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WASHINGTON, D.C. 20036-2701
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August 15, 1995

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AUG 15 1995 10:13 AM

RECEIVED
OFFICE OF THE
SECRETARY
AUG 16 10 13 AM '95
LICENSING BRANCH
OF COUNSEL
STEPHEN L. MILLER

Vernon A. Williams, Secretary
Interstate Commerce Commission
Washington, D.C.

Dear Secretary:

I have enclosed an original and one copy/counterpart of the document described below to be recorded pursuant to Section 11303 of Title 49 of the U.S. Code.

This document is a Mortgage and Security Agreement, a primary document, dated August 15, 1995. The names and addresses of the parties to the document are as follows:

Mortgagor/Debtor: R. J. Corman Railroad Company/Memphis Line, Jessamine Station Pike, P. O. Box 788, Nicholasville, Ky 40356.

Guarantors: Richard J. Corman, Robyn Corman, Richard J. Corman d/b/a R. J. Corman Railroad Construction, R. J. Corman Railroad Corporation, R. J. Corman Restaurant Corporation, R. J. Corman Railroad Company/Material Sales, R. J. Corman Railroad Company/Western Ohio Line, R. J. Corman Railroad Company/Cleveland Line, Jessamine Station Pike, P. O. Box 788, Nicholasville, KY 40356.

Mortgagee/Secured Party: First National Bank and Trust Company of Nicholasville, 307 North Main Street, P. O. Box 217, Nicholasville, KY 40356.

A description of the equipment covered by the document follows:

Railroad cars intended for use in interstate commerce, or interest therein, owned by R. J. Corman Railroad Company/Memphis Line at the date of said Mortgage and Security Agreement or thereafter acquired by it or its successors as owners of the water carriers or the lines of railway covered by the Mortgage.

A fee of \$21.00 is enclosed. Please return the original and

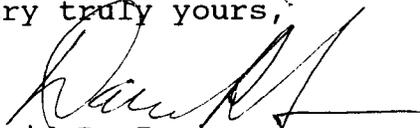
Vernon A. Williams, Secretary
August 15, 1995
Page 2

any extra copies not needed by the Commission for recordation to David R. Irvin, Esq., Moynahan & Irvin, Newberry, Hargrove & Rambicure, P.S.C., 110 North Main Street, Nicholasville, KY 40356, (606) 887-1200.

A short summary of the document to appear in the index is as follows:

Mortgage and Security Agreement between R. J. Corman Railroad Company/Memphis Line, Jessamine Station Pike, P.O. Box 788, Nicholasville, KY 40356, Mortgagor/Debtor and Guarantors and First National Bank and Trust Company of Nicholasville, 307 North Main Street, P. O. Box 217, Nicholasville, KY 40356, Mortgagee/Security Party, dated August 15, 1995, and covering sixty (60) railroad boxcars and five (5) railroad ballast cars presently owned and hereafter acquired rolling stock.

Very truly yours,



David R. Irvin
Attorney for First National
Bank and Trust Company of
Nicholasville

ICCSec.Ltr:DRI/2:pbs
Enclosures



Interstate Commerce Commission
Washington, D.C. 20423-0001

8/16/95

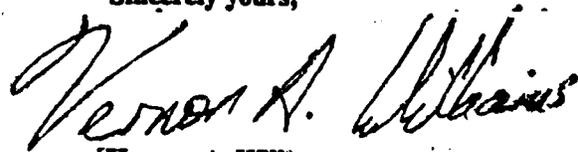
Office Of The Secretary

David R. Irvin, Esq.
Maynahan & Irvin, Newberry,
Hargrove & Rambicure, P. S.C.
110 North Main Street
Nicholasville, KY., 40326

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 8/16/95 at 10:20AM, and assigned recordation number(s). 18961-A and 19565.

Sincerely yours,

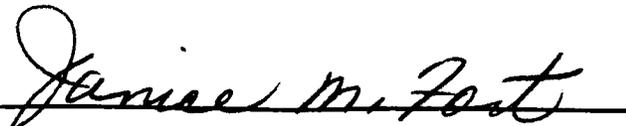

Vernon A. Williams
Secretary

Enclosure(s)

(0100738014)
(0100738015)

\$ 42.00 The amount indicated at the left has been received in payment of a fee in connection with a document filed on the date shown. This receipt is issued for the amount paid and in no way indicates acknowledgment that the fee paid is correct. This is accepted subject to review of the document which has been assigned the transaction number corresponding to the one typed on this receipt. In the event of an error or any questions concerning this fee, you will receive a notification after the Commission has had an opportunity to examine your document.

Signature



19535

AUG 15 1995 10:22 AM

MORTGAGE AND SECURITY AGREEMENT

This Mortgage and Security Agreement ("Agreement") is made as of this 15th day of August, 1995, by and between R. J. CORMAN RAILROAD COMPANY/MEMPHIS LINE, a Kentucky corporation, Jessamine Station Pike, P.O. Box 788, Nicholasville, Kentucky 40356 ("Debtor"), and RICHARD J. CORMAN and ROBYN CORMAN, his wife, RICHARD J. CORMAN d/b/a R.J. CORMAN RAILROAD CONSTRUCTION, a sole proprietorship, R.J. CORMAN RAILROAD CORPORATION, a Kentucky corporation, R.J. CORMAN RESTAURANT CORPORATION, a Kentucky corporation, R.J. CORMAN RAILROAD COMPANY/MATERIAL SALES, a Kentucky corporation, and R.J. CORMAN RAILROAD COMPANY/WESTERN OHIO LINE, an Ohio corporation, R.J. CORMAN RAILROAD COMPANY/CLEVELAND LINE, an Ohio corporation (the "Guarantors"), and FIRST NATIONAL BANK AND TRUST COMPANY OF NICHOLASVILLE, a National Banking Association, 307 North Main Street, P. O. Box 217, Nicholasville, Kentucky 40356 (the "Secured Party").

For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties do hereby agree as follows:

1. Definitions. For the purposes hereof:

(a) "Rolling Stock" means certain one hundred ton railroad boxcars and certain seventy ton railroad ballast cars more fully described on Exhibit A attached hereto, and other railcars to be acquired hereafter with the proceeds of the loan referenced in paragraph 2(b) hereafter.

(b) "Debtor's Place of Business" means One Jay Station, Jessamine Station Pike, Nicholasville, Kentucky 40356 and such other locations at which Debtor is now conducting, or may hereafter conduct, its business and operations, including specifically its facility in Logan County, Kentucky.

(c) "Debtor's Registered Office" means One Jay Station, Jessamine Station Pike, Nicholasville, Kentucky 40356 which is the address set forth in Debtor's most recent corporate filing with the Kentucky Secretary of State.

2. Mortgage and Security Interest.

(a) The Debtor hereby assigns, grants and conveys to the Secured Party a mortgage and assignment of, and security interest in (i) the Rolling Stock; and (ii) all proceeds (including insurance proceeds) from the sale or disposition of the Rolling Stock (all of the foregoing hereinafter sometimes collectively referred to as the "Collateral").

(b) The mortgage and security interest hereby granted is to secure each and every obligation, duty, performance, debt and

liability of Debtor to secured party, including without limitation, the following: (a) liabilities and indebtedness of Debtor to Secured Party pursuant to a Promissory Note of Debtor in favor of Secured Party, of even date herewith in the principal amount of up to but not exceeding Five Million Five Hundred Thousand Dollars (\$5,500,000.00) and all loan documents which relate to, or which were executed in connection with, said Promissory Note; (b) all other liabilities of Debtor to Secured Party, direct or indirect, absolute or contingent, due or to become due, now existing or hereafter arising. All of the foregoing are hereinafter collectively referred to as "Obligations".

3. Representations and Warranties. The Debtor represents and warrants to Secured Party as follows:

(a) Except for the security interest granted hereby, the Debtor has good and marketable title to the Collateral, free and clear from all liens, security interests, and encumbrances whatsoever.

(b) Subject to any limitations stated therein or in connection therewith, all information furnished by the Debtor to the Secured Party concerning the Collateral is, or will be at the time the same is furnished, accurate and complete in all material respects.

(c) The office where the Debtor keeps its records ("Business Records") concerning the Collateral is Debtor's Place of Business. The Debtor shall not remove the Business Records from the Debtor's Place of Business without the prior written consent of Secured Party.

4. Maintenance and Preservation of Collateral. Debtor shall maintain and preserve the Rolling Stock in good order and condition, and shall specifically keep same in such condition and repair as to meet all requirements for use in interconnecting rail service, and shall not permit same to be wasted or destroyed. As requested by Secured Party, Debtor shall furnish to Secured Party showing the then present location and scheduled points of service of each of the cars comprising the Rolling Stock.

5. Insurance. At all times the Debtor, at its cost and expense, shall keep and maintain insurance on the Rolling Stock insuring the Rolling Stock against risk of loss by fire (including so-called extended coverage), theft, and other casualty and such other risks customarily insured against by companies engaged in similar businesses to that of the Debtor, for such periods in such amounts and with such insurers as may be satisfactory to the Secured Party, such insurance to be payable to the Secured Party and the Debtor as their interests may appear. The Debtor shall furnish to the Secured Party certificates or other evidence satisfactory to the Secured Party of compliance with the aforesaid

insurance requirements.

6. Protection of Mortgage and Security Interest.

(a) The Debtor shall not grant, sell, convey, lend, rent, lease or otherwise dispose of the Collateral, or any security interest in the Collateral except as authorized in this Agreement, or in writing by the Secured Party, and the Debtor shall keep the Collateral free from unpaid charges, including taxes and free from liens, encumbrances and security interests other than that of Secured Party.

(b) The Debtor shall sign and execute alone or with Secured Party any financing statement or other document, or procure any document, and pay all connected costs, necessary to protect the security interest granted by this Agreement, against the rights or interests of third parties.

(c) Secured Party may at its option, pay taxes, unpaid charges, liens, encumbrances, and security interests on the Collateral, or secure insurance (of the type required by Section 5 hereof) covering the Collateral, should Debtor fail to do so, for which amounts Debtor shall be responsible and which shall be due from Debtor on demand by Secured Party.

7. Events of Default. The Debtor shall be in Default under this Agreement upon the happening of any one or more of the following events:

(a) A default by the Debtor in payment of any obligation contained herein or default in any of the Obligations secured by this Agreement; or

(b) The Debtor's misrepresentation or misstatement in connection with, noncompliance with or nonperformance of any of Debtor's obligations or agreements under this Agreement; or

(c) If bankruptcy or insolvency proceedings are instituted by or against the Debtor or any guarantor of the Debtor's Obligations to Secured Party or upon an assignment for the benefit of Debtor's creditors; or

(d) The use of any of the Collateral in violation of any State or Federal law or municipal ordinance; or

(e) Debtor's dissolution, termination of existence, bankruptcy, insolvency, business failure, appointment of Receiver for Debtor, assignment for benefit of debtor's creditors; or

(f) Any change of ownership of the stock of the Debtor without approval of Secured Party; or

(g) If a default or Event of Default occurs under the Loan Agreement of even date executed by and between Secured Party, as Lender and Debtor, as Borrower and Richard J. Corman and Robyn Corman, his wife, Richard J. Corman d/b/a R. J. Corman Railroad Construction, a sole proprietorship, R. J. Corman Railroad Company/Material Sales, a Kentucky corporation, and R. J. Corman Railroad Company/Cleveland Line, an Ohio corporation, as Guarantors ("Loan Agreement"); or

(h) If a default or Event of Default occurs under any of the other loan documents provided for in the Loan Agreement; or

(i) If the Secured Party deems itself insecure for any reason whatsoever.

Upon an event of Default, and at any time thereafter, the Secured Party may declare all or any one or more of Obligations secured hereby to be immediately due and payable without presentment, demand, protest or other notice of dishonor of any kind, all of which are hereby expressly waived. No delay in accelerating the maturity of any of the Obligations or taking any other action with respect to any event of default shall affect the rights of the Secured Party later to take such action with respect thereto and no waiver as to one event of default shall affect the right as to any other default.

8. Remedies. If any of the events of default specified herein shall occur, the Secured Party may exercise and shall have any and all rights and remedies afforded to it at law or equity, including but not limited to the remedies afforded it by the Kentucky Uniform Commercial Code. In addition to those rights and remedies, Debtor agrees with Secured Party that:

(a) The Secured Party may take possession of the Collateral, where ever it may be found, or require Debtor to assemble the Collateral and to make it available to the Secured Party at a place to be designated by the Secured Party, which is reasonably convenient to both parties, and may sell at one or more public or private sales, held at any time or times without demand, advertisement or notice, any part or all of the Collateral;

(b) The Secured Party may become a purchaser at any private or public sale of the Collateral;

(c) The requirements of reasonable notice to the Debtor shall be met, if notice is mailed, postage prepaid to Debtor or other persons entitled to notice at least five (5) days before the time of sale or disposition of the Collateral;

(d) Debtor shall pay to the Secured Party on demand any costs (including attorneys fees) arising out of the exercise of the rights of Secured Party hereunder, including its right to take

possession of the Collateral, and its costs and expenses in storing, and disposing of the Collateral or in collecting the proceeds of the Collateral; and

(e) The Secured Party will incur expenses (including without limitation, attorneys fees and legal expenses) in the event of an event of default, as a result of the retaking, holding, preparing for sale and selling the Collateral for which Debtor shall be responsible.

9. Application of Proceeds in the Event of Default. The proceeds of sale of the Collateral shall be applied by Secured Party to Debtor's Obligations as follows:

First: to the payment of the costs and expenses of Secured Party and the reasonable fees and expenses of its counsel;

Second: to the payment in full of all Obligations of Debtor to Secured Party; and

Third: the balance if any to Debtor.

10. Miscellaneous Provisions.

(a) Provisions of this Agreement may be amended, or compliance with this Agreement waived at any time by written Agreement of the Secured Party and Debtor.

(b) The Debtor shall do, make, execute and deliver all such additional further acts, things, deeds, assurances, and instruments as the Secured Party may reasonably require for the purpose of more completely vesting and assuring the Secured Party's rights hereunder together with Secured Party's rights in or to the Collateral.

(c) Any notice or demand which by any provisions of this Agreement is required or provided to be given shall be deemed to have been sufficiently given or served for all purposes by being sent by certified mail, postage prepaid, to the Debtor at the address at which the Secured Party customarily communicates with Debtor.

(d) All rights of the Secured Party hereunder shall inure to the benefit of its successors and assigns and all obligations of the Debtor hereunder shall bind its successors and assigns.

(e) This Mortgage and Security Agreement and all of the rights, remedies and duties of the Secured Party and the Debtor shall be governed by the laws of the State of Kentucky and of the United States.

IN WITNESS WHEREOF, the parties have executed this Security Agreement by their respective offices, hereunto duly authorized, as of the day and year first above written.

DEBTORS:

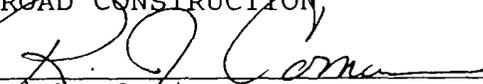
R. J. CORMAN RAILROAD COMPANY/
MEMPHIS LINE, a Kentucky corporation

BY: 
Richard J. Corman, President

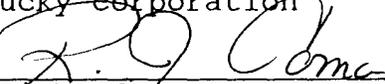

RICHARD J. CORMAN


ROBYN CORMAN

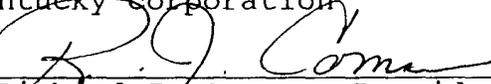
R.J. CORMAN d/b/a R.J. CORMAN
RAILROAD CONSTRUCTION

BY: 
Richard J. Corman

R.J. CORMAN RAILROAD CORPORATION, a
Kentucky corporation

BY: 
Richard J. Corman, President

R.J. CORMAN RESTAURANT CORPORATION,
a Kentucky corporation

BY: 
Richard J. Corman, President

R.J. CORMAN RAILROAD COMPANY/
MATERIAL SALES, a Kentucky
corporation

BY: 
Richard J. Corman, President

R.J. CORMAN RAILROAD COMPANY/
WESTERN OHIO LINE, an Ohio
corporation

BY: 
Richard J. Corman, President

R.J. CORMAN RAILROAD COMPANY/
CLEVELAND LINE, an Ohio corporation

BY: *R.J. Corman*
Richard J. Corman, President

SECURED PARTY:

FIRST NATIONAL BANK AND TRUST
COMPANY, a National Banking
Association

BY: *D.A. Wash, Jr.* U.P.
DAVID A. WASH, JR.,
VICE PRESIDENT

**STATUTORY SHORT FORM OF ACKNOWLEDGMENTS
PURSUANT TO KENTUCKY REVISED STATUTES 423.160**

STATE OF KENTUCKY

COUNTY OF JESSAMINE

The foregoing instrument was acknowledged before me this 15th day of August by Richard J. Corman, President of R.J. Corman Railroad Company/Memphis Line, a Kentucky corporation, on behalf of the corporation; by Richard J. Corman, individually; by Robyn Corman, individually; by Richard J. Corman, doing business as R.J. Corman Railroad Construction; Richard J. Corman, President of R.J. Corman Railroad Corporation, a Kentucky corporation, on behalf of the corporation; Richard J. Corman, President of R.J. Corman Restaurant Corporation, a Kentucky corporation, on behalf of the corporation; Richard J. Corman, President of R.J. Corman Railroad Company/Material Sales, a Kentucky corporation, on behalf of the corporation; Richard J. Corman, President of R.J. Corman Railroad Company/Western Ohio Line, an Ohio corporation, on behalf of the corporation; Richard J. Corman, President of R.J. Corman Railroad Company/Cleveland Line, an Ohio corporation, on behalf of the corporation; and by David A. Wash, Jr., Vice-President of First National Bank and Trust Company, a national banking association, on behalf of the banking association.

My Commission expires: 8/19/96

Sandra A. Stewart
NOTARY PUBLIC

E:\...\FORREST\FIRST.NAT\CORMAN\SECURAGR.DF4

EXHIBIT A

Sixty (60) aluminum can double plug railroad stock box cars, each 60 feet long and manufactured by ACS and manufactured out of Lot Number 11-06657. Said cars are further identified by the following identification or road numbers:

RJCM 4001	RJCM 4016	RJCM 4217	RJCM 4404
RJCM 4002	RJCM 4017	RJCM 4218	RJCM 4405
RJCM 4003	RJCM 4201	RJCM 4219	RJCM 4406
RJCM 4004	RJCM 4202	RJCM 4220	RJCM 4407
RJCM 4005	RJCM 4203	RJCM 4221	RJCM 4408
RJCM 4006	RJCM 4204	RJCM 4222	RJCM 4409
RJCM 4007	RJCM 4205	RJCM 4223	RJCM 4502
RJCM 4008	RJCM 4206	RJCM 4224	RJCM 4503
RJCM 4009	RJCM 4207	RJCM 4225	RJCM 4506
RJCM 4010	RJCM 4208	RJCM 4226	RJCM 4507
RJCM 4011	RJCM 4209	RJCM 4227	RJCM 4509
RJCM 4012	RJCM 4210	RJCM 4301	RJCM 4511
RJCM 4013	RJCM 4211	RJCM 4401	RJCM 4512
RJCM 4014	RJCM 4213	RJCM 4402	RJCM 4513
RJCM 4015	RJCM 4214	RJCM 4403	RJCM 4514

Five (5) Seventy (70) ton railroad ballast cars bearing the following identification or road numbers:

RJCW 3101
RJCW 3102
RJCW 3103
RJCW 3104
RJCW 3105

Together with all rolling stock and other equipment of whatever nature hereafter acquired with the proceeds of that certain Loan Agreement between Debtor and Secured Party, which Loan Agreement is further evidenced by that certain Promissory Note of Debtor dated August 15, 1995, in an amount up to but not exceeding Five Million Five Hundred Thousand Dollars (\$5,500,000.00), together with all replacements, additions, substitutions, attachments, parts, accessories and tools belonging to or used in connection with the foregoing, and all cash or noncash proceeds of the same, including but not limited to, insurance proceeds from damage to or loss of the foregoing.