



THE **Bank of Raeford**
RAEFORD, NORTH CAROLINA 28376

August 12, 1980

RECORDATION NO. 12104 Filed & Recorded

AUG 14 1980 - 1 35 AM

INTERSTATE COMMERCE COMMISSION

T.C.C.
FEE OPERATION BR.

AUG 14 1 28 PM '80

RECEIVED

0-227A071

No.

Date AUG 14 1980

Fee \$ 50.00

ICC Washington, D. C.

Interstate Commerce Commission
Washington
District of Columbia 20423

Attention: Mrs. Agatha L. Mergenovich
Secretary

RE: S/A Laurinburg & Southern
Railroad Dated 8-4-80
Amount: \$250,000.00

28352 Jig

Dear Mrs. Mergenovich:

Enclosed is a Security Agreement on Laurinburg & Southern Railroad as mentioned above. Please record pursuant to the provision of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303 and advise of recordation numbers as well as any prior liens on file.

P.O. Box 546

Also enclosed is our check for \$50.00 Recording Fees. Thank you for your assistance.

Sincerely,

W. E. Carter

W. E. Carter
President

WEC:adg

- Enclosures (1) Security Agreement
- (2) Additional Copies of Security Agreement
- (3) Check for Recording Fees



Interstate Commerce Commission
Washington, D.C. 20423

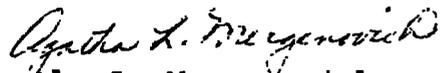
OFFICE OF THE SECRETARY

Bank Of Raeford
W. E. Carter
Raeford, North Carolina 28376

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 **8/14/80** at **1:35pm**, and assigned re-
recording number(s). **12104**

Sincerely yours,


Agatha L. Mergenovich
Secretary

Enclosure(s)

ADDITIONAL PROVISIONS

FURTHER COVENANTS OF DEBTOR. Debtor further covenants that the Collateral will be kept in as good condition and repair as if now is, reasonable wear and tear excepted, and that the expense of any repairs and maintenance will be borne solely by Debtor; that the Collateral will not be used or be permitted to be used illegally or for hire; to pay promptly all taxes and assessments on the Collateral, its use, and on this agreement and the Note; to pay all costs of filing this agreement and financing and other statements required to perfect and continue perfected, the Lender's security interest in the Collateral; not to abandon, conceal, injure, or destroy the Collateral, nor deface any identifying marks thereon; not to sell, lease, assign or encumber the Collateral without Lender's prior written consent, nor grant any further security interest in the Collateral, nor permit Debtor's rights in it to be reached by judicial process; to keep the Collateral free of all liens and encumbrances, except for the Lender's security interest hereunder and the lien of axes not delinquent; that no injury to or loss or destruction of the Collateral shall relieve debtor of his obligation to pay the indebtedness secured hereby; if requested by Lender, Debtor will take out, pay for and keep in full force insurance on the Collateral against such risks, in such amount with such insurance carrier, and with such loss payable clause as will be satisfactory to Lender, and to furnish Lender with satisfactory evidence of such insurance; if Debtor fails to obtain insurance as above provided, Lender may procure it and the cost thereof will be added to the indebtedness secured hereby and will be payable by Debtor on demand; and that the proceeds of any such insurance (including return premiums) may, at Lender's option, be applied either to reduce the indebtedness secured hereby, or to repair or replace the Collateral, and Debtor hereby authorizes Lender, or its assigns, to endorse in the name of Debtor any check or draft issued by the carrier as insurance proceeds.

EVENTS OF DEFAULT. The occurrence of any of the following, shall, at the option of Lender and without notice or demand on Debtor, constitute an event of default hereunder: failure of Debtor to pay promptly when due, any sums payable on the Note and any other indebtedness and obligations or the payment of money secured hereby; failure of Debtor to observe or perform any of Debtor's other obligations hereunder; any warranty of Debtor contained herein or other information furnished by Debtor to Lender, or its assigns, shall prove to have been false; death of any Debtor; Lender in good faith believes that the prospect of payment by Debtor of the Note or any other indebtedness secured hereby or performance by Debtor hereunder is impaired; Debtor shall become insolvent or shall be adjudicated a bankrupt or shall make an assignment for the benefit of creditors; there shall be instituted, by or against Debtor, bankruptcy, insolvency, reorganization, arrangement, debt adjustment, liquidation or dissolution proceedings; or the Collateral shall be, or be threatened to be, subjected to condemnation or forfeiture proceedings.

RIGHTS AND REMEDIES. Upon the occurrence of any event of default Lender shall have the following rights: to declare immediately due and payable any and all moneys due or to become due on the Note and any other indebtedness secured hereby and/or to reduce the same to judgment; and/or to exercise any one or more of the rights and remedies given a secured party under the North Carolina Uniform Commercial Code, including, but not by way of limitation, to require Debtor to assemble all or any parcels of the Collateral and make it available to Lender at a place reasonably convenient to both parties hereto, to take immediate possession of the Collateral wherever found, with or without legal process, and to sell or otherwise dispose of the Collateral. Unless the Collateral is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, Secured Party will give Debtor reasonable notice of the time and place of any public sale thereof or of the time after which any private sale of any other intended disposition thereof is to be made. The requirements of reasonable notice shall be met if such notice is mailed, postage prepaid, to the address of Debtor shown at the beginning of the agreement at least five days before the time of the sale or disposition. Expenses of retaking, holding, preparing for sale, selling or the like shall include Secured Party's reasonable attorney's fees and legal expenses. The Secured Party may also have all rights and remedies specified in the note. If the proceeds of any sale or other lawful disposition by Lender of the Collateral following its retaking, are insufficient to pay the expenses of retaking, holding, preparing the Collateral for sale, selling it and the like, and to satisfy the Note and all other indebtedness secured hereby, then Debtor agrees to pay any deficiency, but Debtor shall be entitled to any surplus if one results after lawful application of such proceeds. If the Collateral, or any parcel thereof, shall be disposed of at private sale under any agreement whereby all or part of the sale price is payable in installments, the cash price thereof (exclusive of credit service charge, interest and any insurance premiums) shall be credited against Debtor's indebtedness secured hereby.

GENERAL. Waiver of any default shall not constitute waiver of any subsequent default. Lender's rights and remedies are cumulative and not alternative. Any provision hereof found to be invalid under the laws of North Carolina or any other State, shall be invalid only with respect to the offending provisions. All words used herein shall be construed to be of such gender or number as the circumstances require. If this agreement is executed by more than one Debtor, the obligations of all such Debtors shall be joint and several. This agreement shall be binding upon the heirs, personal representatives, successors or assigns of the parties hereto, but shall inure to the benefit of successors or assigns of the Lender only.

NOTICE—In connection with any loan secured by a motor vehicle, collision insurance and comprehensive insurance on said vehicle must be carried by the undersigned debtor or debtors until such time as the loan is paid in full by said debtor or debtors, and this bank must be furnished with a copy of the insurance policy, containing a loss payable clause in its favor.

Uninsurability or failure to maintain such insurance coverage shall constitute an act of default hereunder

ASSIGNMENT

..... for value received, but without recourse and without warranties, express or implied, hereby assigns, transfers, and sets over the within agreement and Note and the other indebtedness secured thereby to

WITNESS the due execution hereof this day of 19

By

The undersigned indorses and each of them hereby guarantees payment and agrees to be bound by and to consent to each and every provision of the within note and to the exercise of any right therein conferred upon the holder of such note in the manner therein stated.
Witness my/hour hand (s) and seal (s).
..... (SEAL)
..... (SEAL)
..... (SEAL)
..... (SEAL)

Laurinburg & Southern Railroad P. O. Box 546 Laurinburg, Scotland, N.C. 28352

(Name of Debtor) (No. and Street) (City) (County) (State)

(Herein called "Debtor") to secure the payment of the note, and other indebtedness and costs and expenditures hereinafter set forth, hereby grants to THE BANK OF RAEFORD (herein called "Lender") a security interest in, and mortgages to it, the following described property, together with all equipment, parts, accessories and attachments and any and all replacements and additions now or hereafter installed in or upon in connection therewith (herein collectively called the "Collateral"):

(5) 100 ton 3,000 cu.ft. covered hoppers purchased 1977- LRS 1051 thru 1055 inclusive, (5) 60 ft., 100 ton single door, end of car cushion boxcars door opening 10' wide, purchased 1977-LRS 2001 thru 2005 inclusive, (5) 52' 6" Gondola cars 1 rebuilt to new car status, 1979 cars equipped with end of car cushioning units and other devices for glass loading-LRS 3008-3012 inclusive

The interest of Lender in the Collateral shall secure Debtor's obligations to pay: (a) promissory judgment note of Debtor in the amount of \$250,000.00 with payable to Lender, (b) promissory judgment note of Debtor in the amount of \$15,000.00 with payable to Lender, (c) promissory judgment note of Debtor in the amount of \$265,000.00 with payable to Lender, (d) promissory judgment note of Debtor in the amount of \$12.00% with payable to Lender.

Payable ON DEMAND after date; or payable in equal monthly payments of \$ commencing on 19 and on the same day of the month thereafter, plus an irregular payment of \$ due on 19

(Delete payment terms inapplicable,); together with a delinquent late charge of 5% of each installment in default for 12 or more days. Further, if suit is instituted, upon Borrowers' Default, to collect OUTSTANDING BALANCE or otherwise to enforce instrument and Security Agreement; BORROWERS are liable for LENDER'S legal expenses and 15% of the OUTSTANDING BALANCE unpaid at time of suit, as attorneys' fees of LENDER.

BALLOON PAYMENT, if any, and conditions (if any) for refinancing same, if not paid when due: \$ If the loan contract is prepaid in full by cash, a new loan, refinancing, or otherwise before the final installment date, Borrowers shall receive a rebate of precomputed interest, at said bank's option.

computed pro-rata (herein called the "Note"); (b) all costs and expenses incurred by Lender in the collection and enforcement of the Note and other indebtedness of Debtor to Lender described herein, and the security therefor; (c) all expenditures of Lender for taxes, levies, insurance, repairs to and maintenance of the Collateral; (d) all other liabilities of Debtor to Lender, now existing or hereafter incurred, matured or unmatured, direct or contingent, and any renewals and extensions thereof and substitutions therefor; and (e) interest on all of the foregoing. The term "Indebtedness" means the Debtor's obligations to Lender stated above.

INSURANCE DISCLOSURES: PHYSICAL DAMAGE INSURANCE, if written in connection with this Secured Transaction, may be obtained by Borrowers through any duly licensed Insurance Agent or Broker of their choice; subject only to LENDER'S right to refuse to accept any insurer offered by Borrowers, for reasonable cause. If such insurance is procured by Lender, with insurance premiums therefor financed as part of this Loan, the cost will be \$ for the term of the credit, based upon current rates and representations of Customers as to use of Collateral, their Record and Classification.

Credit Life and/or Disability Insurance and/or AD & D, and/or any other insurance, with the exception of Physical Damage Insurance, are not required to obtain this loan, purchase of such through Lender being voluntary on Borrower's part. No such credit insurance is provided unless the Borrower to be insured under such credit insurance policy is insurable and signs the appropriate statement below:

- (a) The Premium (Cost) for Credit Life Insurance will be \$ for the term of the credit. I desire Credit Life Insurance (Date) (Signature of Borrower)
(b) The Premium (Cost) for Credit Disability Insurance will be \$ for the term of the credit. I desire Credit Disability Insurance (Date) (Signature of Borrower)
(c) The Premium (Cost) for Accidental Death and Dismemberment Insurance will be \$ for the term of the credit. I desire Accidental Death and Dismemberment Insurance (Date) (Signature of Borrower)
(d) The Premium (Cost) for will be \$ for the term of the credit. I desire (Date) (Signature of Borrower)

If the collateral is or is to be affixed to realty, a brief description of the realty is Debtor's address given above or

Debtor warrants that: (Check such items in paragraphs 1 and 2 as are applicable to this transaction) 1. the Collateral is used or bought for use primarily for: () Personal, family or household use; (X) Business use; () Farming operations use 2. the loan proceeds of the Note are to be paid by Lender to: (X) Debtor.

- () the seller of the Collateral, and/or to the insurance agent or broker from whom any insurance on the Collateral is to be obtained, and Debtor hereby authorized Lender so to do
() Debtor, who will apply them, within 10 days from date, to or towards the payment of the purchase price of the Collateral, and for no other purpose.
3. If the Collateral is used or bought for use primarily for personal, family or household purposes or for use in farming operations, that the Collateral is and will be kept at the address of Debtor given herein (which is his residence) until Debtor gives Lender prior written notice of a change in his residence.
4. If the Collateral is used or bought for use primarily in business, including farming or profession, that Debtor's chief place of business in this state is given on the first full line of this agreement, and all of Debtor's other places of business, if any, are in the same county as said chief place of business, except for places of business at.

Debtor covenants: that the Collateral shall at all times be considered as personality; that the Collateral is not and will not be so affixed or related to the realty of Debtor or of any other person as to be a part thereof or become in any sense a fixture, or if the Collateral has become a fixture before Lender's security interest therein is perfected and the Collateral is or may become subject to the lien of a real estate mortgage, that Debtor will, on demand of Lender, furnish the latter with an instrument by which the real estate mortgage subordinates its rights and priorities to Lender's security interest hereunder; if the Collateral is or may become subject to the lien of a landlord, that Debtor will on demand of Lender, furnish the latter with a landlord's waiver satisfactory to Lender, if the Collateral or any parcel thereof, consists of motor vehicles, that Debtor will forthwith obtain a certificate of title on all such motor vehicles which notes a lien or encumbrance thereon in favor of Lender for the amount of the indebtedness secured hereby.

This agreement is subject to the additional provisions set forth on the reverse side hereof, the same being incorporated herein by reference.

THE BANK OF RAEFORD Laurinburg & Southern Railroad (Seal) By M. E. Carter, PRES. (Signature and Title) (Date) August 4, 1980 No. (to be executed by Bank if agreement is to be filed) \$250,000.00 (Debtor) (Seal) (Seal)

Undersigned, jointly and severally if more than one, promise to pay to the order of THE BANK OF RAEFORD the sum of Two Hundred Fifty Thousand and no/100 Dollars

In successive monthly installments of \$ each and a final monthly installment of \$ the first installment to be payable on the day of 19 and the remaining installments to be paid on a like day of each succeeding month thereafter, or due ON DEMAND

In case of the failure of the Undersigned to pay any installment hereunder when and where due, the holder, at its option, may declare the entire amount of this note, then remaining unpaid, immediately due and payable, and proceed to collect the same. In the event that any payment shall become overdue for a period in excess of twelve days, I/We promise to pay a "late charge" of five cents (5c) for each dollar so overdue for the purpose of defraying the expense of handling said delinquent payment. If this note or any installment thereof is not paid when due, each of the Undersigned do hereby authorize and empower any attorney of any court of record within the United States, or elsewhere, to appear for them, or any of them, and to confess judgment against them, or any of them, and in favor of the holder hereof, as of any term, with or without declaration filed, for the entire amount of this note then remaining unpaid, together with all delinquency charges then owing, with costs of suit and with 15% added as attorneys' collection fees, and with respect to any judgment entered hereon, each of the Undersigned waives, in regard to any real or personal property levied upon, any right of appraisal, exemption or stay of execution under any law now in force or hereafter enacted, the right of inquisition (and agrees that any real estate shall be voluntarily condemned and may be sold under a writ of fi fa), the right of appeal, and does release all errors. Each of the Undersigned and all endorsers, guarantors of this note said Bank has the right to hold as security for this note or for any other debt or liability due to or become due to said Bank

The undersigned BORROWERS do hereby acknowledge receipt of the Disclosures contained herein. They further acknowledge that this note, with disclosures, were filed in prior to their executing the same. And the makers and endorsers hereby agree that this instrument shall be an agreement or contract in writing for the interest charged herein at the rate of 12.00% per annum.

Note No Due DEMAND Laurinburg & Southern Railroad (Seal) Name Laurinburg & Southern Railroad (Seal) Address P. O. Box 546 Laurinburg, N. C. 28352 (Seal) Telephone No S/A 2037 10/70 (Seal) NOTICE: SEE OTHER SIDE FOR IMPORTANT INFORMATION.

ADDITIONAL PROVISIONS

FURTHER COVENANTS OF DEBTOR. Debtor further covenants that the Collateral will be kept in as good condition and repair as it now is, subject to reasonable wear and tear excepted, and that the expense of any repairs and maintenance will be borne solely by Debtor; that the Collateral shall not be used or be permitted to be used illegally or for hire; to pay promptly all taxes and assessments on the Collateral, its use, and on this agreement and the Note; to pay all costs of filing this agreement and financing and other statements required to perfect and continue, perfected, the Lender's security interest in the Collateral; not to abandon, conceal, injure, or destroy the Collateral, nor deface any identifying marks thereon; not to sell, lease, assign or encumber the Collateral without Lender's prior written consent, nor grant any further security interest in the Collateral, nor permit Debtor's rights in it to be reached by judicial process; to keep the Collateral free of all liens and encumbrances, except for the Lender's security interest hereunder and the lien of axes not delinquent; that no injury to or loss or destruction of the Collateral shall relieve debtor of his obligation to pay the indebtedness secured hereby; and if requested by Lender, Debtor will take out, pay for and keep in full force insurance on the Collateral against such risks, in such amount with such insurance carrier, and with such loss payable clause as will be satisfactory to Lender, and to furnish Lender with satisfactory evidence of such insurance; if Debtor fails to obtain insurance as above provided, Lender may procure it and the cost thereof will be added to the indebtedness secured hereby and will be payable by Debtor on demand; and that the proceeds of any such insurance (including return premiums) may, at Lender's option, be applied either to reduce the indebtedness secured hereby, or to repair or replace the Collateral, and Debtor hereby authorizes Lender, or its assigns, to endorse in the name of Debtor any check or draft issued by the carrier as insurance proceeds.

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ASSIGNMENT

..... for value received, but without recourse and without warranties, express or implied, hereby assigns, transfers, and sets over the within agreement and Note and the other indebtedness secured thereby to

WITNESS the due execution hereof this day of 19

By

The undersigned indorses and each of them hereby guarantees payment and agrees to be bound by and to consent to each and every provision of the within note and to the exercise of any right therein conferred upon the holder of such note in the manner therein stated.

Witness my/our hand (s) and seal (s).

..... (SEAL)

..... (SEAL)

..... (SEAL)

..... (SEAL)