

HUNTON & WILLIAMS

707 EAST MAIN STREET P. O. Box 1535

B B & T BUILDING
P. O. BOX 109
RALEIGH, NORTH CAROLINA 27602
919-828-9371

RICHMOND, VIRGINIA 23212

TELEPHONE 804-788-8200

1919 PENNSYLVANIA AVENUE, N. W.
P. O. BOX 19230
WASHINGTON, D. C. 20036
202-223-8650

FIRST VIRGINIA BANK TOWER
P. O. BOX 3889
NORFOLK, VIRGINIA 23511
804-625-5501

AUG 9 1982 - 2 30 PM

July 30, 1982

FILE NO. 32092.6

DIRECT DIAL NO. 804 788-8562

INTERSTATE COMMERCE COMMISSION
EXPRESS MAIL

13721
REGISTRATION NO. _____ FILED 1982

2-220A114

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

AUG 9 1982 - 2 30 PM

No **AUG 9 1982**

Date _____

Fee \$ 60.00

ICC Washington, D. C.

Attention: Ms. Leonora Davis
Room 2303
Ms Mildred Lee

INTERSTATE COMMERCE COMMISSION

Amendment to Loan and Security Agreement,
North Carolina Deed of Trust,
Secured Promissory Note and Pledge Agreement
Filed Pursuant to Section 20(c) of the
Interstate Commerce Act

Dear Ms. Davis:

Pursuant to your telephone conversation of today's date with James A. Jones, III of this office, please find enclosed herewith for recordation pursuant to Section 20(c) of the Interstate Commerce Act two original executed copies of Amendment to Loan and Security Agreement, North Carolina Deed of Trust, Secured Promissory Note and Pledge Agreement (the Amendment), and two copies of the referenced Loan and Security Agreement.

The parties to the Amendment are:

Maryland National Industrial Finance Corporation
1108 East Main Street
Suite 902
Richmond, Virginia 23219

Service Oil Company
P.O. Box 949, Highway 74 East
Laurinburg, North Carolina 28352

Service Oil Company of Pembroke, Inc.
P.O. Box 949, Highway 74 East
Laurinburg, North Carolina 28352

AUG 9 2 24 PM '82

RECEIVED

HUNTON & WILLIAMS

Interstate Commerce Commission
Page Two
July 30, 1982

The Carolinas Domestic Gas Company
P.O. Box 949, Highway 74 East
Laurinburg, North Carolina 28352

Arran Corporation
P.O. Box 8
Laurinburg, North Carolina 28352

The Hajmm Company
P.O. Box 399
Laurinburg, North Carolina 28352

The McSevans Company
P.O. Box 309
Laurinburg, North Carolina 28352

The Amendment creates a security interest in the railroad tank cars of The Carolinas Domestic Gas Company which are described below, by including such cars within the definition of "Collateral" in Section 1.4 of the referenced Loan and Security Agreement.

<u>Year</u>	<u>Description</u>	<u>Serial No.</u>
1966	30,000 gallon tank car	CDGX 201
1966	30,000 gallon tank car	CDGX 202
1966	30,000 gallon tank car	CDGX 203
1973	30,000 gallon tank car	CDGX 204
1973	30,000 gallon tank car	CDGX 205

Enclosed is our firm check in the amount of \$60.00 to cover the required recordation fee. Please accept for recordation one counterpart of the Amendment and one counterpart of the referenced Loan and Security Agreement, stamp the remaining counterpart of each of the documents and the enclosed copy of this letter with your recordation number and return them to me in the self-addressed stamped envelope.

If you have any questions concerning this filing, please call me immediately (collect) at (804) 788-8562.

HUNTON & WILLIAMS

Interstate Commerce Commission
Page Three
July 30, 1982

Thank you for your attention to this matter.

Very truly yours,


Patricia Fentriss Gibb
Legal Assistant

549/672

Enclosures

cc: Mr. Robert C. Brennan
James A. Jones, III, Esquire

Interstate Commerce Commission
Washington, D.C. 20423

8/9/82

OFFICE OF THE SECRETARY

Ms. Patricia F. Gibb
Legal Assistant
Hunton & Williams
707 E. Main St. P.O.Box 1535
Richmond, VA. 23212

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 **8/9/82** at **2:30pm**, and assigned re-
recording number(s). **13721 & 13721-A**

Sincerely yours,

Agatha L. Mergenovich
Agatha L. Mergenovich
Secretary

Enclosure(s)

SE-30
(7/79)

Maryland National Industrial Finance Corporation
Eighth & Main Building, Suite 430
Richmond, Virginia 23219

AUG 9 1982 - 2 30 PM

INTERSTATE COMMERCE COMMISSION

Gentlemen:

We hereby apply to you for loans and other financial accommodations and in consideration of your extending the same on one or more occasions, the following shall constitute the accounts receivable financing agreement between us.

I. DEFINITIONS. As herein used:

1.1 All terms defined in the Uniform Commercial Code as adopted in the State of Virginia shall have the meanings given therein unless otherwise defined herein.

1.2 "Receivables" shall mean and include all of our accounts, contract rights, instruments, documents, chattel paper and general intangibles, whether secured or unsecured, now existing or hereafter created, and whether or not specifically sold or assigned to you hereunder.

1.3 "Eligible Receivables" shall mean and include such Receivables which are and at all times shall continue to be acceptable to you in all respects. Criteria for eligibility shall be fixed and revised from time to time solely by you in your exclusive judgment. In general, a Receivable shall in no event be deemed to be eligible unless: (a) delivery of the merchandise or the rendition of services has been completed; (b) no return, rejection or repossession has occurred; (c) such merchandise or services have been finally accepted by the customer without dispute, offset, defense or counterclaim, and (d) such Receivable continues to be in full conformity with the representations and warranties made by us to you with respect thereto; and (e) you are, and continue to be, satisfied with the credit standing of the Customer in relation to the amount of credit extended.

1.4 "Collateral" shall mean and include: (a) all of our Receivables and any other items of real or personal property in which we have granted or may in the future grant a security interest to you hereunder or in any supplement hereto or otherwise; (b) all proceeds of any of the foregoing in whatever form, including cash, negotiable instruments and other instruments for the payment of money, chattel paper, security agreements or other documents; (c) all of our right, title and interest in and to the goods or other property represented by or securing any of the Receivables; (d) all of our rights as an unpaid vendor or lienor, including stoppage in transit, detinue, replevin and reclamation; (e) all additional amounts due to us from any customer, irrespective of whether such additional amounts have been specifically assigned to you; (f) all guaranties, mortgages on real or personal property, leases or other agreements or property securing or relating to any of the items referred to in subparagraph (a) hereof, or acquired for the purpose of securing and enforcing any of such items.

1.5 "Customer" shall mean and include the account debtor with respect to any of the Receivables and/or the prospective purchaser with respect to any contract right, and/or any party who enters into or proposes to enter into any contract or other arrangement with us, pursuant to which we are to deliver any personal property or perform any services.

1.6 "Obligations" shall mean and include any and all of our indebtedness and/or liabilities to you of every kind, nature and description, direct or indirect, secured or unsecured, joint and several, absolute and contingent, due or to become due, now existing or hereafter arising, regardless of how they arise or by what agreement or instrument they may be evidenced or whether evidenced by any agreement or instrument, including but not limited to all amounts owing by us to you by reason of purchases made by us from other concerns, financed by you, which amounts, whether or not matured and whether or not disputed, may be charged to our account hereunder, without prior notice to us, and all obligations to perform acts or refrain from taking any action.

II. GRANT OF SECURITY INTEREST.

2.1 To secure the payment and performance of all of the Obligations as herein defined, we hereby pledge and assign to you, and grant to you a continuing general security interest in, all of our Collateral and all of our ledger sheets, files, records and documents relating to the Collateral which shall, until delivered to or removed by you, be kept by us in trust for you and without cost to you in appropriate containers in safe places, bearing suitable legends disclosing your security interest. Each confirmatory assignment schedule or other form of assignment hereafter executed by us shall be deemed to include the foregoing whether or not same appears therein. **

2.2 Upon your request we will, upon the creation of Receivables, or at such intervals as you may require, provide you with: (a) confirmatory assignment schedules; (b) copies of Customer's invoices; (c) evidence of shipment or delivery; (d) such further schedules and/or information as you may reasonably require. The items to be provided under this paragraph are to be in form satisfactory to you and executed and delivered to you from time to time solely for your convenience in maintaining records of the Collateral and our failure to give any of such items to you shall not affect, terminate, modify or otherwise limit your lien or security interest in the Collateral.

III. ADVANCES AND INTEREST.

3.1 You hereby agree to make loans and/or advances and other financial accommodations to us and for our account from time to time in such amounts as may be mutually agreed upon. The amount of such loans outstanding at any one time shall not normally exceed 80 % of the outstanding amount of Eligible Receivables as herein defined. All loans or advances shall be disbursed by you from your office in Richmond, Va., shall be charged to our account on your books, and shall be payable on demand at such office.

3.2 At the end of each month you will bill us for charges in connection with our loans and/or advances hereunder and under any existing or future Inventory Loan and Security Agreement between us. We will pay such charges immediately. Charges shall be computed upon the basis of the average of such daily loans and/or advances outstanding during the month, by applying against such average outstandings the appropriate percentage rate shown below:

Average Daily Loans and/or Advances Outstanding During Month	Rate Per Day
All Balances	.05890
_____	_____
_____	_____
_____	_____

If, subsequent to the date of this Agreement, the annual interest rate charged by Maryland National Bank on unsecured 90-day loans to prime commercial borrowing customers (the Prime Rate), is increased or decreased, the charges set forth above shall be similarly changed by an amount equal to the amount of such change or changes in the Prime Rate (reduced to a daily basis for the purposes hereof) during the time such change or changes remain in effect. However your charges, as set forth above, shall not be reduced in the aggregate by more than one percent per annum below the rate stated in the table above. In the event of non-payment of any such interest when due, you are hereby authorized, at your option, to charge the amount so unpaid to our account. All collections shall be applied first to payment of any such unpaid interest.

3.3 Notwithstanding the provisions of Paragraph 3.2 a above, during any period in which the rate for 90-day maturity dealer placed commercial paper as reported in the Federal Reserve Statistical Release No. H9 entitled "Weekly Summary of Banking and Credit Measures" (the Commercial Paper Rate) exceeds the Prime Rate, we will pay charges at a rate which is 6.25 % above the Commercial Rate or as reported from time to time (reduced to a daily basis for the purposes hereof).

- 1.4 See attached sheets
- 3.4 & 3.5 See attached sheets

** With respect to the real property that constitutes part of the Collateral hereunder, we agree to execute the Deed of Trust attached hereto as Exhibit E.

* It is understood that you will restrict your loans under this subparagraph to \$250,000, pending the execution and delivery of documents and legal opinions relating to this Loan and Security Agreement that are satisfactory to you, prior to January 31, 1980.

IV. REPRESENTATIONS, COVENANTS AND WARRANTIES.

We hereby make the following representations, covenants and warranties which shall be deemed to be incorporated by reference in each confirmatory assignment schedule or other form of assignment submitted by us to you, and shall be deemed repeated and confirmed with respect to each Receivable and/or other item of Collateral as it is created or otherwise acquired by us:

4.1 The execution, delivery and performance hereof are within our corporate powers, have been duly authorized, are not in contravention of law or the terms of our Charter, By-Laws or other incorporation papers, or of any indenture, agreement or undertaking to which we are a party or by which we are bound:

4.2 With respect to the Collateral at the time the Collateral becomes subject to your security interest: (a) we shall be the sole owner of and fully authorized to sell, transfer, pledge and/or grant a security interest in each and every item of said Collateral; (b) as to Receivables, each of them shall be a good and valid account representing an undisputed bona fide indebtedness incurred by the Customer therein named, for a fixed sum as set forth in the invoice relating thereto with respect to an absolute sale and delivery upon the specified terms of goods sold by us, or work, labor and/or services theretofore rendered by us; (c) none of the Receivables is or shall be subject to any defense, offset, counterclaim, discount or allowance except as may be stated in the copy of the invoice delivered by us to you, and each Receivable will be paid in full when due; (d) no agreement under which any deduction of any kind may be granted shall have been or shall thereafter be made by us with any Customer except as indicated in writing to you; (e) all documents and agreements shall be true and correct and in all respects what they purport to be; (f) all signatures and endorsements that appear thereon shall be genuine and all signatories and endorsers shall have full capacity to contract; (g) no note, trade acceptance, draft or other instrument has been or shall be received with respect to any account nor has or shall any chattel paper be received with respect to merchandise giving rise to any account unless the same is assigned and delivered to you; (h) none of the transactions underlying or giving rise to the Collateral shall violate any applicable state or federal laws or regulations, and all documents relating to the Collateral shall be legally sufficient under such laws or regulations and shall be legally enforceable in accordance with their terms.

4.3 All recording, filing and other requirements of giving public notice under any applicable law or ordinance have been fully complied with and we will from time to time do whatever you may request by way of obtaining, executing, delivering and/or filing financing statements, landlord's or mortgagee's waivers, and other notices, and amendments and renewals thereof, and we will take any and all steps and observe such formalities as you may request, in order to create and maintain a valid first lien upon, pledge of, or paramount security interest in, any and all of the Collateral. You are authorized to file financing statements without our signature as specified by the Uniform Commercial Code to perfect or maintain your security interest in all of the Collateral. All charges, expenses and fees you may incur in filing any of the foregoing, and any local taxes relating thereto, shall be charged to our account and added to the Obligations.

4.4 While this Agreement remains in effect and until payment and/or performance in full of all of the Obligations, the pledge and assignment of, and security interest in, all Collateral hereby granted to you, shall continue in full force and effect. During such period we shall not pledge, sell, assign, transfer or create a security interest in any part of the Collateral or grant any security interest in any of our inventory or fixed assets to anyone other than you, without your prior written consent. We hereby agree to defend the same against any and all persons whatsoever or real property

4.5 Each Customer is solvent and will continue to be fully able to pay all Receivables on which he is obligated in full when due. All tax payments are current and will remain so. We are not and shall not be entitled to pledge your credit on any purchases or for any purpose whatsoever.

4.6 All balance sheets, earnings statements and other financial data which have been or may hereafter be furnished to you to induce you to enter into this Agreement or otherwise in connection herewith, do or shall fairly represent our financial condition as of the dates thereof and/or the results of our operations for the periods for which the same are furnished and any adverse change in such financial condition since the date of such reports shall be disclosed at the time of delivery thereof. We shall continue to furnish whatever information or reports concerning the Collateral and our financial condition that you may request during the term of this Agreement. All other information, reports and other papers and data furnished to you are or shall be, at the time the same are so furnished, accurate and correct in all material respects and complete insofar as completeness may be necessary to give you a true and accurate knowledge of the subject matter.

4.7 We hereby irrevocably authorize and direct all accountants and auditors employed by us at any time during the term of this Agreement to exhibit and deliver to you copies of any of our financial statements, trial balances or other accounting records of any sort in their possession, and to disclose to you any information they may have concerning our financial status and business operations.

4.8 We shall give you written notice of each office at which we may keep our records pertaining to accounts and/or contract rights. Except as such notice is given, all such records shall be kept at our address as it appears at the foot of this Agreement. *4.9, 4.10 and 4.11 - See attached sheets

V. CUSTODY, INSPECTION, COLLECTION AND HANDLING OF COLLATERAL AND RECORDS.

5.1 We will safeguard and protect all Collateral for your account and make no disposition thereof except in the regular course of business.

5.2 Until our authority to do so is terminated by you (which notice you may give at any time when you in your sole discretion may deem it to be in your best interests to do so), we will, at our own cost and expense but on your behalf and for your account, collect as your property and in trust for you, all amounts unpaid on Receivables, and shall not commingle such collections with our own funds or use the same except to pay our Obligations to you. As to all monies so collected, including all prepayments by Customers, we shall receive in trust, and deliver to you in original form and on the date of receipt thereof, all checks, drafts, notes, money orders, acceptances, cash and other evidence of indebtedness. All amounts received by you in payment of Receivables assigned to you are to be credited to the account of the undersigned after allowing -3- days for collection. At any such termination of our authority, or at any other time and without any cause or notice thereof to us, you shall have the right to send notice of assignment and/or notice of your security interest to any and all Customers or any third party holding or otherwise concerned with any of the Collateral, and thereafter you shall have the sole right to collect the Receivables and/or take possession of the Collateral. Any and all of your collection expenses, including but not limited to stationery and postage, telephone and telegraph, secretarial and clerical expenses and the salaries of any collection personnel utilized, shall be charged to our account and added to the Obligations.

5.3 We shall maintain books and records pertaining to the Collateral in such detail, form and scope as you shall require. We will upon your request mark our ledger cards, books of account and other records relating to the Collateral with appropriate notations satisfactory to you, disclosing that such Collateral has been pledged, sold, assigned, mortgaged and/or transferred to you and/or that we have granted to you a security interest therein.

5.4 At all reasonable times, you shall have full access to, and the right to audit, check, inspect and make abstracts and copies from, our books, records, audits, correspondence and all other papers relating to the Collateral. You shall have the right to confirm and verify all Receivables and do whatever you may deem necessary to protect your interests. You or your agents may enter upon any of our premises at any reasonable time during business hours and from time to time for the purpose of inspecting the Collateral and any and all records pertaining thereto.

5.5 We will, immediately upon learning thereof, report to you: any reclamation, return or repossession of goods; all claims or disputes asserted by any Customer or other obligor; and any other matters affecting the value, enforceability or collectibility of any of the Collateral. We shall not, without your consent, compromise or adjust any of the Receivables (or extend the time for payment thereof) or grant any additional discounts, allowances or credits thereon.

5.6 You shall have the right to receive, endorse, assign and/or deliver in your name or ours any and all checks, drafts and other instruments for the payment of money relating to the Receivables, and we hereby waive notice of presentment, protest and non-payment of any instrument so endorsed. We hereby constitute you or your designee as our attorney with power to endorse our name upon any notes, acceptances, checks, drafts, money orders or other evidences of payment or Collateral that may come into your possession; to sign our name on any invoice or bill of lading relating to any of the Receivables, drafts against Customers, assignments and verifications of Receivables and notices to Customers; to send verifications of Receivables to any Customer; to notify the Post Office authorities to change the address for delivery of mail addressed to the undersigned to such address as you may designate; to do ~~all~~ other acts and things necessary to carry out this Agreement. All acts of said attorney or designee are hereby ratified and approved, and said attorney or designee shall not be liable for any acts of omission or commission, nor for any error of judgment or mistake of fact or law; this power being coupled with an interest is irrevocable while any of the Obligations remain unpaid.

5.7 Nothing herein contained shall be construed to constitute us as your agent for any purpose whatsoever, and you shall not be responsible nor liable for any shortage, discrepancy, damage, loss or destruction of any part of the Collateral wherever the same may be located and regardless of the cause thereof. You shall not, under any circumstances or in any event whatsoever have any liability for any error or omission or delay of any kind occurring in the settlement, collection or payment of any of the Receivables or any instrument received in payment thereof, or for any damage resulting therefrom. You may, without notice to or consent from us, sue upon or otherwise collect, extend the time of payment of, or compromise or settle for cash, credit or otherwise upon any terms, any of the Receivables or any securities, instruments or insurance applicable thereto and/or release the obligor thereon. You are authorized and empowered to accept the return of the goods represented by any of the Receivables, without notice to or consent by us, all without discharging or in any way affecting our liability hereunder. You do not, by anything herein or in any assignment or otherwise, assume any of our obligations under any contract or agreement assigned to you, and you shall not be responsible in any way for the performance by us of any of the terms and conditions thereof.

5.8 We will pay when due, all taxes, assessments and other charges, lawfully levied or assessed upon any of the Collateral, and if such taxes or other charges or assessments remain unpaid after the date fixed for the payment of same, or if any lien shall be claimed which in your opinion may possibly create a valid obligation having priority over the security interest granted to you herein, you may without notice to us pay such taxes, assessments, charges or claims, and the amount thereof shall be charged to our account and added to the Obligations.

5.9 If any of the Receivables includes a charge for any tax payable to any governmental tax authority, you are hereby authorized in your discretion to pay the amount thereof to the proper taxing authority for our account and to charge our account therefor. We shall notify you if any Receivables include any tax due to any such taxing authority and in the absence of your notice, you shall have the right to retain the full proceeds of such Receivable and shall not be liable for any taxes that may be due from us by reason of the sale and delivery creating such Receivable.

5.10 We shall comply with all acts, rules, regulations and orders of any legislative, administrative or judicial body or official, applicable to the Collateral or any part thereof, or to the operation of our business; provided that we may contest any acts, rules, regulations, orders and directions of such bodies or officials in any reasonable manner which will not, in your opinion, adversely affect your rights or the priority of the lien or security interest in the Collateral provided for herein.

5.11 You shall be privileged at any time and from time to time to employ and maintain in any of our premises a custodian selected by you who shall have full authority to do all acts necessary to protect your interests and to report to you thereon. We hereby agree to cooperate with any such custodian and to do whatever you may reasonably request by way of leasing warehouses or otherwise preserving the Collateral. All expenses incurred by you by reason of the employment of the custodian shall be charged to our account and added to the Obligations.

5.12 All costs and expenses, including reasonable attorneys' fees incurred by you in all efforts made to enforce payment or otherwise effect collection of any Receivables, as well as all attorneys' fees and legal expenses incurred in connection with the execution of this agreement and instituting, maintaining, preserving, enforcing and foreclosing the security interest in any of the Collateral, whether through judicial proceedings or otherwise, or in defending or prosecuting any actions or proceedings arising out of or relating to your transactions with us, shall be charged to our account and added to the Obligations.

VI. EVENTS OF DEFAULT—ACCELERATION. or any other of our indebtedness for money borrowed

Any or all of the Obligations shall, at your option and notwithstanding any time or credit allowed by any instrument evidencing a liability, be immediately due and payable without notice or demand upon the occurrence of any of the following events of default: (a) default in the payment or performance, when due or payable, of any of the Obligations; (b) our failure to pay when due any tax or any premium on any life insurance policy assigned to you as Collateral or on any other insurance policy required to be furnished to you under any supplement hereto or otherwise; (c) our making any misrepresentation, orally or in writing, to you for the purpose of obtaining credit or an extension of credit; (d) our failure, after request by you, to furnish financial information or to permit the inspection of books or records; (e) issuance of an injunction or attachment against any of our property; (f) our breach of any representation, warranty, covenant or agreement herein contained or contained in any other agreement or arrangement now or hereafter entered into between us; (g) our suspension of the operation of our present business, becoming insolvent, or becoming unable to meet our debts as they mature, or our admission in writing to such effect, or our calling any meeting of all or any of our creditors or committing any act of bankruptcy; the filing by or against us of any petition under any provision of the Bankruptcy Act as amended, or if any judgment is rendered or lien filed against us; (h) any change in our condition or affairs (financial or otherwise) or that of any endorser, guarantor or surety for any of the Obligations, that in your opinion impairs your security or increases your risk.

VII. RIGHTS AND REMEDIES AFTER DEFAULT.

7.1 Upon the occurrence of any of the aforementioned events of default and at any time thereafter (such default not having previously been cured), you shall have the right to terminate this Agreement without notice and, in addition to all other rights and remedies, all rights and remedies of a secured party under the Uniform Commercial Code as adopted in the State of Virginia including, without limitation, the right to foreclose the security interest granted herein by any available judicial procedure and/or to take possession of and sell any or all of the Collateral with or without judicial process. For that purpose you may, so far as we can give authority therefor, enter upon any or all of the premises where any of the Collateral may be situated and take possession and remove the same therefrom.

7.2 You shall have the right in your sole discretion to determine which rights, security, liens, security interests or remedies you shall at any time pursue, relinquish, subordinate, modify or take any other action with respect thereto, without in any way modifying or affecting any of them or any of your rights hereunder. Any monies, deposits, Receivables, balances, or other property of ours which may come into your hands at any time or in any manner, may be retained by you and applied to any of the Obligations and to any Obligations of any of our affiliates to you.

7.3 Notwithstanding any other rights which you may have under applicable law (and subject to such applicable law), we hereby agree that, should there at any time be an event of default hereunder, you shall have a right to apply (including, without limitation, by way of set-off) any of our property held by you to a reduction of the Obligations and of any Obligations of any of our affiliates to you.

7.4 The enumeration of the foregoing rights and remedies is not intended to be exhaustive and the exercise of any right or remedy shall not preclude the exercise of any other rights or remedies, all of which shall be cumulative and not alternative.

VIII. WAIVERS.

8.1 We hereby waive notice of non-payment of any of the Receivables, demand, presentment, protest and notice thereof with respect to any and all instruments, notice of acceptance hereof, notice of loans or advances made, credit extended, Collateral received or delivered, or any other action taken in reliance hereon, and all other demands and notices of any description, except such as are expressly provided for herein.

8.2 No delay or omission on your part in exercising any right, remedy or option shall operate as a waiver of such or any other right, remedy or option or of any default.

8.3 Each of the parties hereby waives trial by jury in any action or proceeding of any kind or nature in any court to which they may both be parties, whether arising out of, under, or by reason of this Agreement or any assignment, Receivable or other transaction hereunder or by reason of any other cause or dispute whatsoever between them of any kind or nature.

8.4 We hereby waive personal service of the summons and complaint or other process in connection with any legal or equitable proceeding pertaining directly to, or arising out of, this Agreement.

9.1 This Agreement, which shall inure to the benefit of and shall be binding upon the respective successors and assigns of each of us, shall become effective on the day when finally accepted by you at your office in the State of Virginia, shall be governed, construed and interpreted in all respects in accordance with the laws of the State of Virginia, and shall continue in full force and effect for a period of one year(s) from the date hereof, and from year to year thereafter, unless sooner terminated as herein provided. We may terminate this Agreement as of the anniversary of its effective date in any year by giving you at least sixty days' prior written notice.

9.2 The termination of this Agreement shall not affect any rights of either of us, or any obligation of either of us to the other, arising prior to the effective date of such termination, and the provisions hereof shall continue to be fully operative until all transactions entered into, rights created or Obligations incurred prior to such termination have been fully disposed of, concluded or liquidated. The security interest, lien and rights granted to you hereunder shall continue in full force and effect, notwithstanding the termination of this Agreement or the fact that our account may from time to time be temporarily in a credit position, until all of the Obligations, including but not limited to all amounts due under any Inventory Loan and Security Agreement between us and our liabilities for indebtedness guaranteed by you and/or for withholding taxes, have been paid in full or we have furnished you with an indemnification satisfactory to you with respect thereto. All representations, warranties, covenants, waivers and agreements contained herein shall survive termination hereof unless otherwise provided.

9.3 This Agreement contains the entire understanding between us and any promises, representations, warranties or guarantees not herein contained shall have no force and effect unless in writing, signed by our respective officers. Neither this Agreement nor any portion or provisions hereof may be changed, modified, amended, waived, supplemented, discharged, cancelled or terminated orally or by any course of dealing, or in any manner other than by an agreement in writing, signed by the party to be charged.

*9.4 See attached sheets

9.5 ~~9.4~~ Any notice to be served on either party hereunder must be served by registered or certified mail addressed to the party to be served at the address shown at the beginning or foot hereof, or to any other address to which the party to be served has authorized the other in writing to send such notices.

9.6 ~~9.5~~ If any part of this Agreement is contrary to, prohibited by, or deemed invalid under applicable laws or regulations, such provision shall be inapplicable and deemed omitted to the extent so contrary, prohibited or invalid, but the remainder hereof shall not be invalidated thereby and shall be given effect so far as possible.

We have signed this document under seal this 13 day of January, 1980

Very truly yours,

SERVICE OIL COMPANY

By E. Hervey Evans, Jr.
Title
E. Hervey Evans, Jr., President

[Corporate Seal]

Address: Highway #74 East
P.O. Box 949
Laurinburg, N. C. 28352

ACCEPTED IN Richmond, Va.

THIS 24 DAY OF JANUARY, 1980

By R. B. Brenegan
R. B. Brenegan, Vice President
Address: MARYLAND NATIONAL INDUSTRIAL

FINANCE CORPORATION
Eighth & Main Bldg., Suite 430
Richmond, Va. 23219

SERVICE OIL CO. OF PEMBROKE, INC.

By E. Hervey Evans, Jr.
E. Hervey Evans, Jr., President

Address: Highway #74 East
P.O. Box 949
Laurinburg, N.C. 28352

THE CAROLINAS DOMESTIC GAS COMPANY

By E. Hervey Evans, Jr.
E. Hervey Evans, Jr., President

Address: Highway #74 East
P.O. Box 949
Laurinburg, N.C. 28352

As collateral for all of the Obligations referred to in this Loan and Security Agreement, the undersigned agree to execute the Deed of Trust, attached as Exhibit E, hereto for the purpose of conveying to the Trustee the properties described in the Deed of Trust that are owned by them.

ATTEST:

Charles M. Williams
Secretary

(CORPORATE SEAL)

ATTEST:

Charles M. Williams
Secretary

(CORPORATE SEAL)

ATTEST:

Charles M. Williams
Secretary

(CORPORATE SEAL)

ATTEST:

[Signature]
[Signature]
Secretary

(CORPORATE SEAL)

SERVICE OIL COMPANY

By: [Signature]
President

THE CAROLINAS DOMESTIC GAS COMPANY

By: [Signature]
President

SERVICE OIL COMPANY OF PEMBROKE, INC.

By: [Signature]
President

ARRAN CORPORATION

By: [Signature]
President

THE HAJMM COMPANY

By: [Signature]

By: [Signature]

By: [Signature]

[Signature] (SEAL)
E. HERVEY EVANS, JR.

[Signature] (SEAL)
CAROLYN C. EVANS

As collateral for all of the Obligations referred to in this Loan and Security Agreement, the undersigned hereby assigns all of its right, title and interest in the investment account, # _____, in the name of The McSevans Company, a partnership, which is managed for the partnership by Kidder, Peabody & Company.

THE McSEVANS COMPANY

BY: ESTATE OF E. HERVEY EVANS, SR.

By: [Signature]
E. Hervey Evans, Jr., Executor

By: Murphy Evans
Murphy Evans, Executor

By: McNair Evans
McNair Evans, Executor

BY: Anne B. Evans (SEAL)
ANNE B. EVANS

BY: E. Hervey Evans, Jr. (SEAL)
E. HERVEY EVANS, JR.

BY: McNair Evans (SEAL)
McNAIR, EVANS

BY: Murphy Evans (SEAL)
MURPHY EVANS

BY: Helen W. Evans (SEAL)
HELEN W. EVANS

BY: John J. McIver (SEAL)
JOHN J. McIVER

BY: Ann E. McIver (SEAL)
ANN E. McIVER

BY: John B. Evans (SEAL)
JOHN B. EVANS

BY: Murphy Evans (SEAL)
MURPHY EVANS, HIS ATTORNEY-IN-FACT

ACCEPTED IN Richmond, Virginia

this 6 day of February, 1980

by R. B. Brenegan
R. B. Brenegan, Vice President

Address: MARYLAND NATIONAL INDUSTRIAL
FINANCE CORPORATION
Eighth & Main Bldg., Suite 430 ✓
Richmond, Virginia 23219

*1.4 "Collateral" shall mean and include: (a) all of our Receivables; (b) all of our now owned and hereafter acquired inventory, wherever located and whether in the possession and control of a third party for our account; (c) the L. P. tanks listed on Exhibit A hereto, the rolling stock listed in Exhibit B hereto, the bulk plant and office equipment listed in Exhibit C hereto and the discretionary securities account described in Exhibit D hereto; (d) the parcels of real estate and improvements and fixtures thereon described in the Deed of Trust attached as Exhibit E hereto; (e) any other items of real or personal property in which we have granted or may in the future grant a security interest to you hereunder or in any supplement hereto or otherwise; (f) all proceeds of any of the foregoing in whatever form, including cash, negotiable instruments and other instruments or other documents; (g) all of our right, title and interest in and to the goods or other property represented by or securing any of the Receivables; (h) all of our rights as an unpaid vendor or lien, including stoppage in transit, detinue, replevin and reclamation; (i) all additional amounts due to us from any customer, irrespective of whether such additional amounts have been specifically assigned to you; (j) all guarantees, mortgages or real or personal property, leases or other agreements or property securing or relating to any of the items referred to in subparagraph (a) hereof, or acquired for the purpose of securing or enforcing any of such items.

*3.4 In addition to the credit line referred to in paragraphs 3.1 through 3.3, you will lend to us \$250,000, such borrowing to be evidenced by our note in the form attached as Exhibit F hereto (the "Term Note"). Your obligation to make the \$250,000 loan referred to in the preceding sentence is subject to the preparation and execution and delivery of documents and legal opinions relating to this Loan and Security Agreement that are satisfactory to you, prior to January 31, 1980. The Note shall be dated the date you loan us the \$250,000; shall mature in 59 consecutive equal monthly installments of \$4,199 due on the first day of each month beginning February 1, 1980, with a final installment of \$4,259 due on February 1, 1985; and shall bear charges on the unpaid principal amount computed in accordance with the provisions of subparagraph 3.2 and 3.3.

*3.5 In no contingency or event whatsoever shall the interest rate charged on the Obligations exceed the highest rate permissible under any Law which a court of competent jurisdiction shall, in a final determination deem applicable hereto. In the event that such a court determines that you have received interest hereunder in excess of the highest rate applicable hereto, such excess shall be promptly refunded to us.

*4.9 Service Oil Company will not declare any dividend in cash or property on its shares of any class, without the prior written consent of Lender. Service Oil Company will not, without the prior written consent of Lender, (i) make any payment on account of the purchase, redemption or other retirement of any of its shares of any class; or (ii) make any other distribution in respect of such shares either directly or indirectly; or (iii) incur any obligation or pay any cash or cash equivalent to any affiliate; or (iv) make any sale, transfer or other disposition of any asset, including the stock of its subsidiaries, other than in the ordinary course of business for fair value; or (v) permit any subsidiary to make any sale, transfer or other disposition of any asset other than in the ordinary course of business for fair value; or (vi) make or permit any subsidiaries to make any investment in any entity.

*4.10 Service Oil Company will not, and will not permit its subsidiaries to, create, assure, incur or guarantee, or otherwise become liable in respect of any indebtedness other than (i) indebtedness to the Lender, (ii) indebtedness existing on the date hereof which has been disclosed to Lender in writing, (iii) unsecured indebtedness due within six months of its incurrence for customer's deposits and advances, retainage and accounts payable incurred or assumed in the ordinary course of business, (iv) liabilities for taxes or other governmental charges, and (v) indebtedness not to exceed \$ 25,000.00 at any time incurred for the purchase of new or additional equipment.

*4.11 Service Oil Company will at all times maintain a consolidated tangible net worth (determined in accordance with generally accepted accounting principles) of at least \$ 89,077.00 and consolidated working capital (determined in accordance with generally accepted accounting principles) of \$ 350,000.00.

*9.4 We hereby agree that the Circuit Court of the State of Virginia, in the City of Richmond, and the United States District Court for the Eastern District of Virginia, shall have jurisdiction to hear and determine any claims or disputes between us, pertaining directly to this Agreement or to any matter arising therefrom. We hereby agree to execute the Appointment of Agent for Service of Process attached as Exhibit G, which irrevocably appoints John S. Davenport, III, F. Elmore Butler, and Angus H. Macauley, or any one of them, our agents and attorneys-in-fact to accept service of process for so long as any loan or extension of credit by you is outstanding or in dispute.

EXHIBIT A

The following LP gas tanks in the following tank sizes owned by Service Oil Company, Service Oil Company of Pembroke, Inc., and/or The Carolinas Domestic Gas Company, as of January 16, 1980:

<u>Tank Size</u>	<u>Number of Tanks Owned</u>
57	334
90	6
100	521
120	1,517
250	843
317	28
325	1
330	38
500	677
1,000	106

EXHIBIT B

SERVICE OIL COMPANY - LAURINBURG
ROLLING STOCK

<u>Name</u>	<u>Serial Number</u>
1972 Chev. Bulk truck w/1500 gallon steel tank	CCE532V121512
1973 Chev. Bulk truck w/1500 gallon steel tank	CCE663V152032
1974 Chev. Bulk truck w/2000 gallon steel tank	CCE664V149409
1972 Chev. Pick-up w/utilities box	CCE242B124444
1970 Chev. Van with power lift	CE530P138079
1976 Chev. Pick-up	CLN1458200567
1976 Chev. Van with 20 ft. bed	CGD156U114950
1967 Heil Trailer W/4000 gallon steel tank with meter and register	918933
1967 G.M.C. Tractor single axle	HM8620AD2847G
1963 G.M.C. Flatbed truck	V4005PG2165E

THE CAROLINAS DOMESTIC GAS COMPANY
LAURINBURG, N.C.
ROLLING STOCK

<u>Name</u>	<u>Serial Number</u>
1972 Dodge car-2 door	DL23K2D327089
1975 Chev. Pickup w/utilities box	CKY235B130229
1973 Ford Bulk truck w/2000 gallon tank	F70WVQ79079
1971 International Bulk truck w/1200 gallon tank	416060H080375
1973 Chev. Bulk truck w/2000 gallon tank	CCE613V107656
1975 Ford Bulk truck w/2000 gallon tank	F75WVW86814
1971 Ford Bulk truck w/1800 gallon tank	F61ECL83812
1973 Ford Bulk truck w/1800 gallon tank	F70WVS33227
1974 Chev. Pickup w/utilities box	CKY234B118917

All tanks are liquid propane high pressure tanks.

SERVICE OIL CO. OF PEMBROKE, INC.
PEMBROKE, N.C.
ROLLING STOCK

<u>Name</u>	<u>Serial Number</u>
1973 Chev. pickup with utilities box	CCY243A180657

EXHIBIT C

THE CAROLINAS DOMESTIC GAS COMPANY
BULK PLANT EQUIPMENT - LAURINBURG

- 2 Trinity Steele above ground high pressure 30,000 gallon steel storage tanks numbers 64721950 & 68SWP200
 - 1 Corken liquid propane rail car unloading compressor W/7½ HP motor
 - 1 Ingersol liquid propane tank truck loading compressor W/7½ HP motor
 - 1 Corken liquid propane tank loading compressor W/5 HP motor
 - 1 Gilbarco air compressor W/1 HP motor
- Rail siding loading & unloading catwalks w/piping & high pressure valves

SERVICE OIL COMPANY - LAURINBURG
BULK PLANT EQUIPMENT

- 6 Steel above ground 30,000 gallon storage tanks 12'D x 36'
 - 4 Steel above ground 20,000 gallon storage tanks 10'D x 34'
 - 2 Steel above ground 18,000 gallon storage tanks 10'D x 30'
 - 4 Steel underground 2,000 gallon storage tanks 64"D x 12'
 - 1 Steel underground 3,000 gallon storage tanks 64"D x 18'
 - 3 Steel underground 280 gallon storage tanks 42"D x 46"
 - 2 Keegard petro-vend & Gilbarco Trimline pumps W/60 Keylock registers Serial #KR 15428 & FV 10680
 - 1 Keegard petro-vend & Gilbarco High Volume Trimline pump W/20 Keylock registers #LD 14701
 - 1 Keegard petro-vend & Gilbarco Trimline pump W/20 Keylock register #KR 15182
 - 5 Gorman-Rupp Roto Prime Pumps W/7½ HP motors
 - 1 Gorman-Rupp Roto Prime Pump W/3 HP motor
- Atlas steel bulk loading rack W/3" piping and valves for dispensing six products metered thru an A.O. Smith printing register
- 5 A.O. Smith Model S-28 incoming meters Serial numbers A 980046, A 980040, A 980013, A 97991 & A 980015

SERVICE OIL OF PEMBROKE, INC.
BULK PLANT EQUIPMENT

- 1 Steel above ground 9,000 gallon storage tanks 8'D x 28'
 - 1 Steel above ground 11,000 gallon storage tank 10'D x 16'
 - 1 Steel underground 4,000 gallon storage tank 64" x 12'
 - 1 Steel vertical above ground 7,500 gallon storage tank W/manhole 8' x 20'
 - 2 Steel above ground 6,000 gallon storage tanks 8' x 16'
 - 3 Gilbarco Trimline pumps with Gilbarco read-out
 - 3 A.O. Smith Meters W/recording register
- Steel loading rack W/3" piping & valves

SERVICE OIL COMPANY - LAURINBURG
STATION EQUIPMENT

Quantity	Item	Serial Number
----------	------	---------------

South Main Beverage Outlets
1019 South Main Street
Laurinburg, N.C. 28352

3	G. B. Trimline Pumps Lighted	#AA 1302 AA 084 CX 4587
1	Three Product Veeder-Root Read-out Control	
2	4,000 Underground Tank	
2	500 Underground Tank	

North Main Exxon
Route 4, Box 4
Laurinburg, N.C. 28352

5	G.B. Trimline Pumps	
2	24' x 24' McGee Canopy	
2	1½ HP Air Compressor Gilbarco Kellogg-American	#56913 K644932
2	20' Area Lights	
1	6,000 Underground Tank	
3	2,000 Underground Tanks	

Ikner's
Route 4 Box 101
Laurinburg, N.C. 28352

2	G.B. 996 Lighted Pumps	
2	1,000 Underground Tanks	

Paul Smith Exxon
Wagram, N.C. 28496

2	Double G.B. Trimline Pump Lights	#KE-16475 GE-3755
1	G.B. Trimline Pump	DX-5214
1	1½ HP Air Compressor	CC-930412635
4	3,000 Underground Tank	

SERVICE OIL COMPANY & SUBSIDIARIES
SCHEDULE OF OFFICE EQUIPMENT

No. Units & Item	Serial Number
------------------	---------------

Adding Machines

1	Marchant 850X	35036
3	Monroe 1220	E470735
	" "	F926778
	" "	E471715
1	Underwood Sunstrand	10140P396261
1	Casio ASP	C3234415
1	Victor	4588-583
2	Monroe	B612099
	"	B709463
2	Monroe 570	B187681
	" "	D921417
2	Burroughs	J268846F
	"	224245
1	Olivetti	

No. Units & Items	Serial Number
<u>Calculators</u>	
1 Monroe 925	E003977
1 IBM 8000	
<u>Pitney Bowes</u>	
1 Copier 250	342611
1 Folding Machine	
1 5600-Stamp Machine	57073
1 Embosser 1752	
3 Printer-Address	12326
<u>Typewriters</u>	
1 Executive IBM	
1 Royal	
1 Olympia	
1 A B Dick 525	
<u>Dictaphone</u>	
1 Dictation Machine	96-L39170
2 Norelco (Portable)	88-095564
"	95-288409
1 Laminator	
1 Set 12 Shredder	
<u>Cabinets</u>	
1 Five door	
2 Two door	
2 Upright	
<u>Bookcases</u>	
1 Five Shelves	
3 Three Shelves	
<u>Wall Petitions</u>	
3 Yellow Stand Alone	
10 Portable	
<u>Desks</u>	
13 Desks	
2 Side desks	
3 Typewriter stands	
<u>Chairs</u>	
5 Executive	
12 Secretary	
11 Office	
6 Wooden	
1 Folding	
<u>Files</u>	
7 Four drawer	
5 Two drawer	
3 Five drawer	
3 Four drawer fireproof	

No. Units & Items

Serial Number

Tables

5	30' x 72" (folding)
2	5' x 3'
1	Deacon's bench
1	Refrigerator
1	Stereo
2	Cash drawers
2	Coat racks
2	Pencil Sharpeners
4	Clocks
7	Two-way deskset radios
2	Window intercoms

EXHIBIT D

Shares registered in the name of The McSevans Company:

300 shares of Cities Service Co. (Certificate #N48975)
300 shares of Schlumberger Ltd. (Certificate #22350)
500 shares of Louisiana Land & Exploration (Certificate #NB43684)
505 shares of Beech Aircraft (Certificates #s 278248, 277044,
277048, 277047, 277045, 277046)