

LAW OFFICES OF
GENSBURG & AXELROD

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A PROFESSIONAL CORPORATION

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RICHARD A. AXELROD RECORDATION NO. Filed 1425

ROBERT A. GENSBURG

STEVEN A. ADLER

JUL 19 1984 - 11 56 AM

July 19, 1984 INTERSTATE COMMERCE COMMISSION - 201A066

No. 4-201A066
Date JUL 19 1984

Secretary
Interstate Commerce Commission
Washington, DC 20423 RECORDATION

Dear Sirs:

INTERSTATE COMMERCE COMMISSION

Enclosed please find two original Chattel Mortgages, together with a certified copy of each, for recording. One Chattel Mortgage grants a security interest in five gondola cars from Lamoille Valley Railroad Company to McDonnell Douglas Finance Corporation. The gondola cars bear reporting marks PAM2046-2051 inclusive. The second Chattel Mortgage grants a security interest in a locomotive from Twin State Railroad Company to McDonnell Douglas Finance Corporation. The locomotive is an ALCO RS-3 1600 horsepower unit bearing road number 7805.

We also enclose our check for \$100.00 in payment of the recording fees.

Each document is a primary document.

Recorded originals should be returned to me, Robert A. Gensburg, P. O. Box 189, St. Johnsbury, Vermont.

I am President of Lamoille Valley Railroad Company, and President of Twin State Railroad Company, and have personal knowledge of the matters described in this transmittal letter.

Very truly yours,

GENSBURG & AXELROD

By: Robert A. Gensburg

encs.

RAGkss

RECEIVED

JUL 19 11 44 AM '84

I.C.C.
FEE OPERATION PP

JUL 19 1984 11 10 AM

CHATTEL MORTGAGE

INTERSTATE COMMERCE COMMISSION

This chattel mortgage made this 22 day of June , 1984 by and between TWIN STATE RAILROAD COMPANY, a Vermont corporation having a place of business in Morrisville, Lamoille County, Vermont ("Mortgagor"), and McDONNELL DOUGLAS FINANCE CORPORATION, a corporation having a place of business in Long Beach, Los Angeles County, California ("Mortgagee"), WITNESSETH:

A. Mortgagor mortgages to Mortgagee the equipment shown on Schedule A attached hereto as security for the payment by Mortgagor to Mortgagee of Mortgagor's promissory note ("the note") dated June 20, 1984 in the principal sum of \$275,000.00 according to the tenor thereof.

B. Mortgagor agrees and covenants with Mortgagee and Mortgagee's successors and assigns that:

1. It will pay the aforesaid promissory note according to its terms.

2. It has the right and power to pledge the collateral as security for Mortgagor's promissory note in the manner and form as herein set forth.

3. It has the right to mortgage the collateral, and that the collateral is free and clear of all encumbrances.

4. It will warrant and defend forever Mortgagee's lien in collateral against all and every person or persons, and against all and every claim or claims, whatsoever.

5. It will keep the collateral insured against loss due to damage or destruction in an amount at least equal to the total indebtedness due on the note, or the full insurable value thereof, whichever is less, for the benefit of Mortgagee, and Mortgagee's successors and assigns, in such form and with such insurance company as Mortgagee shall approve.

6. It will not sell, assign, pledge, or otherwise dispose of the collateral or any interest therein without the prior written consent in writing of Mortgagee or Mortgagee's successors and assigns.

7. It will pay all taxes and assessments that may be levied on the collateral.

8. The proceeds of the collateral, or substitution thereof, or the additions and betterments thereto, or accretions thereto, are subject to and secured by this chattel mortgage.

C. The collateral is railroad equipment, and accordingly shall at all times be used and maintained solely in strict adherence to the rules and regulations of the American Association of Railroads, Interstate Commerce Commission, United States Department of Transportation, and other agencies and associations having regulatory or contractual authority over the use of railroad equipment.

D. As long as all the terms of the note and the terms of this chattel mortgage are adhered to, Mortgagor, or Mortgagor's trustees, agents or other persons authorized by Mortgagor to

have possessions of the property, shall be entitled to retain possession of the collateral and to use and enjoy the same.

E. In the event Mortgagee rightfully takes possession of the collateral for any reason whatsoever, Mortgagee may sell the same at public auction or private sale as in Mortgagee's sole and exclusive discretion shall be the most commercially reasonable method to dispose of the collateral. In the event of such sale, Mortgagee will give to Mortgagor at least fifteen days' notice of the time and place of any such sale.

F. In the event of the default hereunder or a default under the terms of the note, Mortgagor shall pay to Mortgagee such costs as Mortgagee shall incur when exercising its rights hereunder, and under the note including but not limited to reasonable attorneys' fees incurred by Mortgagee.

G. If Mortgagee shall rightfully sell the collateral at public or private sale as described above, and as a result thereof shall not recover the indebtedness which this chattel mortgage secures, together with Mortgagee's costs of sale and costs of protecting itself, Mortgagor shall pay any such deficiency to Mortgagee; in the event the proceeds of such sale exceed all of Mortgagee's such costs, such excess shall be paid by Mortgagor to Mortgagee.

H. Mortgagor shall keep or cause the property to be kept in as good condition as it is at the time of the execution of this chattel mortgage, reasonable wear and tear excepted; Mortgagor

shall further inspect and maintain the collateral, or cause the same to be inspected and maintained, strictly in accord with the rules and regulations of the American Association of Railroads, Interstate Commerce Commission, and United States Department of Transportation.

IN WITNESS WHEREOF Mortgagor has executed this chattel mortgage this 22 day of June, 1984.

IN PRESENCE OF:

TWIN STATE RAILROAD COMPANY

[Signature]

By: [Signature]
Its Duly Authorized Agent

STATE OF VERMONT

[Signature] COUNTY, ss.

At [Signature] in said County and State this [Signature] day of [Signature], 1984, [Signature], duly authorized agent for Twin State Railroad Company, personally appeared and he acknowledged the foregoing chattel mortgage by him subscribed to be his free act and deed, the free act and deed of Twin State Railroad Company, and further that he was the duly authorized agent for Twin State Railroad Company to execute same.

Before me, [Signature]
Notary Public

My Commission expires: _____

SCHEDULE A

1 Alco 1600 horsepower RS-3 locomotive bearing road number 7803, which locomotive was conveyed by Lamoille Valley Railroad Company to Twin State Railroad Company by Bill of Sale dated June 15, 1984.

CERTIFICATION

I, Rose R. Prue, hereby certify that I am a notary public commissioned as such in the County of Caledonia, State of Vermont, that I have compared the attached copy of a chattel mortgage between Twin State Railroad Company and McDonnell Douglas Finance Corporation with the original thereof, and I have found the copy to be complete and identical in all respects with the original thereof.

Dated at St. Johnsbury, in the County of Caledonia and State of Vermont this 16th day of July, 1984.

Rose R. Prue
Rose R. Prue