesaid)

Thomas R. Patton III
Notary Public

Richard A. Peters, Secretary

The policies effecting the insurance required in this Security Agreement shall be delivered to the Bank and the Debtor agrees to pay the premium or premiums for same upon demand and on failure to do so, payment of said premium or premiums by the Bank shall be for the Debtor's account and secured by this Security Agreement and the Debtor shall pay interest at the rate of 6% per annum on the Bank for any said premium payments paid by the Bank. In the event of a claim arising under such insurance, the Debtor will promptly notify the Bank of such claim, and the Debtor will forthwith take all steps deemed by the Bank as necessary to collect such claim. The Debtor will, in connection with such claim, cause the Bank to receive the proceeds of same, which proceeds the Bank may apply in whole or in part to the reduction of any monies due on the Note(s) secured by this Security Agreement and remit any surplus to the Debtor. If monies received by the Bank from such insurance claim are sufficient to satisfy the indebtedness under said Note(s), the Debtor will be discharged from all liability thereunder; if not sufficient, the Debtor shall continue to be liable on said Note(s) for the unsatisfied balance thereunder.

It is further understood and agreed that the Debtor warrants that he or it is the sole owner of the Property and that he or it will not, unless the written consent of the Bank is obtained, transfer any interest in said Property or remove the Property from its present location or use the Property for hire; that there are no prior liens or encumbrances upon the Property or any part thereof; that the Debtor will use the Property for lawful purpose only, and with reasonable care and caution; that the Debtor shall keep the Property free of all taxes, liens and encumbrances (except the lien of this Security Agreement) and in a good state of repair; that the Debtor will at his or its expense keep the Property in first-class order, repair and running condition and will permit the Bank to examine same at all reasonable times to determine its condition and, whenever the Bank deems that the Property may require repairs in order to keep same in a marketable condition or to preserve the Property from excess depreciation, the Debtor will, during the terms of this Security Agreement, upon notice in writing from the Bank, make or effect such repairs promptly at his or its own costs and expense. If the Property should be wholly destroyed or so damaged as in the opinion of the Bank to make it impracticable to repair same, the Debtor upon demand of the Bank shall, pay to it forthwith the amount then remaining unpaid under said Note(s); that if in the opinion of the Bank there has been a substantial decrease in the value of the Property the Bank shall have the option of demanding of the Debtor additional security in order to offset the said decrease in value, and upon failure of the Debtor to furnish such additional security, the Bank may proceed in the same manner as herein provided in case of any other default.

And it is further understood and agreed by the parties hereto that in the event Debtor defaults in any payment or any other provisions as set forth in said Note(s), or any extension or renewal thereof, or fails to comply with any provision or condition herein contained, or a proceeding in bankruptcy, receivership or insolvency is instituted by or against the Debtor or his Property, or Bank deems the Property in danger of misuse or confiscation, or if the Bank for any reason deems itself insecure, or if the said Property shall be damaged, removed or stolen, then at the election of the Bank the Note(s) shall become immediately due and payable, and the Bank shall, in respect to the Note(s) and loan evidenced thereby and to the Property, have and may exercise all the rights and remedies (1) as are conferred upon secured parties by the Uniform Commercial Code, and (2) as are otherwise conferred by law.

And it is further understood and agreed that if personal effects or chattels of any nature, (not covered by this Security Agreement) of the Debtor, or any other person, are left in or on the Property when the Bank takes possession of same, the Debtor will claim, or effect a written claim by registered mail to the Bank for said personal effects and or chattels of any nature, within twenty-four hours after taking possession of the Property by the Bank; said claim shall list an inventory of personal effects and or chattels claimed as aforesaid, and indicate the value of each item listed, and the Debtor agrees to save harmless the Bank from any claim for conversion of, or damages to, said personal effects, and or chattels left in or on the Property and not claimed as aforesaid.

And it is further understood and agreed by the parties hereto that the Bank shall have the right to enforce any one or more of the remedies hereunder either successively or concurrently and such action shall not operate to bar or stop the Bank from pursuing any other remedy that the Bank may have hereunder, and any repossession or taking of the Property whether temporary or otherwise, or any sale thereof pursuant to the terms hereof shall not operate to release or discharge the Debtor until full payment shall have been made, as herein agreed, that the Debtor assumes all responsibility and all liability arising from the use of the Property, either from negligence or otherwise, by whomsoever used or operated, and will indemnify and save harmless the Bank from any and all loss or damage to persons or property caused by the use and operation of said Property; that, whenever the service of any notice upon the Debtor by the Bank shall be required, such notice shall be deemed sufficient if it is given by ordinary mail, postage prepaid, to the Debtor at his address as set forth herein; that any promises, understanding or agreements pertaining to this Security Agreement not contained herein are hereby waived; that the Bank's acceptance (after default) of this Security Agreement of any installment payments or payments shall not be deemed to alter the Debtor's obligation or to waive the Bank's rights hereunder with respect to any default, non-payment or default; that no waiver by the Bank of any breach or default of or by the Debtor under this Security Agreement shall be deemed a waiver of any other previous breach or default or any thereafter occurring; that any enumeration of rights to set forth herein shall not be construed from precluding other legal or equitable rights of the Bank from arising.

ATTACHMENT SCHEDULE "A"

1 - GP-9 - Built 4/59 Diesel Electric Locomotive

Diesel Engine Serial Number S-9581 Model #: 16-567-C

Snow Plow Equipped (front only)

Motorola Radio Rack, Cable, Antenna, Control Head in Place.

Wheels 2" or better.

Equipped with Farr #5 Internal Spark Arrestor.

Main Generator: 12/79 Model D-12-B s/n: 58-A64

Aux. Generator: 12/79 Model Delco 10KW s/n: 5289D49

Compressor: 12/79 Model WBO s/n: JA92872

1 - GP-9 - Built 4/59 Diesel Electric Locomotive

Diesel Engine Serial Number 54F-15 Model #: 16-567-C

Snow plow equipped (front end only).

Motorola Radio Rack, Cable, Antenna, Control Head in Place.

Wheels 2" or better.

Equipped with Farr #5 Internal Spark Arrestor.

Main Generator: 10/79 Model D-12-13 s/n: 74-A36016

Aux. Generator: 10/79 Model Delco s/n#: 291F244

Compressor: 10/79 Model WBO s/n#: JA1036 Power Parts Dip-Stick

1 - EMD - GP-9 BLT 5/59 Diesel Electric Locomotive

Diesel Engine Serial Number 53-181 Model #: 16-567-C

Equipped with Motorola Radio Mounting Tray, Control Head & Antenna.

Equipped with Farr #5 Internal Spark Arrestor.

Equipped with auto receiving

Main Generator: O/H 2/79 Model D-12 s/n: G-3328

Aux. Generator: O/H 6/78 Model 10KW Delco s/n: 6/78

Compressor: O/H 6/79 Model WXO s/n#: - 0 -

Handwritten signature or initials