



UPPER MERION & PLYMOUTH RAILROAD COMPANY

A SUBSIDIARY OF FSC CORPORATION

Box 404

CONSHOHOCKEN, PA., 19428

TELEPHONE: (215) 275-2066

13575

RECORDATION NO. Filed 1425

MAR 2 1982 - 10 15 AM

INTERSTATE COMMERCE COMMISSION

No.
Date... MAR 2 1982
Fee \$100.00

ICC Washington, D. C.

13575-A

RECORDATION NO. Filed 1425

MAR 2 1982 - 10 15 AM

INTERSTATE COMMERCE COMMISSION

February 23, 1982

Ms. Agatha L. Mergenovich
Secretary
Interstate Commerce Commission
Washington, DC 20423

Dear Madam:

Enclosed for recordation pursuant to the provisions of Section 11303 of Title 49 of the United States Code and the regulations thereunder are the original and one copy each of Management Agreement, a primary document, dated September 11, 1979 and Security Agreement, a primary document, dated September 11, 1979.

The names and addresses of the parties to the enclosed documents are:

A. Management Agreement

Lessor: Upper Merion & Plymouth Railroad Company
Box 404, 23 River Road
Conshohocken, Pennsylvania 19428

Lessee: Hillsdale County Railway Company, Inc.
50 Monroe Street
Hillsdale, Michigan 49242

B. Security Agreement

Secured Party: Upper Merion & Plymouth Railroad Company
Box 404, 23 River Road
Conshohocken, Pennsylvania 19428

Debtor: Hillsdale County Railway Company, Inc.
50 Monroe Street
Hillsdale, Michigan 49242

A general description of the railroad equipment covered by the enclosed documents is, as follows:

one hundred (100) rebuilt 50' XM boxcars bearing reporting mark and numbers HCRC 1001 through HCRC 1100 inclusive.

Ms. Agatha L. Mergenovich
Interstate Commerce Commission
February 22, 1982
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The original and all copies of the enclosed documents should be returned to Ms. Sharon Schumacher of Funding Systems Railcars, Inc., 2215 Sanders Road, Suite 370, Northbrook, Illinois 60062.

Also enclosed is a remittance in the amount of \$100.00 for payment of recordation fees.

I am an officer of Upper Merion & Plymouth Railroad Company and have knowledge of the matters set forth herein.

Very truly yours,

Upper Merion & Plymouth Railroad Company

By


James B. Shein

13575 *A*

REGISTRATION NO. F-304 1425

MAR 2 1982 - 10 15 AM

INTERSTATE COMMERCE COMMISSION

SECURITY AGREEMENT

Dated as of SEPT 11, 1979

BETWEEN

UPPER MERION AND PLYMOUTH RAILROAD COMPANY

("SECURED PARTY")

AND

HILLSDALE COUNTY RAILWAY COMPANY, INC.

("DEBTOR")

SECURITY AGREEMENT

THIS SECURITY AGREEMENT is entered into as of the 11
day of Sept, 1979, by and between UPPER MERION AND
PLYMOUTH RAILROAD COMPANY (the "Secured Party") and
HILLSDALE COUNTY RAILWAY COMPANY, INC. (the "Debtor").

WHEREAS, the parties hereto propose to enter into a certain Lease Agreement (the "Lease") of even date herewith between Secured Party as lessor and Debtor as lessee, whereby Debtor will lease from and manage for the Secured Party certain items of railroad equipment (collectively, the "Equipment" and individually, an "Item of Equipment"). Said Equipment is more fully described on Schedule A attached hereto and may be amended from time to time with the consent of both parties hereto.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto do agree as follows:

1. Security Interest. In order to induce Secured Party to enter into the Lease and to secure the obligations of Debtor to Secured Party under the Lease, whether now existing or hereafter incurred and as may be amended from time to time, Debtor hereby grants to Secured Party as security interest in the Collateral described below.

2. Collateral. The Collateral referred to in Paragraph 1 above is Lessee's leasehold interest in the Equipment and all of its right, title and interest in and to all accounts, chattel paper, contract rights, general intangibles, instruments, per diem and incentive per diem charges, mileage charges, income, revenue and other proceeds arising therefrom or in connection therewith or in connection with the use, lease, operation, control or possession of the Equipment.

3. Covenants. Debtor covenants and represents as follows:

(a) Debtor will warrant and defend the Collateral against the claims and demands of all persons.

(b) Debtor shall execute and deliver UCC-1 financing statements or other documents required by Secured Party to perfect its security interest in the Collateral.

4. Representations and Warranties of Debtor. Debtor represents and warrants as follows:

(a) Debtor is a corporation legally incorporated, validly existing and in good standing under the laws of the state of its incorporation, with adequate corporate powers to own its

properties, to carry on its business as now conducted and to enter the Security Agreement and to execute and deliver the Lease Agreement.

(b) The Lease and Security Agreement have been duly authorized, executed and delivered by Debtor and constitute legal, valid and binding obligations of Debtor, enforceable in accordance with their respective terms.

5. Default. Any misrepresentation on the part of Debtor herein or any noncompliance or nonperformance of Debtor's obligations hereunder or the occurrence of an Event of Default under the Lease shall constitute a default hereunder.

6. Remedies. Upon the occurrence of a default hereunder, Secured Party shall have all the rights provided under the Interstate Commerce Act and under the Uniform Commercial Code as adopted in Pennsylvania.

7. Inspection of Records. Secured Party may at any reasonable time, enter upon Debtor's premises to inspect Debtor's books and records pertaining to the Collateral, and Debtor shall, if requested, assist Secured Party in making such inspections.

8. Governing Law. This Security Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania.

9. Benefits. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

ATTEST:

Deane E. Oletyog

UPPER MERION AND PLYMOUTH
RAILROAD COMPANY

By J. N. Ball
Title: Vice President & Gen. Mgr.

ATTEST:

[Signature]
Secy

HILLSDALE COUNTY RAILWAY COMPANY, INC.
Debtor

By John H. Marino
Title: PRESIDENT

F/M7

STATE OF Pennsylvania)
)SS:
COUNTY OF Montgomery)

On this 7th day of August, 1979, before me, personally appeared J. Noel Pahl, to me personally known, who being by me duly sworn, says that he is a V.A. General Mgr. of Upper Merion and Plymouth Railroad Company, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors; and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Diane E. Hertzog
Notary Public

DIANE E. HERTZOG, Notary Public
Norristown, Montgomery Co., PA
My Commission Expires May 12, 1980

(SEAL)

STATE OF Pa.)
)SS:
COUNTY OF Phila.)

On this 11 day of SEPT, 1974, before me, personally appeared JOHN H. MARINO, to me personally known, who being by me duly sworn, says that he is a CHIEF OF POLICE OF HILSDALE COUNTY, MICH. that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors; and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Linda Sims
Notary Public

LINDA SIMS
Notary Public, Philadelphia, Philadelphia Co.
My Commission Expires March 31, 1980

(SEAL)

SCHEDULE A

DESCRIPTION OF EQUIPMENT: One-hundred (100) rebuilt 50' XM
boxcars.

REPORTING NUMBERS AND MARKS: HCRC 1001 thru 1100