

LFC LEASE
FINANCING
CORPORATION

Three Radnor Corporate Center, Suite 400
Radnor, Pennsylvania 19087

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VIA FEDERAL EXPRESS

15046
RECORDATION F.O. Filed 1425

September 5, 1986

SEP 8 1986 3 20 PM

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INTERSTATE COMMERCE COMMISSION

No.

Date SEP. 8 ... 1986

Fee \$... 10.00

CC Washington, D. C.

Office of the Secretary
Applications & Fees Unit
Interstate Commerce Commission
Room B207
12th Street & Constitution Ave., N. W.
Washington, D. C. 20423

Gentlemen/Ladies:

Re: Provco Leasing Corporation, Debtor
Bank of Virginia, Secured Party

Enclosed herewith for filing are an original and two copies of a Security Agreement between the captioned parties. The original is for your files and the two copies should be stamped immediately upon receipt and returned to me in the Federal Express envelope provided for that purpose.

Our check in the amount of \$10.00 is enclosed to cover the filing fee.

Thank you for your assistance in this matter.

Very truly yours,

Nancy L. Jillson

Nancy L. Jillson
Senior Legal Assistant

Encs.

REC'D OFFICE OF
THE SECRETARY
SEP 8 3 11 PM '86
RECORDATION FEES UNIT

Interstate Commerce Commission
Washington, D.C. 20423

9/9/86

OFFICE OF THE SECRETARY

Nancy L. Jillson
Legal Assistant
LFC.
Three Radnor Corporate Center, Suite 400
Radnor, PA. 19087

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 9/8/86 at 3:20pm, and assigned re-
recording number(s). 15046.

Sincerely yours,

Noreta R. McGee
Secretary

Enclosure(s)

SE-30
(7/79)

SECURITY AGREEMENT SEP 8 1986 -3 20 PM

INTERSTATE COMMERCE COMMISSION

THIS SECURITY AGREEMENT dated as of September 9, 1986 between PROVCO LEASING CORPORATION, a Delaware corporation, with a place of business at Suite 400, 3 Radnor Corporate Center, 100 Matsonford Road, Radnor, Pennsylvania 19087 (the "Debtor") and BANK OF VIRGINIA (the "Secured Party"), a Virginia banking corporation, with an office at 11011 Broad Street Road, Richmond, Virginia 23260.

To secure the due and punctual payment of the principal and interest payable under the Debtor's non-recourse promissory Note (the "Note") of even date herewith payable to the order of Secured Party, in the principal amount of \$2,000,000, and any and all other promissory notes hereafter at any time issued in replacement or extension thereof by Debtor, and to secure Debtor's obligations hereunder, Debtor hereby assigns, transfers, mortgages and pledges to the Secured Party and grants to the Secured Party a security interest in the following described collateral and in all proceeds thereof ("Collateral"):

1. all of the Debtor's right, title and interest in that certain Management Agreement dated as of September 9, 1986, between NRUC CORPORATION f/k/a NATIONAL RAILWAY UTILIZATION CORPORATION ("Manager") and PROVCO LEASING CORPORATION, (the "Management Agreement"), and all revenues and other monies due Debtor thereunder, including all proceeds of insurance, condemnation and requisition proceedings and sales or other dispositions of the property subject thereto and all the Debtor's rights, power and remedies herein and thereunder (but none of its duties or obligations thereunder, if any), including without limitation all the Debtor's rights to give and receive any notice, consent, waiver, demand or approval under or in respect of such Management Agreement, to exercise any election or option thereunder or in respect thereof, to accept any surrender of the property subject to the Management Agreement, to execute and deliver any bill of sale for any such property, and to do all other things which the Debtor is entitled to do under such Management Agreement; and
2. all the equipment listed on Schedule 1 attached hereto (the "Equipment"), which Equipment is managed by the Manager pursuant to the Management Agreement, and all the Debtor's right, title and interest in the Equipment and in all parts, fittings, accessories, accessions, substitutions and replacements therefor or thereof, and all contract rights, chattel paper, accounts, rentals, fees, income and proceeds arising from and in connection with the use of the Equipment.

In furtherance of the foregoing, Debtor has executed an assignment of Management Agreement ("Assignment") dated as of the date hereof and annexed hereto as Exhibit A, and the Debtor hereby irrevocably constitutes and appoints Secured Party as its attorney-in-fact, with full power of substitution and revocation, in the name of the Debtor or otherwise to demand, enforce, collect, receive and receipt and give releases for any payment or indemnity becoming due or arising under the Management Agreement or any policy of insurance relating to the Equipment or any Collateral (including any return of insurance premiums), to endorse and collect any checks, drafts or other instruments payable to the Debtor therefor, and to do and take all such other actions as are referred to above relating to the Management Agreement, the Equipment or other Collateral, to file any claims or institute any

proceeding for the foregoing which Secured Party deems necessary, and to compromise any such demand, claim or action.

So long as any amount remains owing on the Note, without Secured Party's prior written consent, the Debtor will not itself grant any consent or waiver under the Management Agreement, give any notice thereunder or otherwise exercise any rights, power or remedies of the Debtor thereunder, or agree to any release of any obligation of the Manager thereunder or to any amendment, modification or termination thereof. The Debtor hereby consents to and waives notice of the granting by Secured Party as assignee and secured party hereunder of indulgences to the Manager or extensions of time for payment of any obligations of the Manager under the Management Agreement, Secured Party's taking or releasing of any security for the obligations of the Manager under the Management Agreement, Secured Party's acceptance of partial payments on the Management Agreement or settlement, compromising or compounding of any obligations of any person, primarily or secondarily liable on or with respect to the Management Agreement, all in such manner and at such time or times as Secured Party may reasonably deem advisable.

A. REPRESENTATIONS, WARRANTIES AND AGREEMENTS - Debtor represents, warrants and agrees that:

1. the Debtor has good title to the Equipment free and clear of all liens, claims and encumbrances created by Debtor or by Balard Leasing Corporation, subject only to the Management Agreement and the interests of the Secured Party hereunder;
2. the Debtor has to its knowledge filed all tax returns, federal, state, municipal, or otherwise, required of it and is not in default in respect of the due and punctual payment of any taxes payable by Debtor; and no liens for nonpayment of taxes by Debtor exist upon any property, including the Equipment, or other assets of Debtor;
3. (a) it is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and has all requisite power and authority to enter into this Agreement, the Assignment, the Purchase Agreement and the Note, all of which have been duly authorized, executed and delivered by Debtor, and constitute the legal, valid and binding obligations of the Debtor, enforceable in accordance with their terms except as limited by bankruptcy and other laws affecting creditors rights generally, and to consummate the transaction contemplated hereunder and thereunder; (b) the Debtor has not executed any other assignment of the Management Agreement, its right to receive any payments under the Management Agreement, or of its right, title and interest in and to the Equipment; and; (c) the Debtor has received no advance payments under the Management Agreement and it will not accept any payments under the Management Agreement for its own account except as permitted in this Agreement;

4. the making and performance by the Debtor of this Agreement, the Note, the Management Agreement and the Assignment and the borrowing, execution and delivery of the Note will not violate any provision of law or of the charter documents or by-laws of Debtor, or constitute a default under or result in the creation of any lien, charge or encumbrance upon any property or assets of the Debtor pursuant to any agreement, indenture or other instrument to which the Debtor is a party or by which it may be bound;

B. DOCUMENTATION - The Debtor will execute and deliver to Secured Party such documents identifying the Equipment as Secured Party may from time to time reasonably request. In addition, the Debtor will execute, acknowledge, deliver, file and record all such documents, including financing statements, and take all such other action as Secured Party may reasonably request, to perfect and continue perfected under applicable laws the security interests granted hereby as first perfected security interests in the Collateral, and the Debtor hereby irrevocably constitutes and appoints Secured Party its attorney-in-fact for such purposes, with full power of substitution. The Debtor also will execute and deliver such instruments and take all such other action as Secured Party may reasonably request to effectuate the purposes of this Agreement and to secure the rights and remedies conferred upon Secured Party hereunder.

Debtor agrees to file and record, or cause to be filed and recorded, with the Interstate Commerce Commission pursuant to Section 11303 of Title 49 of the United States Code counterparts of this Agreement, the Management Agreement and the Assignment thereof and will supply to Secured Party, or cause to be supplied, an opinion of counsel to the effect that such documents have been duly filed and recorded and that no security documents, or other instruments affecting Debtor's title, have been previously filed and recorded with respect to the Equipment.

C. DEFAULT - Each of the following will constitute an event of default hereunder ("Event of Default"):

1. the failure by Debtor to pay any amount of principal of or interest on the Note when due, whether at the maturity thereof or by reason of any requirement for the prepayment thereof, by acceleration or otherwise, and such failure shall continue for fifteen (15) days after Secured Party shall have given the Debtor written notice thereof;
2. the failure by Debtor to pay any other amount when due hereunder or to perform any other obligation required by this Agreement, or the Assignment, and such failure shall continue for thirty (30) days after Secured Party shall have given Debtor written notice thereof;
3. the occurrence of an Event of Default under the Management Agreement by reason of the Debtors failure to perform its obligations thereunder;
4. the termination of the Management Agreement by reason of a default by the Manager thereunder and, the failure of Debtor to obtain a substitute Manager acceptable to Secured Party within thirty (30) days thereafter;
5. the adjudication of the Debtor as bankrupt or insolvent, or the entry of an order appointing a receiver or trustee for the Debtor or any of its property or approving a petition seeking reorganization, arrangement,

composition, adjustment of the debts, liquidation or dissolution of the Debtor under the Bankruptcy Act or any similar law of the United States or any state or other competent jurisdiction, or the filing by the Debtor of a petition or answer seeking or consenting to any of the foregoing, or the filing of a petition against the Debtor seeking any of the foregoing which is not dismissed within sixty (60) days, or the making by the Debtor of a general assignment for the benefit of creditors; or

6. the occurrence of a breach of any of the Representations, Warranties and Agreements under Paragraph A hereof in any material respect, if such breach is not cured within twenty (20) days after Secured Party shall have given the Debtor written notice thereof.
7. the failure, on any given date, until the Note is paid in full, of the payments made on account of the Note during the preceding three hundred and sixty-five (365) day period to equal at least a total of \$120,000.00

D. REMEDIES - At any time after the occurrence of an Event of Default and while the same remains uncured, Secured Party may declare, by written notice to the Debtor, the entire unpaid balance of the principal of the Note and interest accrued thereon to be immediately due and payable, and, in addition to such acceleration, Secured Party shall have and may exercise all the rights and remedies of a secured party under the applicable Uniform Commercial Code or other applicable law, including the right to take possession of any Equipment or other Collateral not then in Secured Party's possession and to dispose of it, or the Debtor's interest therein, at public or private sale, at which Secured Party, subject to the provisions of applicable law, may be the purchaser. Any notice of any such sale required by law shall be deemed reasonably and sufficiently given to the Debtor if given at least 15 days prior to the date thereof at the address and in the manner herein provided for notices. The proceeds realized by the Secured Party on the exercise of any if its remedies shall be applied to the obligations secured by this Agreement in accordance with the provisions of Paragraph I and Debtor will be entitled to any surpluses thereafter. No delay or omission on Secured Party's part to exercise any right hereunder will impair any such right or be construed as a waiver of any default or any acquiescence therein.

No waiver of any default hereunder will affect any later default or impair any of Secured Party's rights hereunder. No single, partial or full exercise of any rights by Secured Party will preclude further or other exercise thereof. The remedies provided for herein shall not be deemed exclusive, but are cumulative and in addition to all other remedies available under applicable law.

E. LIMITATION OF THE DEBTOR'S LIABILITY - Subject only to a breach by the Debtor of its representations, warranties and agreements under Paragraph A hereof (for which breach Debtor's liability shall not be subject to any of the limitations set forth in this Paragraph E.) and notwithstanding any other provision of this Agreement, the Assignment or of the Note, it is understood and agreed that all payments to be made by the Debtor under or pursuant to this Agreement, the Assignment and the Note (other than payments which Debtor voluntarily may choose to make to cure an Event of Default) will be made only from the Equipment and the "income and proceeds from the Equipment" (as defined in this paragraph) and the Debtor's liability hereunder, under the Assignment and under the Note will be limited thereto. For recovery upon default by the Debtor in the payment or

performance of any of its obligations hereunder, under the Assignment, and under the Note, Secured Party will have recourse solely to the Equipment and "income and proceeds from the Equipment" and not to any other property of the Debtor. Secured Party will not proceed for the collection of any amount payable hereunder and under the Note, against, or execute upon, any other assets of the Debtor under the Assignment. Any judgment entered in any action for recovery of any amount due hereunder and under the Note against the Debtor will not be a lien against any other property of the Debtor, and Secured Party agrees to execute and deliver all documents and take all such other action as may be necessary to release of record from any such lien such other property of the Debtor. As used herein, the term "income and proceeds from the Equipment" means

1. so much of the following amounts as are indefeasibly received by the Debtor pursuant to the Management Agreement or by the Secured Party as Assignee pursuant to the Assignment at any time (a) all amounts paid under the Management Agreement including, without limitation, revenues and amounts paid in respect to the loss, destruction or damage beyond repair to the Equipment or any unit thereof ("Casualty Occurrences") and (b) any and all payments or proceeds so received by the Debtor or the Secured Party as Assignee under the Management Agreement or otherwise for or with respect to the Equipment as the result of the sale, lease or other disposition thereof.

Nothing herein contained shall limit, restrict, or impair Secured Party's right to accelerate payment of the Note upon the occurrence of the Event of Default, to bring suit and obtain a judgment against the Debtor on the Note or this Agreement for the full amount of the unpaid principal of the Note, interest thereon and all other amounts payable by the Debtor pursuant hereto (provided that the liability of the Debtor on any such judgment and the satisfaction thereof shall be limited as hereinabove provided), or to exercise Secured Party's rights and remedies hereunder with respect to the Collateral, including the Equipment and the Management Agreement (including the right to enforce Secured Party's rights, as Assignee, under the Management Agreement and to dispose of the Equipment and the Management Agreement and to recover from the proceeds thereof the full amount of the unpaid principal of the Note, interest thereon and all other amounts payable by the Debtor pursuant hereto).

F. PREPAYMENT OF NOTE - If any amount shall become due and payable to the Debtor or the Secured Party as Assignee because of a Casualty Occurrence with respect to any units of Equipment ("Casualty Value"), then, thereupon, an equal amount will be due and payable on account of the principal of and interest accrued on the Note on the date the Casualty Value is paid. The Secured Party will accept all sums paid to it pursuant to the Management Agreement including revenues in excess of the amount of the principal and interest then due on the Note, and all sums paid with respect to Casualty Occurrences and shall apply such sums for the account of the Debtor to the payment of principal and then to interest accrued on the Note.

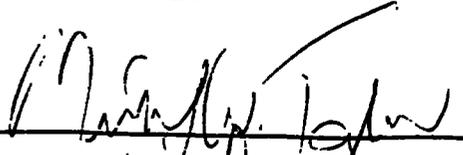
G. COLLECTION EXPENSE - In addition to all other amounts payable hereunder and under the Note, the Debtor will pay all Secured Party's reasonable expenses, including attorneys' fees, incurred from time to time in enforcing its rights and remedies hereunder, under the Note or under the Management Agreement. If Secured Party brings suit (or files any claim or petition in any bankruptcy, reorganization,

(Corporate Seal)

Attest:


Secretary

BANK OF VIRGINIA

By 
Title Vice President

Address for notices:

Bank of Virginia
P. O. Box 26265
Richmond, Virginia 23260

SCHEDULE 1

SECURITY AGREEMENT DATED AS OF SEPTEMBER 9, 1986

Quantity: 100

Description: 50'6", 70-ton, Plate "C" Rigid Underframe
Boxcars with 10'0" Sliding Doors (Type XM),
as more fully described on Schedule A
attached hereto.

Markings: OWNERSHIP SUBJECT TO A SECURITY AGREEMENT
FILED UNDER THE INTERSTATE COMMERCE ACT

SCHEDULE A

NRUC CONTRACT # 3279

ORIGINAL # OF CARS 100

OWNERS NAME PROVCO LEASING

ORIGINAL RR REPORTING MARKS
AND CAR SERIAL NUMBERS PT 206086 - 206098
NSL 151645 - 151721
NSL 157100 - 157109

PRESENT NUMBER OF CARS 100

1985 STATUS

<u>ORIGINAL CAR REP/MARK - SERIAL #</u>	<u>INTERIM CAR REP/MARK - SERIAL #</u>	<u>PRESENT CAR REP/MARK - SERIAL #</u>		<u>ORIGINAL CAR REP/MARK - SERIAL #</u>	<u>INTERIM CAR REP/MARK - SERIAL #</u>	<u>PRESENT CAR REP/MARK - SERIAL #</u>
1 NSL 151645		NSL 151645	26	NSL 151670		NSL 151670
2 NSL 151646	MISS 151646	ICG 501805	27	NSL 151671		NSL 151671
3 NSL 151647	MISS 151647	ICG 501802	28	NSL 151672		WLO 502803
4 NSL 151648		NSL 151648	29	NSL 151673		NSL 151673
5 NSL 151649		NSL 151649	30	NSL 151674		NSL 151674
6 NSL 151650		NSL 151650	31	NSL 151675		NSL 151675
7 NSL 151651		NSL 151651	32	NSL 151676		NSL 151676
8 NSL 151652		NSL 151652	33	NSL 151677		NSL 151677
9 NSL 151653	MISS 151653	ICG 501806	34	NSL 151678	MISS 151678	ICG 501798
10 NSL 151654		WLO 502898	35	NSL 151679		WLO 502807
11 NSL 151655		WLO 502802	36	NSL 151680		NSL 151680
12 NSL 151656		NSL 151656	37	NSL 151681		WLO 502874
13 NSL 151657		NSL 151657	38	NSL 151682		NSL 151682
14 NSL 151658	MISS 151658	ICG 501797	39	NSL 151683		NSL 151683
15 NSL 151659	MISS 151659	ICG 501807	40	NSL 151684		WLO 502804
16 NSL 151660	MISS 151660	ICG 501790	41	NSL 151685		WLO 502805
17 NSL 151661		WLO 502801	42	NSL 151686		NSL 151686
18 NSL 151662		NSL 151662	43	NSL 151687		NSL 151687
19 NSL 151663		MISS 151663	44	NSL 151688	MISS 151688	ICG 501808
20 NSL 151664		NSL 151664	45	NSL 151689	MISS 151689	ICG 501794
21 NSL 151665		WLO 502867	46	NSL 151690		NSL 151690
22 NSL 151666		NSL 151666	47	NSL 151691	MISS 151691	ICG 501804
23 NSL 151667	MISS 151667	ICG 501801	48	NSL 151692		NSL 151692
24 NSL 151668	MISS 151668	ICG 501800	49	NSL 151693		NSL 151693
25 NSL 151669		MISS 151669	50	NSL 151694	MISS 151694	ICG 501796

This Assignment is made pursuant to and for the purposes of a certain Security Agreement of even date herewith given by Assignor to Assignee to secure the payment of Assignor's Note and the other obligations referred to therein and shall remain in full force and effect until such Note and obligations have been paid and discharged in full.

Executed as of September 9, 1986.

PROVCO LEASING CORPORATION

(Corporate Seal)

By _____
President

Attest:

Secretary