

RECORDATION NO. 18140-A FILED

FEB 2 '99 1-15 PM

ALVORD AND ALVORD
ATTORNEYS AT LAW
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ELIAS C. ALVORD (1942)
ELLSWORTH C. ALVORD (1964)

OF COUNSEL
URBAN A. LESTER

February 2, 1999

Mr. Vernon A. Williams
Secretary
Surface Transportation Board
Washington, D.C. 20423

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a), are two (2) copies of an Amendment to Mortgage and Security Agreement, dated January 29, 1999, a secondary document as defined in the Board's Rules for the Recordation of Documents.

The enclosed document relates to the Mortgage and Security Agreement which was previously filed with the Commission under Recordation Number 18140.

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

Borrower : Maryland Midland Railway, Inc.
PO Box 1000
Union Bridge, Maryland 21791

Secured Party : Carroll County Bank and Trust Company
45 West Main Street
Westminster, Maryland

A description of the railroad equipment covered by the enclosed document is:

sixty-three (63) railcars and three (3) locomotives identified on Exhibit A attached thereto.

Carroll County Bank - G.A.

Mr. Vernon A. Williams
February 2, 1999
Page 2

Also enclosed is a check in the amount of \$26.00 payable to the order of the Surface Transportation Board covering the required recordation fee.

Kindly return one stamped copy of the enclosed document to the undersigned.

Very truly yours,



Robert W. Alvord

RWA/bg
Enclosures

SURFACE TRANSPORTATION BOARD
WASHINGTON, D.C. 20423-0001

OFFICE OF THE SECRETARY

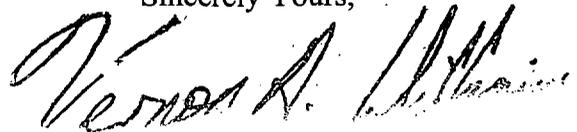
Robert W. Alvord
Alvord And Alvord
918 Sixteenth St. NW., Ste. 200
Washington, DC., 20006-2973

Dear Sir:

The enclosed documents (s) was recorded pursuant to the provisions of 49 U.S.C.
11301 and CFR 1177.3 (c), on 2/2/99 at 1:15PM, and

assigned recordation numbers (s): 14203-A, 15816-A, 18140-A, 19532-G,
19532-H, 19532-I, 9588-D, 10534-T, 11188-J,
11444-L, 12644-I, 12687- E, 13628-F, 16095-K,
and 18284- K

Sincerely Yours,

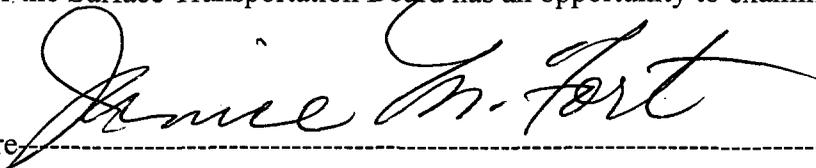


Vernon A. Williams

Enclosure(s)
390.00

\$_____ 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. In the event of an error or any questions concerning this fee, you will receive a notification after the Surface Transportation Board has an opportunity to examine your document.

Signature _____



FEB 2 '99

1-15 PM

CCB6-27.RVW
012759:RVWAMENDMENT TO MORTGAGE AND SECURITY AGREEMENT

THIS AMENDMENT TO MORTGAGE AND SECURITY AGREEMENT ("Amendment") is made this 29th day of January, 1999, by and between Maryland Midland Railway, Inc. (the "Borrower") and Carroll County Bank and Trust Company (the "Bank").

WHEREAS, the Borrower and the Bank did enter into a certain Mortgage and Security Agreement dated January 21, 1993 (the "Security Agreement"), with the Security Agreement securing, among other things, an indebtedness owing by the Borrower to the Bank in the combined original principal amount of FOUR HUNDRED FOURTEEN THOUSAND NINE HUNDRED DOLLARS (\$414,900.00) (the "Original Debt"), and with the Security Agreement encumbering, among other things, certain locomotives with a first lien security interest in favor of the Bank, and with the Security Agreement being recorded among the records of the Surface Transportation Board (formerly the Interstate Commerce Commission), Recordation Number 18140, recorded on March 1, 1993, at 3:10 p.m.; and

WHEREAS, in addition to the indebtedness secured by the Security Agreement, the Bank has made the following loans to the Borrower or has otherwise become the owner and holder of the following notes:

(i) a certain loan in the amount of THREE HUNDRED THOUSAND DOLLARS (\$300,000.00), evidenced by a Commercial Promissory Note dated November 22, 1994, in the original principal amount of THREE HUNDRED THOUSAND DOLLARS (\$300,000.00) executed and delivered by the Borrower in favor of the Bank, with said Commercial Promissory Note having been amended from time to time, with said Commercial Promissory Note, as amended, being hereinafter referred to as "Additional Note #1"; and

(ii) a certain loan in the amount of THREE HUNDRED FIFTY-ONE THOUSAND THREE HUNDRED EIGHTY-THREE DOLLARS (\$351,383.00), evidenced by a Promissory Note dated December 30, 1997, in the original principal amount of THREE HUNDRED FIFTY-ONE THOUSAND THREE HUNDRED EIGHTY-THREE DOLLARS (\$351,383.00) executed and delivered by the Borrower in favor of the Bank, with said Promissory Note having been amended from time to time, with said Promissory Note, as amended, being hereinafter referred to as "Additional Note #2"; and

(iii) a certain loan in the amount of THREE HUNDRED THIRTY THOUSAND DOLLARS (\$330,000.00), evidenced by a Variable Rate Commercial Promissory Note dated March 8, 1995, in the original principal amount of THREE HUNDRED THIRTY THOUSAND DOLLARS (\$330,000.00) executed and delivered by the Borrower in favor of Taneytown Bank & Trust Company, with said Variable Rate Commercial Promissory Note having been assigned and duly negotiated to the Bank and with said Variable Rate Commercial Promissory Note having been amended and restated in its entirety pursuant to a certain Substituted Promissory Note of even date herewith in the principal amount of TWO HUNDRED NINETY-EIGHT THOUSAND FIVE HUNDRED SEVENTY-THREE DOLLARS AND FIFTY-FIVE CENTS (\$298,573.55) executed and delivered by the Borrower in favor of the Bank ("Additional Note #3"); and

(iv) a certain loan in the amount of FOUR HUNDRED EIGHTY-SIX THOUSAND DOLLARS (\$486,000.00), evidenced by a Promissory Note dated March 5, 1998, in the original principal amount of FOUR HUNDRED EIGHTY-SIX THOUSAND DOLLARS (\$486,000.00) executed and delivered by the Borrower in favor of Taneytown Bank

& Trust Company, with said Promissory Note having been assigned and duly negotiated to the Bank and with said Promissory Note having been amended and restated in its entirety pursuant to a certain Substituted Promissory Note of even date herewith in the principal amount of FOUR HUNDRED SEVENTY-EIGHT THOUSAND SIX HUNDRED EIGHTY-THREE DOLLARS AND TEN CENTS (\$478,683.10) executed and delivered by the Borrower in favor of the Bank ("Additional Note #4"); and

WHEREAS, the loans evidenced by Additional Note #1 through Additional Note #4 are secured by various items of collateral as described in separate security agreements each pertaining to one or more of the Additional Notes; and

WHEREAS, it is the intention of the Borrower and the Lender to amend and modify the Security Agreement in order to (i) supplement the collateral described in the Security Agreement with other items of collateral that are described in and encumbered by the aforesaid separate security agreements, and (ii) secure Additional Note #1, Additional Note #2, Additional Note #3, and Additional Note #4, along with all of the Original Debt, with all of the collateral described in the Security Agreement, including all additional collateral added by this Amendment, all in accordance with the terms and provisions of the Security Agreement, as amended hereby; and

WHEREAS, the Borrower and the Lender agree that the Security Agreement is hereby amended and modified in accordance with the terms and provisions set forth hereinbelow.

NOW, THEREFORE, THIS AMENDMENT, WITNESSETH: That for and in consideration of the mutual promises herein contained and other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged the parties hereto agree as follows:

1. The introductory and WHEREAS clauses set forth above constitute an accurate account of the facts recited therein and the intention of the parties.

2. The Mortgage and Security Agreement is hereby amended and modified as follows:

(a) Section 1.04 of the Security Agreement is hereby amended and restated in its entirety with the following language:

"1.04 "Collateral" shall mean all right, title and interest of Borrower in and to all assets and property described on EXHIBIT A attached hereto and made a part hereof, and all documents and documents of title relating to any of the foregoing, together with all present and future parts, additions, accessories, replacements, attachments, accessions, replacement parts, and substitutions therefor or thereto in any form whatsoever, all property and funds of the Borrower (including deposit accounts of the Borrower), both now owned and hereafter acquired, now or hereafter in the Bank's possession, all property and assets of the Borrower in or which Bank has, or may in the future acquire or be granted, a Lien, whether related or unrelated to this Agreement, whether or not now contemplated, whether or not any instrument or agreement relating thereto specifically refers to this Agreement and whether or not the obligation secured is of the same character or class as Borrower's obligations hereunder, and all proceeds (cash and non-cash, including insurance

proceeds), products, substitutions, renewals, and replacements of all of the foregoing in any form whatsoever and all books, records and data processing materials in any form (including tapes, disks and the like) documenting, describing or in any way relating to any or all of the foregoing, whether in the possession of the Borrower or any other person."

(b) The Security Agreement is amended by adding thereto as EXHIBIT A the document attached to this Amendment and marked EXHIBIT A.

(c) Section 1.08 of the Security Agreement is hereby amended and restated in its entirety with the following language:

"1.08 "Notes" shall mean all of the following promissory notes:

(i) a certain Commercial Promissory Note dated November 22, 1994, in the original principal amount of THREE HUNDRED THOUSAND DOLLARS (\$300,000.00) executed and delivered by the Borrower in favor of the Bank, and all renewals, replacements and extensions thereof; and

(ii) a certain Promissory Note dated December 30, 1997, in the original principal amount of THREE HUNDRED FIFTY-ONE THOUSAND THREE HUNDRED EIGHTY-THREE DOLLARS (\$351,383.00) executed and delivered by the Borrower in favor of the Bank, and all renewals, replacements and extensions thereof; and

(iii) a certain Variable Rate Commercial Promissory Note dated March 8, 1995, in the original principal amount of THREE HUNDRED THIRTY THOUSAND DOLLARS (\$330,000.00) executed and delivered by the Borrower in favor of Taneytown Bank & Trust Company, with said Variable Rate Commercial Promissory Note having been assigned and duly negotiated to the Bank and with said Variable Rate Commercial Promissory Note having been amended and restated in its entirety pursuant to a certain Substituted Promissory Note of even date herewith in the principal amount of TWO HUNDRED NINETY-EIGHT THOUSAND FIVE HUNDRED SEVENTY-THREE DOLLARS AND FIFTY-FIVE CENTS (\$298,573.55) executed and delivered by the Borrower in favor of the Bank and all renewals, replacements and extensions thereof; and

(iv) a certain Promissory Note dated March 5, 1998, in the original principal amount of FOUR HUNDRED EIGHTY-SIX THOUSAND DOLLARS (\$486,000.00) executed and delivered by the Borrower in favor of Taneytown Bank & Trust Company, with said Promissory Note having been assigned and duly negotiated to the Bank and with said Promissory Note having been amended and restated in its entirety pursuant to a certain Substituted Promissory Note of even date herewith in the principal amount of FOUR HUNDRED SEVENTY-EIGHT THOUSAND SIX HUNDRED EIGHTY-THREE DOLLARS AND TEN CENTS (\$478,683.10) executed and delivered by the Borrower in favor of the Bank; and

(v) a certain Promissory Note A dated January 21, 1993, in the original principal amount of ONE HUNDRED THIRTY-EIGHT THOUSAND THREE HUNDRED DOLLARS (\$138,300.00) executed and delivered by the Borrower in favor of the Bank and all renewals, replacements and extensions thereof; and

(vi) a certain Promissory Note B dated March 19, 1993, in the original principal amount of ONE HUNDRED THIRTY-EIGHT THOUSAND THREE HUNDRED DOLLARS (\$138,300.00) executed and delivered by the Borrower in favor of the Bank and all renewals, replacements and extensions thereof; and

(vii) a certain Promissory Note C dated March 26, 1993, in the original principal amount of ONE HUNDRED THIRTY-EIGHT THOUSAND THREE HUNDRED DOLLARS (\$138,300.00) executed and delivered by the Borrower in favor of the Bank and all renewals, replacements, and extensions thereof."

(d) Section 3.01 of the Security Agreement is hereby ratified and confirmed in its entirety. The Borrower supplements Section 3.01 of the Security Agreement by hereby granting to the Bank a lien upon and a continuing security interest in and to the Collateral, as the same has been redefined by this Amendment, in order to secure the Obligations, including but not limited to all amounts owing under the Notes, as redefined by this Amendment.

(e) The term "Interstate Commerce Commission" as used anywhere in the Security Agreement is hereby amended to read "Interstate Commerce Commission and/or the Surface Transportation Board".

3. The following security agreements are hereby combined into and merged together with the Security Agreement, as hereby amended, so as to constitute a single security agreement creating a first lien security interest in favor of the Bank encumbering all of the Collateral described in all of said security agreements and securing the Original Debt, Additional Note #1, Additional Note #2, Additional Note #3, and Additional Note #4 and all of the Obligations defined in the Security Agreement, with all of the security agreements listed below being amended and restated in their entirety by the terms of the Security Agreement, as hereby amended:

(i) a certain Mortgage and Security Agreement dated November 22, 1994, by and between the Borrower and the Bank entered into in connection with Additional Note #1; and

(ii) a certain Commercial Security Agreement dated March 8, 1995, by and between the Borrower and Taneytown Bank & Trust Company entered into in connection with Additional Note #3, with the rights of Taneytown Bank & Trust Company thereunder having been assigned to the Bank; and

(iii) a certain Security Agreement dated March 5, 1998, by and between the Borrower and Taneytown Bank & Trust Company entered into in connection with Additional Note #4, with the rights of Taneytown Bank & Trust Company thereunder having been assigned to the Bank.

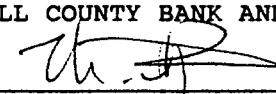
All financing statements filed in connection with the foregoing security agreements shall remain of record and shall be deemed to have been filed in the appropriate filing offices in order to perfect the security interest granted to the Bank under the Security Agreement, as hereby amended.

4. In all respects, except to the extent amended and modified hereby (in which case the provisions of this Amendment shall prevail), the Security Agreement remains in full force and effect in accordance with its original

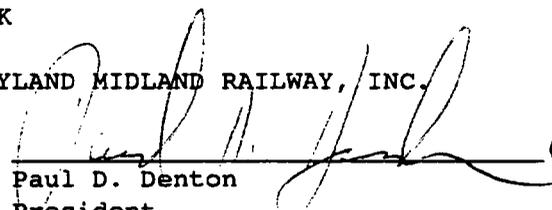
terms and provisions, the same continuing to be binding and effective on the parties thereto.

WITNESS the hands and seals of the parties below affixed to this Amendment, being hereby executed as a specialty, as of the day and year first above written.

WITNESS:


CARROLL COUNTY BANK AND TRUST COMPANY
BY:  _____ (SEAL)
M. Lynn Rill
Vice President



BANK
MARYLAND MIDLAND RAILWAY, INC.
BY:  _____ (SEAL)
Paul D. Denton
President

BORROWER

EXHIBIT A

CAR MARK AND NUMBERS

Sixty-Three (63) Open Top
Hopper Railcars

MMID 4001
MMID 4002
MMID 4003
MMID 4004
MMID 4005
MMID 4006
MMID 4007
MMID 4008
MMID 4009
MMID 4010
MMID 4011
MMID 4012
MMID 4013
MMID 4014
MMID 4015
MMID 4016
MMID 4017
MMID 4018
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MMID 4020
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MMID 4038
MMID 4039
MMID 4040
MMID 4041
MMID 4042
MMID 4043
MMID 4044
MMID 4045
MMID 4046
MMID 4047
MMID 4048
MMID 4049

MMID 4050
MMID 4051
MMID 4052
MMID 4053
MMID 4054
MMID 4055
MMID 4056
MMID 4057
MMID 4058
MMID 4059
MMID 4060
MMID 4061
MMID 4062
MMID 4063

Three (3) Locomotives

MMID 300
MMID 301
MMID 302

District of Columbia)
)
City of Washington) ss:

I, KIM L. BARTMAN, Notary for the District of Columbia, hereby certify that the attached "Amendment to Mortgage and Security Agreement", dated January 29, 1999 between MARYLAND MIDLAND RAILWAY, INC., as Borrower, and CARROLL COUNTY BANK AND TRUST COMPANY, as Bank, is a true and complete copy of the original thereof.

Certified this 2nd day of February, 1999.



Kim L. Bartman

NOTARY PUBLIC

My commission expires: 3-31-2000