

SMARTT & DORRIS
ATTORNEYS AT LAW
107 COLLEGE STREET
P O BOX 401
McMINNVILLE, TENNESSEE 37110
(615) 473-3622 OR (615) 473-4813

1 5196
RECORDATION NO. _____ Filed & Recorded

APR 1 1987 11-00 AM

INTERSTATE COMMERCE COMMISSION

KEITH S SMARTT
RICHARD A DORRIS

March 25, 1987

Interstate Commerce Commission
12th Street and Constitution Avenue, N.W.
Washington, D.C. 20423

Attn: Room 2303 - Mildred Lee

Dear Ms. Lee:

Enclosed is the original and notarized copy of the security agreement between the First National Bank of McMinnville, Tennessee (secured party) and the Caney Fork and Western Railroad Incorporated (debtor) also of McMinnville, Tennessee evidencing the creation of a security interest in thirteen (13) open top hopper railroad cars with the following identification numbers: 1101, 1103, 1104, 1105, 1106, 1107, 1108, 1109, 1110, 1111, 1113, 1115, 1124, and; the following locomotives with the following identification numbers: Engine #2345 emdgp-7, Engine #979 emdgp-7, Engine #531 emdgp-9. I am enclosing the original security agreement and a notarized copy of this security agreement for your records as well as a filing fee of \$10.00.

This security agreement is being submitted for registration by myself, on behalf of the First National Bank of McMinnville, Tennessee.

Sincerely yours,

SMARTT & DORRIS


Keith S. Smartt

KSS/bw

Enclosure

cc: Charles Jacobs

4/1/87
10.00
CC Washington, D. C.

Interstate Commerce Commission
Washington, D.C. 20423

4/3/87

OFFICE OF THE SECRETARY

Keith S. Smartt
Smartt & Dorris
107 College Street
P.O. Box 401
McMinnville, Tennessee 37110

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 4/1/87 at 11:00am, and assigned re-
recording number(s). 15196

Sincerely yours,

Noreta R. McGee
Secretary

Enclosure(s)

SE-30
(7/79)

FIRST NATIONAL BANK

McMinnville, Tennessee 37110

(615) 473-4402

RECORDATION NO. 1 5196 Filed & Recorded

APR 1 1987 11:00 AM

INTERSTATE COMMERCE COMMISSION

I, Janice Kelsey, Bank Officer of First National Bank of McMinnville, Tennessee certify that the attached copy is a true and accurate copy of a security agreement executed March 3, 1987, by Caney Fork Western Railroad, Inc.

FIRST NATIONAL BANK OF MCMINNVILLE, TENN

Janice B. Kelsey
Janice B. Kelsey, Bank Officer

STATE OF TENNESSEE

COUNTY OF WARREN

Before me, Eva Sue Bouldin, a notary public for the within State and County, aforesaid, personally appeared Janice B. Kelsey, with whom I am personally acquainted and who upon oath acknowledge himself to be an Officer of First National Bank and that she executed the above certification.

Eva Sue Bouldin
Eva Sue Bouldin, Notary Public

My commission expires 1/26/88

APR 1 1987 11-00 AM

SECURITY AGREEMENT

INTERSTATE COMMERCE COMMISSION

THIS AGREEMENT by and between FIRST NATIONAL BANK of MCMINNVILLE, TENNESSEE ("Secured Party") and CANEY FORK AND WESTERN RAILROAD, INCORPORATED, ("Debtor") is intended to create a security interest in the below described railroad equipment for the benefit of Secured Party, to secure payment of a certain promissory note dated November 4, 1986, in the amount of One Hundred and Sixty-Seven Thousand and Six Hundred and Fifty-Two Dollars (\$167,652.00), payable to FIRST NATIONAL BANK of MCMINNVILLE, TENNESSEE.

FOR VALUE RECEIVED, CANEY FORK AND WESTERN RAILROAD, INCORPORATED, hereby grants unto FIRST NATIONAL BANK of MCMINNVILLE, TENNESSEE a security interest in the following described railroad equipment:

13 Open Top Hopper Railroad Cars

Identification Numbers:

1101, 1103, 1104, 1105, 1106, 1107,
1108, 1109, 1110, 1111, 1113, 1115,
and 1124. and;

3 Locomotives

Identification Numbers:

Engine #2345 emdgp-7
Engine # 979 emdgp-7
Engine # 531 emdgp-9

In the event of default in the payment of the aforesaid note, Secured Party may, at its option, take immediate possession of said railroad equipment and sell the same at either public or private sale upon five (5) days' notice to the Debtor. Secured Party may apply the net proceeds of the sale, after deducting all costs and expenses of every kind incurred therein or incidental to the retaking, holding, preparing for sale, selling of the collateral or in any way relating to the Secured

Party's rights thereunder, including a reasonable attorney's fee and legal expenses, to the payment, in whole or in part, to the outstanding indebtedness upon said note.

Debtor shall insure and keep insured by solvent insurers said railroad equipment for \$167,652.00 with such coverage as Secured Party may approve, at Debtor's expense, and upon Secured Party's request the policy shall be duly endorsed in Secured Party's favor and delivered to Secured Party. If Debtor fails to insure in this regard, then Secured Party shall have the right to insure and charge the cost to Debtor. Secured Party assumes no risk or responsibility in connection with the payment or non-payment of losses, Secured Party's only responsibility being to credit Debtor with any insurance payments received on account of losses.

Secured Party shall not by any act, delay, omission or otherwise be deemed to have waived any of Secured Party's rights or remedies hereunder, and no waiver whatever shall be valid unless in writing and signed by Secured party and then only to the extent set forth therein. A waiver by Secured Party of any right or remedy hereunder on any one occasion shall not be construed as a bar to any right or remedy which Secured Party would otherwise have had on any future occasion. No agreements, unless in writing and signed by Secured Party, and no course or dealing with Debtor shall be effective to change, modify or discharge, in whole or in part, this agreement.

This security agreement shall be binding upon and inure to the benefit of Debtor and Secured Party and their respective successors and assigns.

IN WITNESS WHEREOF, we, the undersigned, have set our hands this the 3 day of January, 1987.

SECURED PARTY:

FIRST NATIONAL BANK of
MCMINNVILLE, TENNESSEE.

By: Charles J. [Signature]

Title: VP

DEBTOR:

CANEY FORK AND WESTERN RAILROAD,
INCORPORATED,

By: Kenneth Castel

Title: Chairman

First National Bank of Knoxville
200 E. Main St

Caney Jack & Western RR
201 Depot St 37110