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RECORDATION NO 17259 FILED 1425
MAR 22 1991 -2 30 PM
INTERSTATE COMMERCE COMMISSION

March 22, 1991

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RECORDATION

HAND DELIVERED

Mr. Sidney L. Strickland
Secretary
Interstate Commerce Commission
12th & Constitution Avenue, N.W.
Washington, D.C. 20423

Dear Mr. Strickland:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. §11303(a) are two (2) copies of the Loan Agreement, Chattel Mortgage and Security Agreement dated as of March 8, 1991 (the "Loan Agreement"), a primary document as defined in the Commission's Rules for Recordation of Documents.

The names and addresses of the parties to the enclosed Loan Agreement are:

Secured Party: The First National Bank of Maryland
Transportation Division
25 S. Charles Street
Baltimore, Maryland 21201

Debtors: EMONS MARKETING SERVICES, INC.
96 South George Street
York, Pennsylvania 17401

EMCOB, INC.
96 South George Street
York, Pennsylvania 17401

A description of the railroad equipment covered by the enclosed document is set forth in Schedule 1 attached hereto and made a part hereof.

Also enclosed is our check in the amount of $15.00 payable to the order of the Interstate Commerce Commission covering the required recordation fee.

Kindly return a file-stamped copy of the enclosed document to Patrick K. Cameron, Esq., Ober, Kaler, Grimes & Shriver, 120 East Baltimore Street, Baltimore, Maryland 21202-1643.

Return Copy

A short summary of the enclosed primary document to appear in the Commission's index is:

> Loan Agreement, Chattel Mortgage and Security Agreement (the "Loan Agreement") dated as of March 8, 1991, by and between The First National Bank of Maryland, as Secured Party, and Emons Marketing Services, Inc. and EMCOB, Inc., jointly and severally, as Debtors, covering all railcars (except for the 75 50'6" 70 ton box cars owned by EMCOB, Inc. and bearing road numbers CP 240614 through 204688) and other railroad rolling stock, both now owned and hereafter acquired by the Debtors, together with all accessions, accessories, equipment, appurtenances, parts, improvements and attachments thereto and all substitutions and replacements thereof, as may be more fully described in various Loan Supplements to be entered into from time to time and made a part of the Loan Agreement.

Very truly yours,

Patrick K. Cameron

Patrick K. Cameron

PKC/pml
Enclosures

SCHEDULE 1

All of the Debtors' right, title and interest in and to all railcars and other railroad rolling stock, both now owned and hereafter acquired (excepting only those 75 50'6", 70 ton box cars owned by EMCOB, Inc. bearing road nos. CP 204614 through 204688) (hereafter, the "Railcars"), together with all accessions, accessories, equipment, appurtenances, parts, improvements and attachments appertaining or attached thereto, and all substitutions, renewals and replacements thereof.

RECORDATION NO. 17259 FILED 1425
MAR 22 1991 -2 30 PM
INTERSTATE COMMERCE COMMISSION

LOAN AGREEMENT, CHATTEL MORTGAGE AND SECURITY AGREEMENT

Dated as of March 21, 1991

between

THE FIRST NATIONAL BANK OF MARYLAND,

and

EMONS MARKETING SERVICES, INC. and EMCOB, INC.

Covering

The Railcars and Other Railroad Rolling Stock
Described Herein and In Loan Supplements
Executed From Time to Time Pursuant Hereto

Filed and recorded with the Interstate Commerce Commission pursuant to the Interstate Commerce Act, 49 U.S.C. § 11303 on the ____ day of March, 1991, at _ _.m., under Recordation No. _____.

LOAN AGREEMENT, CHATTEL MORTGAGE AND SECURITY AGREEMENT

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LOAN AGREEMENT, CHATTEL MORTGAGE AND SECURITY AGREEMENT

THIS LOAN AGREEMENT, CHATTEL MORTGAGE AND SECURITY AGREEMENT (the "Agreement") is made this 21st day of March, 1991, by and between EMONS MARKETING SERVICES, INC. and EMCOB, INC., each a Delaware corporation and each having its principal place of business and chief executive office at 96 South George Street, York, Pennsylvania 17401 (such co-borrowers, whose obligations hereunder shall be joint and several, are hereafter referred to as the "Co-Borrowers") and THE FIRST NATIONAL BANK OF MARYLAND, a national banking association with its principal place of business at 25 South Charles Street, Baltimore, Maryland 21201 (hereafter, the "Bank").

RECITALS

A. The Co-Borrowers are in the business of, among other things, acquiring, refurbishing and remarketing for sale or lease used railcars and other railroad rolling stock to third party purchasers and lessees (the "Users"), pursuant to sales and lease agreements, as the case may be (the "Remarketing Agreements").

B. The Co-Borrowers have applied to the Bank for a revolving credit facility in an amount not to exceed $1,500,000, in the aggregate at any one time outstanding, to be used by the Co-Borrowers to acquire from time to time used railcars and other railroad rolling stock, which the Co-Borrowers will refurbish and sell or lease to the Users.

C. The Bank is willing to provide the Co-Borrowers with the requested revolving credit facility, upon the terms and subject to the conditions hereinafter set forth.

AGREEMENTS

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound, the Co-Borrowers and the Bank do hereby agree as follows:

I. THE REVOLVING CREDIT LOAN.

Section 1.1 Loan Advances. Subject to the fulfillment of each of the conditions specified in Article 3 hereof, the Bank hereby agrees to lend to the Co-Borrowers from time to time such sums, not to exceed the lesser of 75% of the acquisition cost of the used railcars and other railroad rolling stock and $1,500,000 in the aggregate at any one time outstanding (hereafter, the "Revolving Credit Loan"). The obligation of the Co-Borrowers to repay all sums advanced to them under the Revolving Credit Loan shall be evidenced by the Co-Borrowers' revolving credit note

dated as of the date hereof and in substantially the form attached hereto as Exhibit A ("the Revolving Credit Note"). The Revolving Credit Note shall bear interest and be payable in the manner and at the times set forth therein.

Section 1.2 Prepayment. The Co-Borrowers may prepay the principal sum outstanding from time to time, in whole or in part, at any time without premium or penalty. Subject to the terms and conditions set forth herein, sums repaid will be readvanced.

Section 1.3 Loan Procedure.

(a) Information, Records, etc. The Co-Borrowers shall furnish to the Bank such schedules, certificates, lists, records, reports, information and documents as the Bank may reasonably request from time to time.

(b) Loan Advances. The Co-Borrowers may from time to time, upon two (2) Business Days' prior written notice, request the Bank to make advances to them under the Revolving Credit Loan. Upon receipt of each such request and satisfaction of each of the conditions set forth in Sections 3.2 and 3.3 (as the case may be) and assuming the Co-Borrowers are not then in default hereunder, the Bank will advance to the Co-Borrowers such sums not to exceed the maximum amount then available to them hereunder. Each advance made will be evidenced by the principal amount thereof being credited to a banking account (the "direct deposit account") which the Co-Borrowers jointly maintain with the Bank. The Co-Borrowers' right to request advances and the Bank's obligation to make any advances pursuant to this Agreement shall expire on November 30, 1991, unless otherwise extended by the Bank.

(c) Transactions Between the Co-Borrowers and the Bank. With respect to any advance and all other matters under or in connection with any transactions contemplated hereby, the Co-Borrowers authorize the Bank to accept, rely upon, act upon and comply with, any telephone, oral or written instructions, requests, confirmations and orders received from Robert Grossman, Lawrence Sugar or Joseph Wilks, until the Bank has been notified that such persons are no longer authorized. The Co-Borrowers acknowledge that the transmission between the Co-Borrowers, or either of them, and the Bank of any such instructions, requests, confirmations and orders involves the possibility of errors, omissions, mistakes and discrepancies and agrees to adopt such internal measures and operational procedures to protect their interests. By reason thereof, the Co-Borrowers hereby assume all risk of loss and responsibility for, release and discharge the Bank from any and all responsibility or liability for, and agree to indemnify, reimburse on demand and hold the Bank harmless from, any and all claims, actions, damages, losses, liabilities and expenses by reason of, arising out of or in any way connected with or related to, (i) the Bank's acceptance, reliance and actions upon, compliance with or observation of any such instructions, requests, confirmations or orders, and (ii) any such errors, omissions, mistakes and discrepancies, except those caused by the Bank's own gross negligence or willful misconduct.

Section 1.4 Statement of Account. The Bank will establish and maintain an account on its books (the "Statement of Account") to which (a) the principal amount of each advance under the Revolving Credit Loan made by the Bank shall be debited thereto on the date made, (b) each payment made by the Co-Borrowers to the Bank shall be credited thereto on the date received, (c) all accrued interest on the Revolving Credit Loan, the Expense Payments and the Liquidation Costs (as such terms are defined in Article IX hereof) not paid as and when due and payable shall be debited thereto on the date such amount becomes past due. All credit entries to the Statement of Account are conditional and shall be readjusted as of the date made if final payment is not received by the Bank in cash or its equivalent, or if the amounts so paid are recovered or recoverable from the Bank. The Bank shall render on a monthly basis a statement or statements to the Co-Borrowers with respect to the Statement of Account. Each such statement shall be deemed to be correct and shall be conclusively binding on the Co-Borrowers unless the Co-Borrowers notify the Bank to the contrary in writing, within sixty (60) days from the date of such statement or statements. The Co-Borrowers hereby jointly and severally promise to pay to the Bank, on demand, an amount equal to the excess, if any, of all debit entries over all credit entries recorded in the Statement of Account under the provisions hereof to the extent such excess exceeds the amount then available to the Co-Borrowers under the Revolving Credit Loan.

Section 1.5 Revolving Credit Loan Fee. The Co-Borrowers agree to pay to the Bank a Revolving Credit Loan fee (computed on the basis of a 360-day, year for the actual number of days elapsed) of ½% per annum on the daily average of the unused amount of the Revolving Credit Loan. Such fee shall start to accrue upon the date of execution hereof, shall be computed on a quarterly basis and shall be payable on the first day of each quarterly period for the quarter just ended and on such date as the Revolving Credit Loan may be terminated or shall expire pursuant to the terms hereof.

Section 1.6 Collateral Account. During the term of this Agreement, the Co-Borrowers will deposit or cause to be deposited to a bank account designated by the Bank and from which the Bank alone has power of access and withdrawal (the "Collateral Account"), all checks, drafts, cash and other remittances in payment of the Cars or other sums due under the Remarketing Agreements (all of the foregoing herein collectively referred to as "items of payment"). The Co-Borrowers shall deposit such items of payment for credit to the Collateral Account within two (2) Business Days of the receipt thereof, and in precisely the form received, except for the endorsement of the Co-Borrowers where necessary to permit the collection of such items of payment, which endorsement the Co-Borrowers hereby agree to make. Pending such deposit, the Co-Borrowers will not commingle any such items of payment with any of its other funds or property, but will hold them separate and apart. Proceeds from such deposits shall be used to repay the specific advances to which such deposits relate, together with all accrued but unpaid

interest and other fees and charges then due the Bank, and the excess, if any, shall be transferred to the direct deposit account maintained by the Co-Borrowers with the Bank.

Section 1.7 Co-Borrowers' Right to Terminate. Assuming the Co-Borrowers are not then in default hereunder, the Co-Borrowers shall have the right to terminate this Agreement at any time upon the giving of thirty (30) days' prior written notice to the Bank (the "Termination Notice"). On the termination date, the Co-Borrowers shall pay to the Bank the principal sum outstanding, together with all accrued but unpaid interest and all other fees and charges then due the Bank hereunder. In the event that the Co-Borrowers shall fail to pay such sums on the date specified, then this Agreement shall continue in full force and effect in accordance with its terms without the Bank giving any effect to its receipt of a Termination Notice.

II. COLLATERAL

Section 2.1 Security for Loan Advances. As security for the prompt payment by the Co-Borrowers to the Bank of all amounts payable hereunder and under the other Loan Documents, and for the performance by the Co-Borrowers of all of their obligations hereunder and thereunder (all such obligations, the "Obligations"), the Co-Borrowers do hereby, jointly and severally, grant, bargain, sell, convey, assign, transfer, mortgage, hypothecate, pledge, confirm and create in favor of the Bank a first priority chattel mortgage lien on and security interest in (the "Lien") the following described property, rights and privileges (which collectively, including all property hereafter specifically subjected to the Lien by the terms hereof or by any instrument supplemental hereto, are herein called the "Collateral"):

(a) all railcars (other than the 75 50'6" 70 ton box cars owned by EMCOB, Inc. and bearing road numbers CP 204614 through 204688) and other railroad rolling stock, both now owned and hereafter acquired, together with all accessions, accessories, equipment, appurtenances, parts, improvements and attachments appertaining or attached thereto and all substitutions and replacements thereof (the "Cars");

(b) all agreements now or hereafter entered into with respect to the refurbishing, repair or rebuilding of the Cars;

(c) all agreements for the leasing of the Cars to any User, including, but not limited to, the right to receive all rent and other payments due thereunder;

(d) all contracts or other agreements for the sale of the Cars;

(e) all monies and other funds comprising from time to time the Collateral Account and all rights incident or attendant thereto;

(f) all proceeds (cash and non-cash), including insurance and condemnation awards, thereof; and

(g) all books and records relating to any of the foregoing.

The Co-Borrowers do hereby constitute the Bank as their true and lawful attorney irrevocably, with full power (such power coupled with an interest) in the name of the Co-Borrowers or otherwise to ask, require, demand, receive, and compound and give acquittance for any and all monies and claims for monies due and to become due under or arising in connection with the Collateral, to endorse any checks or other instruments or orders in connection therewith and to file any claims or take any action or institute any proceedings which the Bank alone may deem necessary or advisable in the premises; provided, however, that the Bank shall not exercise such power of attorney so long as the Co-Borrowers are not in default of their obligations hereunder. In addition, after the occurrence of any default hereunder, to the extent the Co-Borrowers receive any rents or other sums payable in connection with the Collateral, the Co-Borrowers agree to promptly remit it to the Bank for deposit into the Collateral Account.

The Co-Borrowers further agree that the Bank shall have in respect of the Collateral all of the rights and remedies of a secured party under the Maryland Uniform Commercial Code ("UCC") and applicable provisions of the Interstate Commerce Act, 49 U.S.C. §11303 et seq. The Co-Borrowers covenant and agree to execute and deliver such instruments, documents, financing statements and other filings necessary in the opinion of the Bank and its counsel to duly perfect the Lien on the Collateral.

2.2 Partial Release. So long as no default shall have occurred and be continuing hereunder, upon payment in full of the amounts required to be paid in connection with each advance and of all accrued but unpaid interest and other fees and charges then due the Bank, all right, title and interest of the Bank in and to the Collateral relating to such advance shall revert to the Co-Borrowers and this Agreement and the rights and powers granted herein and hereby shall cease to be binding and shall be of no further force and effect with respect to such Collateral. In furtherance thereof, the Bank agrees, from time to time and at the Co-Borrowers' expense, to execute and deliver to the Co-Borrowers UCC-3 partial release statements and other documents and instruments as may be reasonably requested by the Co-Borrowers to further evidence the Bank's release of its lien on the Collateral, or any part thereof, relating to the advance which has been repaid.

2.3 Full Release. Upon payment in full of all sums due hereunder and termination of the Bank's commitment to make any further advances hereunder, then all rights herein assigned to the Bank shall cease and terminate, all estate, right, title and interest of the Bank in and to the Collateral shall revert to the Co-Borrowers and this Agreement and the rights and powers granted

herein and hereby shall cease to be binding and shall be of no further force and effect.

III. CLOSINGS; CONDITIONS PRECEDENT.

Section 3.1 Closings. The Bank has agreed to make the Revolving Credit Loan to the Co-Borrowers on the express condition that the Co-Borrowers satisfy all of the conditions set forth in this Article III.

All closings shall take place at the offices of Ober, Kaler, Grimes & Shriver, counsel to the Bank, at 1600 Maryland National Bank Building, Baltimore, Maryland 21202 or at such other place as the parties may designate, on such day or days as the parties shall specify at least two (2) Business Days prior to such closing.

Section 3.2 Closing For the Initial Advance.

The obligation of the Bank to make an initial advance hereunder shall be subject to the Co-Borrowers' satisfaction of the following conditions precedent:

(a) Delivery to the Bank of a fully executed copy of each of the following documents:

(i) this Agreement,

(ii) the Revolving Credit Note,

(iii) a Loan Supplement, in substantially the form attached hereto as Exhibit B, duly executed and delivered by each of the Co-Borrowers and the Bank, granting the Bank a Lien on the Collateral described in such Loan Supplement, which Loan Supplement shall be attached hereto and made part hereof (the "Loan Supplement"),

(iv) Uniform Commercial Code financing statements in form acceptable to the Bank and its counsel,

(v) certified copies of the letters of intent and other similar documents or agreements received by the Co-Borrowers from the User or Users of the Cars to be purchased or leased with the proceeds of such advance, adequately describing the Cars and specifying the purchase price or rentals to be paid by such User, the date such payment or payments are to be made, the date of delivery of each Car and otherwise in form and substance acceptable to the Bank (a "Commitment"); provided, however, that any Commitment received by the Co-Borrowers may be made subject to the Cars being in condition suitable for interchange and to financing on terms then commercially available to third parties in the business of acquiring Cars for resale, lease or use,

(vi) certified fascimile copies of the bills of sale and other title documents evidencing the Co-Borrowers' receipt of good and marketable title to the Cars, free and clear of all liens, claims and encumbrances (including all documents pertaining to such Cars which have been filed with the Interstate Commerce Commission ("ICC")) (the "Title Documents"), and

(vii) certified copies of all contracts and agreements entered into by the Co-Borrowers, or either of them, with third parties with respect to the refurbishing, repair or rebuilding of the Cars (the "Refurbishment Documents");

(viii) a certified copy of the lien search report issued by an independent commercial search service or an attorney authorized to practice before the ICC, in form and substance acceptable to the Bank, showing that the Cars to be purchased or leased with the proceeds of such advance are free and clear of any and all liens and encumbrances, or to the extent any liens and encumbrances are noted, the original execution copies of the releases thereof together with any filing fees due in connection therewith.

(b) The opinion of Co-Borrowers' counsel with respect to each of the matters set forth in Sections 5.01 through 5.5, 5.9(b), 5.10 and 5.13.

(c) All other legal matters incident to the Revolving Credit Loan and all documents reasonably necessary in the opinion of the Bank to the making of the Revolving Credit Loan shall be satisfactory in all material respects to the Bank and its counsel.

(d) With respect to each Co-Borrower, the Bank shall receive on the date hereof: (a) a certificate of the Secretary or Assistant Secretary of such Co-Borrower, in a form acceptable to the Bank, dated as of the date hereof and certifying (i) that attached thereto is a true, complete and correct copy of resolutions adopted by the Board of Directors of such Co-Borrower duly authorizing the execution, delivery and performance of this Agreement and the other Loan Documents, and the Obligations, and (ii) as to the incumbency and specimen signature of each officer of such Co-Borrower executing this Agreement and the other Loan Documents, and a certification by the President or any Vice President of such Co-Borrower as to the incumbency and signature of the Secretary of such Co-Borrower; (b) such other documents as the Bank may reasonably require such Co-Borrower to execute, in form and substance acceptable to the Bank; and (c) such additional information and reports as the Bank may reasonably deem necessary.

(e) The Co-Borrowers shall have satisfied the Bank that all insurance required by Section 6.8 of this Agreement is in effect as of the date of this Agreement, and unless waived by the Bank in writing that the Bank has been named as a co-loss payee, as its interest may appear, under each and every policy relating to the Collateral.

(f) On or prior to the date hereof, both this Agreement and the Loan Supplement pertaining to the first advance shall have been duly filed with the ICC pursuant to 49 U.S.C. § 11303 and in accordance with 49 CFR Part 1177.

(g) The Co-Borrowers shall have good and marketable title to all of the Collateral, free and clear of all liens, encumbrances and interests of those claiming by, through or under the Co-Borrowers (except for the Lien in favor of the Bank and to the extent applicable, to leasehold interests of any User) and the Bank will be given a first priority chattel mortgage lien on and security interest in all such Collateral.

Section 3.3 Closing on Additional Advances

The obligation of the Bank to make each additional advance to the Co-Borrowers pursuant to the terms of Section 1.1 hereof is subject to the fulfillment by the Co-Borrowers, on or before the scheduled funding date for such advance, of the following conditions precedent:

(a) Delivery to the Bank of a fully executed copy of each of the following documents:

(i) a Loan Supplement granting the Bank a Lien on the Collateral described therein;

(ii) Uniform Commercial Code statements of amendment in form acceptable to the Bank and its counsel,

(iii) a certified copy of the Commitment pertaining to the Cars to be purchased or leased with the proceeds of such advance,

(iv) certified copies of all Title Documents pertaining to such Cars,

(v) certified copies of all Refurbishment Documents pertaining to such Cars; and

(vi) evidence of the Co-Borrowers' compliance with the provisions of Section 6.8 hereof;

(vii) a certified copy of the lien search report issued by an independent commercial search service or an attorney authorized to practice before the ICC, in form and substance acceptable to the Bank, showing that the Cars to be purchased or leased with the proceeds of such advance are free and clear of any and all liens and encumbrances, or to the extent any liens and encumbrances are noted, the original execution copies of the releases thereof with any filing fees due in connection therewith.

(b) The representations and warranties of the Co-Borrowers contained herein and in any certificate delivered pursuant hereto shall be true and correct on and as of the date

of such closing; on such closing date there shall be no default hereunder nor shall there have occurred any event which, but for the lapse of time or the giving of notice, or both, would be such a default.

(c) On or prior to such funding date, the Loan Supplement relating thereto shall have been duly filed with the ICC pursuant to 49 U.S.C. §11303 and in accordance with 49 CFR Part 1177.

(d) The Co-Borrowers shall have good and marketable title to all of the Collateral, free and clear of all liens, encumbrances and interest of those claiming by, through or under the Co-Borrowers (except for the Lien in favor of the Bank and, to the extent applicable, the leasehold interests of any User) and the Bank will be given a first priority chattel mortgage lien on and security interest in all such Collateral.

IV. UNCONDITIONAL OBLIGATIONS

Section 4.1 Unconditional Obligation. The payment and performance by the Co-Borrowers of the Obligations shall be absolute and unconditional, irrespective of any defense or any rights of set-off, recoupment or counterclaim they might otherwise have against the Bank, and the Co-Borrowers shall pay absolutely net during the term of the Revolving Credit Loan all of the Obligations, free of any deductions and without abatement, diminution or set-off; and until payment in full of all of the Obligations, the Co-Borrowers: (a) will not suspend or discontinue any payments provided for in the Revolving Credit Note, (b) will perform and observe all of their obligations and agreements contained in this Agreement, and (c) will not terminate or attempt to terminate this Agreement for any cause other than as expressly authorized herein.

V. REPRESENTATIONS AND WARRANTIES

To induce the Bank to make the Revolving Credit Loan, each of the Co-Borrowers hereby represents and warrants to the Bank that:

Section 5.1 Good Standing. It (a) is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, the state of its incorporation, (b) has the full corporate power and authority to own and hold under lease its property and to carry on its business as now being conducted, and (c) is duly qualified and licensed to do business as a foreign corporation in good standing in each jurisdiction in which the character of its properties or the nature of its business makes such qualification necessary or, if not so qualified or authorized, the failure to be so qualified or authorized will not materially and adversely affect its ability to carry on its present business and operations and to own or lease its properties and to perform its obligations hereunder.

Section 5.2 Power and Authority. It has the full corporate power and authority (a) to execute and deliver this Agreement and each of the other Loan Documents, and (b) to make the borrowings hereunder and to incur the Obligations, all of which have been duly authorized by all proper and necessary corporate action. No consent or approval of stockholders, any public authority or any other Person is required as a condition to the execution, validity or enforceability of this Agreement or any of the other Loan Documents.

Section 5.3 Binding Agreements. Assuming due authorization, execution and delivery thereof by the Bank, this Agreement and each of the other Loan Documents have been duly authorized, executed and delivered by it and each constitutes the valid and legally binding obligation of such Co-Borrower, enforceable against such Co-Borrower, jointly and severally, in accordance with the terms thereof.

Section 5.4 Litigation. Except as otherwise previously disclosed to Bank in writing, there are no proceedings pending or, to the knowledge of either Co-Borrower, threatened before any court, arbitrator or administrative agency that could materially affect the financial condition or operations of either Co-Borrower, the authority of either Co-Borrower to enter into this Agreement or any of the other Loan Documents or to perform its obligations hereunder and thereunder.

Section 5.5 No Conflicting Agreements. There is (a) no charter, by-law or preference stock provision of either Co-Borrower and no provision of any existing mortgage, indenture, contract or agreement binding on either Co-Borrower or affecting either Co-Borrower's properties, and (b) to its knowledge, no provision of law or order of court binding upon it which would conflict with or in any way prevent the execution, delivery, or performance by it of the terms of this Agreement or of any of the other Loan Documents or which would be violated as a result of their execution, delivery or performance.

Section 5.6 Financial Condition. The year-end unaudited financial statements of each of the Co-Borrowers, each dated as of June 30, 1990, and the interim internally prepared quarterly financial statements of each of the Co-Borrowers through the period ending December 31, 1990, are complete and correct and fairly present the financial condition of each of the Co-Borrowers as of the dates and for the periods referred to therein. Each of the Co-Borrowers annual financial statements dated as of June 30, 1990, have been prepared in accordance with generally accepted accounting principles applied on a consistent basis throughout the period involved. There are no liabilities, direct or indirect, fixed or contingent, of either Co-Borrower as of the date of the most recent financial statements submitted to the Bank that are not reflected therein or in the notes thereto. There has been no adverse change in the financial condition or operations of either Co-Borrower since the date of the most

recent financial statements submitted to the Bank (and to the knowledge of either Co-Borrower no adverse change is pending or threatened), and neither Co-Borrower has guaranteed the obligations of, or made any investment in or advances to, any company, individual, or other entity except as disclosed in either financial statement.

Section 5.7 Taxes. Each of the Co-Borrowers has filed all Federal, state and local tax returns that, to its knowledge, are required to be filed, and has paid all taxes as shown on either returns or on any assessment received by it, to the extent that such taxes have become due, unless and to the extent only that such taxes, assessments and governmental charges are currently being contested in good faith and by appropriate and diligent legal proceedings and adequate reserves therefor have been established as required under generally accepted accounting principles. To the extent the Co-Borrowers believe it advisable to do so, the Co-Borrowers have set up reserves that they believe to be adequate for the payment of additional taxes for years that have not been audited by the respective tax authorities.

Section 5.8 Compliance With Law. Neither Co-Borrower is in violation, in any material respect, of any law, ordinance, governmental rule or regulation to which it is subject, and the Co-Borrowers have obtained any and all licenses, permits, franchises or other governmental authorizations necessary for the ownership of their properties and the conduct of their businesses, and for the performance of their obligations hereunder and under the other Loan Documents.

Section 5.9 Place(s) of Business and Location of Collateral. (a) The address of each of the Co-Borrower's chief executive office is as specified in the preamble to this Agreement. All books and records pertaining to the Collateral are and will be located at such address. The Co-Borrowers shall promptly advise the Bank in writing of the opening of any new place or places of business or the closing of any existing place or places of business, and of any change in the location of the place or places where the books and records concerning the Collateral, or any part thereof, are kept.

(b) The proper and only places to file this Agreement, the Loan Supplements, the financing statements and all other recordation documents to perfect and otherwise give priority to the Bank's Lien on the Collateral is as follows: a copy of this Agreement and of each of the Loan Supplements shall be filed with the ICC in accordance with 49 U.S.C. §11303 and 49 CFR Part 1177 (and any successor laws and regulations); and Uniform Commercial Code financing statements-Form UCC-1 evidencing the granting of the Lien shall be filed with the Secretary of the Commonwealth of Pennsylvania and Prothonotary of York County, Pennsylvania ("UCC-1s"). No other filings are necessary under any other applicable law for the purposes of securing or perfecting the Bank's Lien on the Collateral or causing it to have first priority status at all

times until released by the Bank. All of the filings referenced above are, and all other filings which are to be filed hereafter shall be, properly completed, duly executed and recorded in the appropriate offices or registries therefor; and the Lien constitutes a valid duly perfected first priority chattel mortgage lien on and security interest in the Collateral.

Section 5.10 Title to Properties. The Co-Borrowers have good and marketable title to the Collateral. The Collateral is free and clear of any and all mortgages, pledges, liens, charges and other encumbrances, except for (i) the Lien in favor of the Bank, (ii) to the extent applicable, the leasehold interests of any User, (iii) liens for taxes not delinquent and being contested in good faith by appropriate and diligent legal proceedings and (iv) mechanics', workmen's, materialmen's, landlords', carriers' and other like liens arising in the ordinary course of business that are not due or are being contested in good faith by appropriate and diligent legal proceedings and the failure to satisfy such liens will not result in forfeiture, sale or loss of the Collateral. Neither Co-Borrower is aware of any one claiming a lien or other interest in the Collateral by virtue of its dealings with the User; and neither Co-Borrower has heretofore assigned or pledged any of its right, title or interest in and to any of the Collateral, except as has been otherwise previously disclosed to the Bank in writing.

Section 5.11 Margin Stock. None of the proceeds from the Revolving Credit Loan will be used, directly or indirectly, by either of the Co-Borrowers for the purpose of purchasing or carrying, or for the purpose of reducing or retiring any indebtedness that was originally incurred to purchase or carry any "margin security" within the meaning of Regulation G (12 CFR Part 207), or "margin stock" within the meaning of Regulation U (12 CFR Part 221), of the Board of Governors of the Federal Reserve System (herein called "margin security" and "margin stock") or for any other purpose that might make the transactions contemplated herein a "purpose credit" within the meaning of said Regulation G or Regulation U, or cause this Agreement to violate any other regulation of the Board of Governors of the Federal Reserve System or the Securities Exchange Act of 1934, as amended, or the Small Business Investment Act of 1958, as amended, or any rules or regulations promulgated under any of either statutes.

Section 5.12 ERISA. With respect to any "pension plan" as defined in Section 3(2) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), which plan is now or previously has been maintained or contributed to by either Co-Borrower and/or by any member ("Commonly Controlled Entity") of a group of trades or businesses that includes either Co-Borrower and that is under common control within the meaning of Sections 414(b) and/or (c) of the Code that: (a) no "accumulated funding deficiency" as defined in Code §412 or ERISA §302 has occurred, whether or not that accumulated funding deficiency has been waived; (b) no "reportable event" as defined in ERISA §4043 has

occurred; (c) no termination of any plan subject to Title IV of ERISA has occurred; (d) neither of the Co-Borrowers nor any Commonly Controlled Entity has incurred a "complete withdrawal" within the meaning of ERISA §4203 from any multiemployer plan; (e) neither of the Co-Borrowers nor any Commonly Controlled Entity has incurred a "partial withdrawal" within the meaning of ERISA §4205 with respect to any multiemployer plan; (f) no multi-employer plan to which either of the Co-Borrowers or any Commonly Controlled Entity has an obligation to contribute is in "reorganization" within the meaning of ERISA §4241 nor has notice been received by either Co-Borrower or any Commonly Controlled Entity that such a multiemployer plan will be placed in "reorganization". The Co-Borrowers represent and warrant to the Bank with respect to any pension plan which either Co-Borrower and/or any Commonly Controlled Entity maintains or contributes to, either now or in the future, that: (a) such bonding as is required under ERISA §412 will be maintained; (b) as soon as practicable and in any event within fifteen (15) days after either Co-Borrower or any Commonly Controlled Entity knows or has reason to know that a "reportable event" has occurred or is likely to occur, each of the Co-Borrowers will deliver to the Bank a certificate signed by its chief financial officer setting forth the details of such "reportable event"; (c) neither of the Co-Borrowers nor any Commonly Controlled Entity will: (i) engage in or permit any "prohibited transaction" (as defined in ERISA §406 or Code §4975) to occur, (ii) cause any "accumulated funding deficiency" as defined in ERISA §302 and/or Code §412 to occur, (iii) terminate any pension plan in a manner that could result in the imposition of a lien on the property of either Co-Borrower pursuant to ERISA §4068, (iv) terminate or consent to the termination of any multiemployer plan, (v) incur a complete or partial withdrawal with respect to any multiemployer plan within the meaning of ERISA §§4203 and 4205, and (d) within fifteen (15) days after notice is received by either Co-Borrower or any Commonly Controlled Entity that any multiemployer plan has been or will be placed in "reorganization" within the meaning of ERISA §4241, the Co-Borrowers will notify the Bank to that effect. Upon the Bank's request, the Co-Borrowers will deliver to the Bank a copy of the most recent actuarial report, financial statements and annual report completed with respect to any "defined benefit plan", as defined in ERISA §3(35).

Section 5.13 Governmental Consents. Neither the nature of either Co-Borrower or of their businesses or properties, nor any relationship between either Co-Borrower and any other entity or person, nor any circumstance in connection with the making of the Revolving Credit Loan, or the offer, issue, sale or delivery of the Revolving Credit Loan is either as to require the consent, approval or authorization of, or filing, registration or qualification with, any governmental authority, on the part of either Co-Borrower, as a condition to the execution and delivery of this Agreement or any of the other Loan Documents, the borrowings hereunder, the offer, issue, sale or delivery of the Revolving Credit Note.

Section 5.14 Full Disclosure. The financial statements referred to in this Article V do not, nor does this Agreement, nor do any written statements furnished by either Co-Borrower or any other Person to the Bank in connection with the making of the Revolving Credit Loan, contain any untrue statement of fact or omit a fact necessary to make the statements contained therein or herein not misleading in any material respect. There is no fact that either Co-Borrower has not disclosed to the Bank in writing which materially affects or, will or could prove to materially affect the properties, business, prospects, profits or condition (financial or otherwise) of either Co-Borrower or its ability to perform its obligations hereunder.

Section 5.15 No Default. There is no Event of Default (as hereinafter defined) which has not otherwise been waived by the Bank and no event has occurred and no condition exists that with the giving of notice or the passage of time, or both, would constitute an Event of Default. Neither Co-Borrower is in default under the terms of any other agreement or instrument to which it is a party or by which it or any of its property may be bound or subject, which if violated would materially and adversely affect the financial condition of either of the Co-Borrowers or their ability to perform their obligations hereunder.

Section 5.16 Recitals. The Recitals to this Agreement are true and accurate in each and every respect and are all incorporated by reference herein.

VI. AFFIRMATIVE COVENANTS OF CO-BORROWERS

Until payment in full and the performance of all of the Obligations hereunder, each of the Co-Borrowers shall:

Section 6.1 Financial Statements. Furnish to the Bank:

(a) Annual Statements and Certificates. As soon as available but in no event more than one hundred twenty (120) days after the close of each of its fiscal years, (i) a copy of Emons Holdings, Inc.'s audited consolidated financial statement, in reasonable detail satisfactory to the Bank, prepared in accordance with generally accepted accounting principles and certified by an independent certified public accountant, which financial statement shall include a balance sheet as at the end of such fiscal year, profit and loss statement and a statement of cash flow, and (ii) a copy of its internally prepared consolidating financial statement, in reasonable detail satisfactory to the Bank, certified by its chief financial officer, which financial statement shall include a balance sheet as at the end of such fiscal year, profit and loss statement and a statement of cash flow.

(b) Annual Certificate of Chief Financial Officer. As soon as available but in no event more than one hundred twenty

(120) days after the close of each of its fiscal years, a certificate of its chief financial officer stating whether any event has occurred that constitutes an Event of Default or that would constitute an Event of Default with the giving of notice or the lapse of time, or both, and, if so, stating the facts with respect thereto.

(c) Quarterly Statements and Certificates. As soon as available but in no event more than sixty (60) days after the close of each of its fiscal quarters, its internally prepared balance sheet and income statements for the quarter then ended, certified by its chief financial officer and accompanied by a certificate of that officer stating whether any event has occurred that constitutes an Event of Default or that would constitute an Event of Default with the giving of notice or the lapse of time, or both, and, if so, stating the facts with respect thereto.

(d) Additional Reports and Information. With reasonable promptness, such additional information, reports or statements as the Bank may from time to time reasonably request.

Section 6.2 Taxes and Claims. Pay and discharge all taxes, assessments and governmental charges or levies imposed upon it or any of its income or properties prior to the date on which penalties attach thereto, and all lawful claims which, if unpaid, might become a lien or charge upon any of its properties; provided, however, it shall not be required to pay any such tax, assessment, charge, levy or claim, the payment of which is being contested in good faith and by appropriate and diligent legal proceedings.

Section 6.3 Corporate Existence. Maintain its corporate existence in good standing in the jurisdiction in which it is incorporated and in each jurisdiction where it is required to register or qualify to do business, or to perform its obligations under the Loan Documents.

Section 6.4 Compliance with Laws Generally. Comply, in all material respects, with all applicable Federal (including those of the United States and Canada), state and local laws, rules and regulations.

Section 6.5 Compliance with AAR Regulations. Comply, in all material respects, with all rules and regulations of the Association of American Railroads and any successor organization thereof.

Section 6.6 Governmental Regulation. Promptly notify the Bank in writing in the event that it receives any notice, claim or demand from any governmental agency that alleges that it is in violation of any of the terms of, or has failed to comply with any applicable order issued pursuant to, any Federal, state or local statute regulating its operation and business, including,

but not limited to, the Occupational Safety and Health Act and the Environmental Protection Act.

Section 6.7 Litigation. Give prompt notice in writing, with a full description to the Bank, of all litigation and of all proceedings before any court or any governmental or regulatory agency affecting it which, if adversely decided, would materially affect the conduct of its business, its financial condition or in any manner affect the Collateral or the performance of its obligations under the Loan Documents.

Section 6.8 Insurance. Carry and maintain, and cause each refurbisher and use its best efforts to cause each User to carry and maintain, casualty insurance and public liability insurance in respect of the Collateral against such risks and in the amounts in the case of casualty insurance equal to its then replacement value and otherwise as the Co-Borrowers customarily carry and maintain with respect to their other properties; all policies with respect to such insurance shall name the Bank as an additional loss payee (for all policies insuring against loss or damage), as its interest may appear, shall provide for at least thirty (30) days' prior written notice by the insurance carrier to the Bank in the event of cancellation, modification or expiration and shall include waivers by the insurer of all claims for premiums against the Bank and a standard mortgagee waiver in favor of the Bank. In the event that either Co-Borrower shall fail to maintain insurance as herein provided, the Bank may (at its sole option) provide such insurance and in such event the Co-Borrowers shall be liable to the Bank for the cost thereof together with interest on the amount of such cost from the date of the Bank's payment thereof until the Bank is fully reimbursed therefor at the rate of interest provided in Section 9.2 of this Agreement. Notwithstanding the foregoing, the Co-Borrowers may self insure for any loss or damage to the Collateral.

In the event of loss or damage to the Collateral, which does not constitute a Total Loss (as hereinafter defined), the Co-Borrowers shall, at their sole cost and expense, promptly repair and restore such item of Collateral to the condition required by this Agreement. Provided the Co-Borrowers are not then in default, upon receipt of evidence reasonably satisfactory to the Bank of the completion of such repairs, the Bank will apply any insurance proceeds received by the Bank on account of such loss to the cost of repairs. Upon the occurrence of the actual or constructive total loss of any item of Collateral, or the loss, theft or destruction thereof or damage to any item of Collateral to such extent as shall make repair thereof uneconomical or shall render such item of Collateral permanently unfit for normal use for any reason whatsoever or the condemnation, confiscation, requisition, seizure, forfeiture or other taking of title or use to any item of Collateral (as established to the reasonable satisfaction of the Bank; any such occurrence being herein referred to as "Total Loss") during the term of this Agreement, the Co-Borrower's shall give the Bank prior notice thereof. Any

insurance proceeds received by the Bank with respect to such Total Loss shall be applied towards repayment of the advance or advances to which it relates and of all accrued but unpaid interest and other fees and charges then due the Bank. Provided the Co-Borrowers are not then in default of their obligations hereunder, any excess proceeds shall be promptly remitted to them or to whomsoever shall be entitled thereto.

Section 6.9 Maintenance of Collateral. Keep and maintain, or cause to be kept and maintained, the Collateral in good operating condition ordinary wear and tear from proper use alone excepted; make, or cause to be made, all proper repairs, renewals, replacements, additions, improvements and other refurbishments thereto in accordance with the Commitment related thereto, or as otherwise needed to maintain such properties in good operating condition; and comply and shall use its best efforts to cause all persons in possession thereof to comply, in all material respects, with all laws, rules, regulations and orders applicable to the Collateral or any part thereof.

Section 6.10 Impairment of Collateral. Not permit anything to be done to the Collateral that may impair the value or utility thereof. The Bank, or an agent designated by the Bank, shall be permitted to enter the premises of either Co-Borrower and any other person in possession thereof, and examine, audit and inspect the Collateral at any reasonable time and from time to time upon two days' prior notice. The Bank shall not have any duty to, and the Co-Borrowers hereby release the Bank from all claims of loss or damage caused by the delay or failure to collect any payment due under or enforce any term of the leases or to preserve any rights against any other party with an interest in the Collateral.

Section 6.11 Other Liens, Security Interests, etc. Keep the Collateral free from all liens, security interests and claims of every kind and nature, other than for Permitted Encumbances (as hereinafter defined).

Section 6.12 Defense of Title and Further Assurances. At its own expense defend the title to the Collateral (or any part thereof), and promptly upon request execute, acknowledge and deliver any financing statement, renewal, affidavit, deed, assignment, continuation statement, security agreement, certificate or other document the Bank may require in order to perfect, preserve, maintain, protect, continue and/or extend the Lien and its priority or to obtain the full benefits of the assignment hereunder and of the rights, powers and benefits granted in this Agreement. The Co-Borrowers shall be solely liable, on a joint and several basis, for and pay to the Bank on demand all taxes, costs and expenses incurred by the Bank in connection with the preparation, execution, recording and filing of any such document or instrument.

Section 6.13 Enforcement of Commitment Covenants. Use its best efforts to cause the Users to comply with each and every agreement and obligation to be performed by them under their respective Commitments.

Section 6.14 Books and Records. (a) Keep and maintain accurate books and records, (b) make entries on such books and records disclosing the Bank's assignment of, and security interest in and lien on, the Collateral, (c) furnish to the Bank promptly upon request such information, reports, contracts and other data concerning the Collateral and all contracts and collection(s) relating thereto as the Bank may from time to time specify, (d) unless the Bank shall otherwise consent in writing, keep and maintain all such books and records mentioned in (a) above at its chief executive offices, and (e) permit any person designated by the Bank to enter the premises of either Co-Borrower and examine, audit and inspect the books and records at any reasonable time and from time to time upon two (2) days prior notice to either Co-Borrower.

Section 6.15 Business Names. Promptly notify the Bank of any change in the name under which it conducts its business.

Section 6.16 Use and Possession of the Cars. Use the Cars for the purposes contemplated in the Recitals; provided, however, that the Co-Borrowers shall not use or permit the use of any Cars outside of the United States of America or Canada.

Section 6.17 Notice of Casualty. Give the Bank prompt written notice of any event or condition constituting a casualty to any item of Collateral, upon a responsible officer of either Co-Borrower having actual knowledge of such event or condition and providing the details of the occurrence thereof. For purposes of this Section 6.17, a "responsible officer" shall mean any corporate officer of such Co-Borrower who, in the normal performance of his operational responsibilities, would have knowledge of such event or condition and the requirements of this Agreement with respect thereto. Each of the Co-Borrowers agree that it will provide the Bank with an officer's certificate, certifying to the existence of such an occurrence and whether or not the Co-Borrowers have repaired or replaced the item or items of Collateral affected thereby. This certificate shall be provided to the Bank within ten (10) Business Days of either Co-Borrower having actual knowledge of such event.

Section 6.18 Change in Management. The Co-Borrowers shall promptly notify the Bank of any change in the management of either Co-Borrower such that Robert Grossman is no longer the Chairman of the Board, President and chief executive officer of Emons Marketing Services, Inc. and Robert Grossman is no longer the Chairman of the Board and President of EMCOB, Inc.

Section 6.19 ICC Filings. (a) This Agreement and each lease entered into by the Co-Borrowers with respect to the Cars shall

have been duly filed with the ICC pursuant to 49 U.S.C. §11303 and in accordance with 49 CFR Part 1177, and (b) to the extent any of the Cars will be used, operated or located in Canada, all action necessary to protect, secure and perfect the Bank's right, title and interest in the Cars shall have been taken, and all laws pertaining thereto complied with prior thereto.

Section 6.20 Loans from Parent Company and Affiliates. Cause to be subordinated to the Co-Borrowers' indebtedness to the Bank all loans and other obligations owed by the Co-Borrowers to their parent company and affiliates from time to time.

VII. NEGATIVE COVENANTS OF THE CO-BORROWERS

During the term hereof, without the prior written consent of the Bank, the Co-Borrowers will not directly or indirectly:

Section 7.1 Mortgages and Pledges. Create, incur, assume or suffer to exist any assignment of, any mortgage, pledge, lien or other encumbrance of any kind upon, and any security interest in, any of the Collateral whether now owned or hereafter acquired, except (a) liens for taxes not delinquent and being contested in good faith by appropriate and diligent legal proceedings; (b) mechanics', workmen's, materialmen's, landlords', carriers', or other like liens arising in the ordinary course of business with respect to obligations that are not due or that are being contested in good faith by appropriate and diligent legal proceedings and the failure to satisfy such liens will not result in forfeiture, sale or loss of the Collateral; (c) the Lien; and (d) the rights of the Users who are parties to operating leases acquired by, or entered into with, the Co-Borrowers from time to time provided such leases are, by their terms, subject and subordinate to the rights of the Bank in and to the Collateral (collectively referred to as "Permitted Encumbrances").

Section 7.2 Merger, Acquisition or Sale of Assets. Enter into any merger or consolidation or acquire all or substantially all the assets of any person, firm, partnership, joint venture or corporation, or sell, lease or otherwise dispose of any material portion of their assets (except assets disposed of in the ordinary course of business) (an "Event"), unless not less than sixty (60) days prior to the happening of such Event: (x) the surviving entity or the entity to whom its assets were sold is duly organized and validly existing under the laws of the United States or any state thereof, and executes and delivers to the Bank an agreement containing an effective assumption by such entity of the due and punctual performance of the Co-Borrowers' obligations under this Agreement, and (y) the Bank is reasonably satisfied as to the creditworthiness of such entity.

Section 7.3 Location of Collateral. Except as contemplated hereunder, transfer, or permit the transfer, to another location of any of the Collateral; provided, however, that the Co-

Borrowers may transfer the Collateral or the books and records related thereto to another location if the Co-Borrowers shall have provided to the Bank prior to such transfer an opinion of counsel addressed to the Bank to the effect that the Bank's Lien shall not be affected by such move or if it shall be affected, setting forth the steps necessary to continue the Bank's Lien together with the commencement of such steps by the Co-Borrowers at their own expense.

Section 7.4 ERISA. Maintain at all times such bonding as is required by ERISA. As soon as practicable and in any event within fifteen (15) days after it knows or has reason to know that, with respect to any plan, a "reportable event" has occurred, the Co-Borrowers will deliver to the Bank a certificate signed by their respective chief financial officers setting forth the details of such "reportable event".

Section 7.5 Additional Indebtedness. Create, assume or suffer to exist any additional indebtedness (whether or not subordinated to the Co-Borrowers' indebtedness to the Bank) other than (i) trade debt incurred in the ordinary course of business, (ii) indebtedness reflected on their unaudited quarterly financial statements as of December 31, 1990, and (iii) indebtedness for monies borrowered from their parent company or any of their affiliates in connection with their acquisition of the Cars.

In addition, until such time as the Co-Borrowers have repaid in full all sums then due hereunder, the Co-Borrowers shall not directly or indirectly (i) repay any sums advanced to them by their parent company or any of their affiliates, (ii) pay any dividends (cash or otherwise) with respect to their capital stock now or hereafter issued or (iii) make any equity investments in, or loans to, any person or entity.

VIII. EVENTS OF DEFAULT

The occurrence of one or more of the following events shall constitute an "Event of Default" under this Agreement, and the terms "Event of Default" or "default" shall mean, whenever they are used in this Agreement, any one or more of the following events:

Section 8.1 Failure to Pay the Obligations. The Co-Borrowers shall fail to make any payment of principal of or interest on the Revolving Credit Note or otherwise pay any of the Obligations within five (5) days after the same shall become due and payable.

Section 8.2 Breach of Representations and Warranties. Any representation or warranty made herein or in any report, certificate, opinion (including any opinion of counsel for either Co-Borrower), financial statement or other instrument furnished in connection with the Obligations or with the execution and

delivery of any of the Loan Documents shall prove to have been false or misleading in any material respect when made.

Section 8.3 Failure to Perform the Obligations. Either of the Co-Borrowers shall default in the due observance and performance of any covenant, condition, obligation or agreement contained in this Agreement and such default shall continue unremedied for a period of twenty (20) days after notice to the Co-Borrowers from the Bank.

Section 8.4 Receiver; Bankruptcy of Co-Borrower. Either Co-Borrower shall (a) apply for or consent to the appointment of a receiver, trustee or liquidator of itself or any of its property, (b) admit in writing its inability to pay its debts as they mature, (c) make a general assignment for the benefit of creditors, (d) be adjudicated a bankrupt or insolvent, (e) file a voluntary petition in bankruptcy or a petition or an answer seeking reorganization or an arrangement with creditors or to take advantage of any bankruptcy, reorganization, insolvency, readjustment of debt, dissolution or liquidation law or statute, or an answer admitting the material allegations of a petition filed against it in any proceeding under any such law or if corporate action shall be taken by such Co-Borrower for the purposes of effecting any of the foregoing, (f) by any act indicating its consent to, approval of or acquiescence in any such proceeding or the appointment of any receiver of or trustee for any of its property, or suffer any such receivership, trusteeship or proceeding which continues undischarged for a period of sixty (60) days.

Section 8.5 Judgment. Unless adequately insured in the opinion of the Bank, the entry of a final judgment for the payment of money involving more than $100,000 against either Co-Borrower and the failure by such Co-Borrower to discharge the same, or cause it to be discharged, within thirty (30) days from the date of the order, decree or process under which or pursuant to which such judgment was entered, or to secure a stay of execution pending appeal of such judgment.

Section 8.6 Execution; Attachment. Any execution or attachment shall be levied against the Collateral, or any part thereof, and such execution or attachment shall not be set aside, discharged or stayed within thirty (30) days after the same shall have been levied.

Section 8.7 Default Under Other Borrowings. Default shall be made by either Co-Borrower with respect to any evidence of indebtedness or liability for borrowed money exceeding $100,000 in the aggregate (other than the Revolving Credit Loan) if the effect of such default is to accelerate the maturity of such evidence of indebtedness or liability or to permit the holder or obligee thereof to cause any indebtedness to become due prior to its stated maturity.

IX. RIGHTS AND REMEDIES UPON DEFAULT

Section 9.1 Remedies. Upon the occurrence of an Event of Default, and in every such event and at any time thereafter, the Bank shall have, among other things, the rights, options, duties and remedies of a secured party, and each of the Co-Borrowers shall have the rights and duties of a debtor, under the UCC (regardless of whether such Code or a law similar thereto has been enacted in a jurisdiction wherein the rights or remedies are asserted) and without limiting the generality of the foregoing, the Bank may exercise any one or more or all, and in any order, of the remedies hereinafter set forth:

(a) The Bank may declare the Obligations immediately due and payable, both as to principal and interest, without presentment, demand, protest, or any notice of any kind, all of which are hereby expressly waived, anything contained herein or in any of the other Loan Documents to the contrary notwithstanding.

(b) The Co-Borrowers shall, at the request of the Bank, promptly execute and deliver to the Bank such instruments of title or other documents as the Bank may deem necessary or advisable to enable the Bank or an agent or representative designated by the Bank, at such time or times and place or places as the Bank may specify, to obtain possession of all or any part of the Collateral. If the Co-Borrowers shall for any reason fail to execute and deliver such instruments and documents after such request by the Bank, the Bank shall be entitled in a proceeding to which either Co-Borrower shall be a necessary party to a judgment for specific performance of the covenants contained in the foregoing sentence, conferring upon the Bank the right to immediate possession and requiring the Co-Borrowers to execute and deliver such instruments and documents to the Bank. The Bank shall have the right to take immediate possession of the Collateral, or any portion thereof, and for that purpose may pursue the same wherever it may be found, and may enter any of the premises of the Co-Borrowers or any other Person in possession thereof, with or without notice, demand, process of law or legal procedure, and search for, take possession of, remove, keep and store the same, or use and operate or lease the same until sold.

The Bank may, but shall not be obligated to, from time to time, at the sole cost and expense of the Co-Borrowers, make all such expenditures for maintenance, insurance, repairs, replacements, alterations, additions and improvements to and of the Collateral, as it may deem proper. In each such case, the Bank shall have the right to complete or cause the completion of the refurbishment provided for in any then outstanding Commitments and otherwise use, operate, store, lease, control or manage the Collateral and to exercise all rights and powers of the Co- Borrowers relating to the Collateral as the Bank shall deem appropriate, including the right to enter into any and all

such agreements with respects to the refurbishment, use, operation, storage, leasing, control or management of the Collateral or any part thereof; and the Bank shall be entitled to collect and receive directly all tolls, rents, issues, profits, products, revenues and other income of the Collateral and every part thereof, without prejudice, however, to any other right of the Bank under any provision of this Agreement to collect and receive all cash and other moneys held by, or required to be deposited with the Bank hereunder. In accordance with the terms of this Section 9.1(b), such tolls, rents, issues, profits, products, revenues and other income shall be applied to pay the expenses of refurbishing, using, operating, storing, leasing, controlling or managing the Collateral and of all maintenance, insurance, repairs, replacements, alterations, additions and improvements, and to make all payments which the Bank may be required or may elect to make, if any, for taxes, assessments, insurance or there proper charges upon the Collateral or any part thereof (including the employment of engineers and accountants to examine, inspect and make reports upon the properties and books and records of the Co-Borrowers in accordance with this Section 9.1(b)), and all other payments which the Bank may be required or authorized to make under any provision of this Agreement, including this Section 9.1(b), as well as just and reasonable compensation for the services of all persons properly engaged and employed by the Bank for the purposes hereof.

(c) The Bank may either with or without taking possession and either before or after taking possession, and without instituting any legal proceedings whatsoever, and having first given notice of such sale by registered mail to the Co- Borrowers once at least ten (10) days prior to the date of such sale, and any other notice which may be required by law, sell and dispose of the Collateral, or any part thereof, at public auction to the highest bidder or, unless prohibited under applicable law, at private sale, in one lot as an entirety or in separate lots, and either for cash or on credit and on such terms as the Bank alone may determine, and at any place (whether or not the location of the Collateral or any part thereof) designated in the notice above referred to. Any such sale or sales may be adjourned from time to time by announcement at the time and place appointed for such sale or sales, or for any such adjourned sale or sales, without further published notice, and the Bank or the Co-Borrowers may bid and become the purchaser at any such sale or sales.

The Co-Borrowers hereby irrevocably constitute the Bank the true and lawful attorney-in-fact of the Co-Borrowers (in the name of the Co-Borrowers or otherwise) for the purpose of effectuating any sale, assignment, transfer or delivery for enforcement of the Lien whether pursuant to foreclosure or power of sale or otherwise, to execute and deliver all such bills of sale, assignments and other instruments as the Bank may consider necessary or appropriate, with full power of substitution, the Co-Borrowers hereby ratifying and confirming all that such attorney-in-fact or any substitute attorney-in-fact shall lawfully do by virtue

hereof. Nevertheless, if so requested by the Bank or any purchaser, the Co-Borrowers shall ratify and confirm any such sale, assignment, transfer or delivery, by executing and delivering to the Bank or such purchaser all bills of sale or other title documents, assignments, releases and other proper instruments to effect such ratification and confirmation as may be designated in any such request. The Bank agrees that the Co-Borrowers shall have the rights of a "debtor" under Section 9-505(2) of the Uniform Commercial Code and shall be entitled to receive the notice referred to therein.

(d) The Bank may proceed to protect and enforce its rights under this Agreement and the other Loan Documents by suit or suits or proceedings in equity, at law or in bankruptcy, and whether for the specific performance of any covenant or agreement herein contained or in execution or aid of any power herein granted, or for foreclosure hereunder, or for the appointment of a receiver or receivers for the Collateral or any part thereof, for the recovery of judgment for the indebtedness hereby secured or for the enforcement of any other proper, legal or equitable remedy available under applicable law.

(e) Terminate its obligation to make any further advances under the Revolving Credit Loan.

(f) Each and every right, power and remedy given to the Bank specifically or otherwise in this Agreement or in any of the other Loan Documents or now or hereafter existing at law or in equity, by statute or otherwise shall be cumulative and concurrent and shall be in addition to every other right, power and remedy herein or therein specifically given or now or hereafter existing at law, in equity or by statute or otherwise, and each and every right, power and remedy whether specifically given herein, therein or otherwise, now or hereafter existing may be exercised from time to time and as often and in such order as may be deemed expedient by the Bank and the exercise or the beginning of the exercise of any one or more of such rights, powers or remedies shall not be construed to be a waiver of or preclude the simultaneous or later exercise by the Bank any other right, power or remedy. No delay or omission by the Bank in the exercise of any right, remedy or power or in the pursuance of any remedy shall impair any such right, power or remedy or be construed to be a waiver of any default by Co-Borrowers or to be in acquiescence therein.

Section 9.2 Expenses. If the Co-Borrowers shall fail to pay the Obligations or shall otherwise fail to perform, observe or comply with any of the conditions, covenants, terms, stipulations or agreements contained in this Agreement or any of the other Loan Documents and any applicable grace period with respect thereto shall have expired, the Bank without notice to or demand upon the Co-Borrowers and without waiving or releasing any of the Obligations or any Event of Default, may (but shall be under no obligation to) at any time thereafter make such payment or

perform such act for the account and at the expense of the Co-Borrowers (the "Expense Payments"), and may enter upon the premises of the Co-Borrowers for that purpose and take all such action thereon as the Bank may consider necessary or appropriate for such purpose. All sums so paid or advanced by the Bank and all costs and expenses (including, without limitation, reasonable attorneys' fees and expenses) incurred in connection therewith, together with interest thereon at the rate of three (3%) per annum in excess of the then current interest rate payable on the Revolving Credit Note from the date of payment until paid in full, shall be paid by the Co-Borrowers to the Bank on demand and shall constitute and become a part of the Obligations.

Section 9.3 Notice and Liquidation Costs. Any written notice of the sale, disposition or other intended action by the Bank with respect to the Collateral that is sent by regular mail, postage prepaid, to the Co-Borrowers at the addresses set forth in Article X hereof, or such other addresses as may from time to time be shown on the Bank's records, at least ten (10) days prior to such sale, disposition or other action, shall constitute reasonable notice to the Co-Borrowers. The Co-Borrowers shall be liable for all reasonable costs and expenses, including, without limitation, reasonable attorney's fees and expenses, incurred by or on behalf of the Bank in preparing for sale or other disposition, selling, managing, collecting or otherwise disposing of, the Collateral. All of such costs and expenses (the "Liquidation Costs"), together with interest thereon from the date incurred until paid in full at a per annum rate of interest that is equal to the rate of interest set forth in the Revolving Credit Note plus 2% per annum, shall be paid by the Co-Borrowers to the Bank on demand and shall constitute and become a part of the Obligations. Any proceeds of sale or other disposition of the Collateral will be applied by the Bank to the payment of the Liquidation Costs and Expense Payments, and any balance of such proceeds will be applied by the Bank to the payment of the balance of the Obligations in such order and manner of application as the Bank may from time to time in its sole discretion determine. After such application of the proceeds, any balance shall be paid to the Co-Borrowers or to any other party entitled thereto.

Section 9.4 Waiver of Co-Borrowers. To the extent now or at any time hereafter enforceable under applicable law, the Co-Borrowers covenant that they will not at any time insist upon or plead, or in any manner whatsoever claim or take any benefit or advantage of, any stay or extension of law now or at any time hereafter in force, nor claim, take nor insist upon any benefit or advantage of or from any law now or hereafter in force providing for the valuation or appraisement of the Collateral or any part thereof, prior to any sale or sales thereof to be made pursuant to any provision herein contained, or to the decree, judgment or order of any court of competent jurisdiction; nor, after such sale or sales, claim or exercise any right under any statute now or hereafter made or enacted by any state or other-

wise to redeem the property so sold or any part thereof, and hereby expressly waive for themselves and on behalf of each and every person, except judgment creditors of the Co-Borrowers acquiring any interest in or title to the Collateral or any part thereof subsequent to the date of this Agreement, all benefit and advantage of any such law or laws, and covenants that they will not invoke or utilize any such law or laws or otherwise hinder, delay or impede the execution of any power herein granted and delegated to the Bank but will suffer and permit the execution of every such power as though no such law or laws had been made or enacted. Notwithstanding the foregoing, nothing contained herein shall be deemed to constitute a waiver by the Co- Borrowers of their right to insist upon the Bank's disposition of the Collateral in a commercially reasonable matter following the occurrence of any Event of Default hereunder.

Section 9.5 Effect of Sale. Any sale, whether under any power of sale hereby given or by virtue of judicial proceedings, shall operate to divest all right, title, interest, claim and demand whatsoever, either at law or in equity, of the Co-Borrowers in and to the property sold, shall be a perpetual bar, both at law and in equity, against the Co-Borrowers, their successors and assigns, and against any and all persons claiming the property sold or any part thereof under, by or through the Co-Borrowers, their successors or assigns.

Section 9.6 Discontinuance of Remedies. In case the Bank shall have proceeded to enforce any right under the Loan Documents by foreclosure, sale, entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely, then and in every such case the Co-Borrowers and the Bank shall be restored to their former position and rights hereunder with respect to the Collateral.

X. MISCELLANEOUS

Section 10.1 Notices. All notices, certificates or other communications hereunder shall be deemed given when delivered by hand or courier or recognized overnite delivery service, or when mailed by certified mail, postage prepaid, return-receipt requested or sent by telecopy, addressed as follows:

if to the Bank: THE FIRST NATIONAL BANK OF MARYLAND
Transportation Division
25 S. Charles Street
Baltimore, Maryland 21201

Attention: Michael Dockman
Assistant Vice President

with a copy to: Patrick K. Cameron, Esq.
Ober, Kaler, Grimes & Shriver
120 East Baltimore Street
Baltimore, Maryland 21202

if to the
Co-Borrowers: c/o Emons Holdings, Inc.,
96 South George Street
York, Pennsylvania 17401

Attention: Treasurer

with a copy to: Anderson, Kill, Okick & Oschinsky
666 Third Avenue, 9th Floor
New York, New York 10017

Attention: Steven Manket, Esq.

Section 10.2 Consents and Approvals. If any consent, approval, or authorization of any state, municipal or other governmental department, agency or authority or of any person, or any person, corporation, partnership or other entity having any interest therein, should be necessary to effectuate any sale or other disposition of the Collateral, the Co-Borrowers agree to execute all such applications and other instruments, and to take all other action, as may be required in connection with securing any such consent, approval or authorization.

Section 10.3 No Waiver of Rights by the Bank. No failure or delay by the Bank to insist upon the strict performance of any term, condition, covenant or agreement of this Agreement or of any of the other Loan Documents, or to exercise any right, power or remedy consequent upon a breach thereof, shall constitute a waiver of any such term, condition, covenant or agreement or of any such breach or preclude the Bank from exercising any such right, power or remedy at any later time or times. By accepting payment of any amount payable under this Agreement or under any of the other Loan Documents after the same is due and payable (and any applicable grace period with respect thereto has expired), the Bank shall not be deemed to waive the right either to require prompt payment when due of all other amounts payable under this Agreement or under any of the other Loan Documents, or to declare a default for failure to effect such prompt payment of any such other amount.

Section 10.4 Entire Agreement. This Agreement and the other Loan Documents shall completely and fully supersede all other prior agreements, both written and oral, between the Bank and the Co-Borrowers relating to the Obligations. Neither the Bank nor the Co-Borrowers shall hereafter have any rights under such prior agreements but shall look solely to this Agreement and the other Loan Documents for definition and determination of all of their respective rights, liabilities and responsibilities relating to the Obligations.

Section 10.5 Survival of Agreement; Successors and Assigns. All covenants, agreements, representations and warranties made by the Co-Borrowers, or either of them, herein and in any certificate, in the Loan Documents and in any other instruments or documents delivered pursuant hereto shall survive the making by the Bank of the Revolving Credit Loan and the execution and delivery of the Revolving Credit Note, and shall continue in full force and effect so long as any of the Obligations are outstanding and unpaid. Whenever in this Agreement any of the parties hereto is referred to, such reference shall be deemed to include the successors and assigns of such party. All covenants, promises and agreements by or on behalf of the Co-Borrowers, which are contained in this Agreement, shall inure to the benefit of the successors and assigns of the Bank, and all covenants, promises and agreements by or on behalf of the Bank, which are contained in this Agreement, shall inure to the benefit of the permitted successors and permitted assigns of the Co-Borrowers, but this Agreement may not be assigned by the Co-Borrowers without the prior written consent of the Bank.

Section 10.6 Expenses. The Co-Borrowers agree to pay all reasonable out-of-pocket expenses of the Bank (including the reasonable fees and expenses of its legal counsel) in connection with the preparation of this Agreement and the Loan Documents, the recordation of this Agreement and all Loan Supplements to be executed in connection therewith, all UCC-1s and all other documents, amendments, instruments or other filings as may be required by the Bank at the time of, or subsequent to, the execution of this Agreement to secure the Obligations (including any and all recordation tax and other costs and taxes incident to recording), the enforcement of any provision of this Agreement and the collection of the Obligations. Notwithstanding the foregoing, in no event shall the Co-Borrowers be required to pay more than $10,000 in out-of-pocket legal fees and expenses incurred by the Bank in connection with the initial preparation and execution of the Loan Documents. The Co-Borrowers agree to indemnify and save harmless the Bank for and from any liability resulting from the failure to pay any required recordation tax, transfer taxes, recording costs or any other expenses incurred by the Bank in connection with the Obligations. The provisions of this Section shall survive the execution and delivery of this Agreement and the repayment of the Obligations. The Co-Borrowers further agree to reimburse the Bank upon demand for all reasonable out-of-pocket expenses (including reasonable attorneys' fees and legal expenses) incurred by the Bank in enforcing any of the Obligations or any security therefor, which agreement shall survive the termination of this Agreement and the repayment of the Obligations.

Section 10.7 Counterparts. This Agreement may be executed in any number of counterparts, all of which together shall constitute a single instrument.

Section 10.8 Maryland Law Governs. This Agreement and all other related instruments and documents and the rights and obligations of the parties hereunder and thereunder shall, in all respects, be governed by, and construed in accordance with, the laws of the United States of America and to the extent applicable the State of Maryland, including all matters of construction, validity and performance.

Section 10.9 Modifications. No modification or waiver of any provision of this Agreement or of any of the other Loan Documents, nor consent to any departure by the Co-Borrowers therefrom, shall in any event be effective unless the same shall be in writing, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice to or demand on the Co-Borrowers in any case shall entitle the Co-Borrowers to any other or further notice or demand in the same, similar or other circumstance.

Section 10.10 Illegality. If fulfillment of any provision hereof or any transaction related hereto or to any of the other Loan Documents, at the time performance of such provision shall be due, shall involve transcending the limit of validity prescribed by law, then ipso facto, the obligation to be fulfilled shall be reduced to the limit of such validity; and if any clause or provisions herein contained other than the provisions hereof pertaining to repayment of the Obligations operates or would prospectively operate to invalidate this Agreement in whole or in part, then such clause or provision only shall be void, as though not herein contained, and the remainder of this Agreement shall remain operative and in full force and effect; and if such provision pertains to repayment of the Obligations, then, at the option of the Bank, all of the Obligations of the Co-Borrowers to the Bank shall become immediately due and payable.

Section 10.11 Extension of Maturity. Should the principal of or interest on the Revolving Credit Note become due and payable on other than a Business Day, the maturity thereof shall be extended to the next succeeding Business Day and in the case of principal, interest shall be payable thereon at the rate per annum specified in the Revolving Credit Note during such extension.

Section 10.12 Gender, etc. Whenever used herein, the singular number shall include the plural, the plural the singular and the use of the masculine, feminine or neuter gender shall include all genders.

Section 10.13 Headings. The headings in this Agreement are for convenience only and shall not limit or otherwise affect any of the terms hereof.

Section 10.14 Liability of the Bank. The Co-Borrowers hereby agree that the Bank shall not be chargeable for any negligence, mistake, act or omission of any accountant, examiner, agency or attorney employed by the Bank (except for the gross

negligence or willful misconduct of any person, corporation, partnership or other entity employed by the Bank) in making examinations, investigations or collections, or otherwise in perfecting, maintaining, protecting or realizing upon any lien or security interest or any other interest in the Collateral or other security for the Obligations.

Section 10.15 Liability of Co-Borrowers. Whether or not expressly stated in each of the provisions in this Agreement or in any of the other Loan Documents, the Co-Borrowers are and shall remain jointly and severally liable for all of the Obligations until the full and final discharge and satisfaction thereof.

Section 10.16 Set-Off. Upon and after the occurrence of any Event of Default, the Bank and each of its branches and offices is hereby authorized by the Co-Borrowers, at any time and from time to time, without notice, (a) to set-off against, and to appropriate and apply to the payment of, the Obligations (whether matured or unmatured, fixed or contingent or liquidated or unliquidated) any and all amounts owing by the Bank or any such office or branch to either of the Co-Borrowers (whether payable in Dollars or any other currency, whether matured or unmatured, and, in the case of deposits, whether general or special, time or demand and however evidenced) and (b) pending any such action, to the extent necessary, to hold such amounts as collateral to secure the Obligations and to return as unpaid for insufficient funds any and all checks and other items drawn against any deposits so held as the Bank in its sole discretion may elect.

Section 10.17 Participations. The Bank may from time to time sell or otherwise grant participations in this Agreement and the Revolving Credit Note, and the holder of any such participation, if the participation agreement so provides, (i) shall, with respect to its participation, be entitled to all of the rights of the Bank and (ii) may exercise any and all rights of set-off or banker's lien with respect thereto, in each case as fully as though the Co-Borrowers were directly indebted to the holder of such participation in the amount of such participation.

Section 10.18 Judicial Proceedings; Service of Process; Waiver of Jury Trial. Any judicial proceeding brought against the Co-Borrowers with respect to this Agreement or any of the other Loan Documents, may be brought in any court of competent jurisdiction in the State of Maryland, and, by execution and delivery of this Agreement, the Co-Borrowers jointly and severally (a) accept, generally and unconditionally, the non-exclusive jurisdiction of such courts and any related appellate court, and irrevocably agrees to be bound by any judgment rendered thereby in connection with this Agreement or any of the other Loan Documents and (b) irrevocably waives any objection it may now or hereafter have as to the venue of any such suit, action or proceeding brought in such a court or that such court is an inconvenient forum. The Co-Borrowers hereby waives personal

service of process and consents that service of process upon them may be made by certified or registered mail, return-receipt requested, at its address specified below the signature of such party, and service so made shall be deemed completed on the third (3rd) Business Day after such service is deposited in the U.S. mails. Nothing herein shall affect the right to serve process in any other manner permitted by law or shall limit the right of the Bank to bring proceedings against the Co-Borrowers, or either of them in the courts of any other jurisdiction. Any judicial proceeding by the Co-Borrowers against the Bank involving, directly or indirectly, any matter in any way arising out of, related to, or connected with this Agreement, any of the other Loan Documents shall be brought only in a court located in the State of Maryland. THE CO-BORROWERS HEREBY WAIVE TRIAL BY JURY IN ANY JUDICIAL PROCEEDING BROUGHT BY THEM OR BY THE BANK INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH THIS AGREEMENT OR ANY OF THE OTHER LOAN DOCUMENTS.

Section 10.19 Taxes. All taxes (excluding income taxes but including Pennsylvania franchise taxes up to $10,000 computed with reference to the net income of the Bank) payable or ruled payable by any Federal, state or local authority in respect of the Loan Documents or the transactions contemplated thereby shall be paid by the Co-Borrowers, together with interest and penalties thereon, if any.

ARTICLE XI

ADDITIONAL LOAN PROVISIONS

Section 11.1 Regulatory Changes. If any regulatory change (a "Regulatory Change")

(a) shall subject the Bank to any tax (other than a tax on the overall net income or profits of the Bank), duty or other charge determined by the Bank to be applicable to the Revolving Credit Loan, to its obligation to make or maintain the Revolving Credit Loan, or to this Agreement or any of the other Loan Documents, or shall, in the determination of the Bank, change the basis of taxation of payments to the Bank of the principal of or interest on the Revolving Credit Loan or its obligation to maintain the Revolving Credit Loan; or

(b) shall impose, increase, modify or deem applicable any reserve, special deposit, assessment, capital adequacy requirement or other requirement against assets of, deposits with or to the account of, credit extended by the Bank, or shall impose on the Bank or on any relevant interbank market for Dollars, or the market for certificates of deposit, any condition; and the result of the foregoing, in the determination of the Bank, is (x) to reduce the amount of any sum received or receivable by such Bank with respect to any amounts loaned hereunder or return to be earned by the Bank on any amounts loaned hereunder, (y) to impose

a cost on the Bank that is attributable to the maintaining of or amount loaned hereunder, or (z) to require the Bank to make any payment on or calculated by reference to the gross amount of any amount received by it hereunder or under the Revolving Credit Loan, then, within fifteen (15) days after request by the Bank, the Co-Borrowers shall pay to the Bank such additional amount or amounts as the Bank reasonably determines will compensate the Bank for such reduction, increased cost or payment. The Bank will promptly notify the Co-Borrowers of any Regulatory Change of which it has knowledge which will entitle the Bank to compensation pursuant to this Section 11.1, but the failure to give such notice shall not affect the Bank's right to such compensation.

Section 11.2 Determinations. In making the determinations contemplated by Section 11.1, the Bank may make such reasonable estimates, assumptions, allocations and the like that the Bank in good faith determines to be appropriate, but the Bank's selection thereof in accordance with this Section 11.2 and the determinations made by the Bank on the basis thereof, shall be final, binding and conclusive upon the Co-Borrowers, except, in the case of such determinations, for manifest errors in computation or transmission. The Bank shall furnish to the Co-Borrowers upon request a certificate outlining in reasonable detail the computation of any amounts claimed by the Bank under this Article XI and the assumptions underlying such computations.

XII. DEFINITIONS

For the purposes hereof:

(a) Each accounting term not defined herein shall have the meaning given to it under generally accepted accounting principles as applied to each such Co-Borrower on a consistent basis by such Co-Borrower's accountants in the preparation of its previous annual financial statements.

(b) "Business Day" shall mean any day that is not a Saturday, Sunday or bank holiday in the State of Maryland.

(c) "Loan Documents" shall be the Loan Agreement, Chattel Mortgage and Security Agreement, all Loan Supplements and the Revolving Credit Note and all other documents executed by

either or both of the Co-Borrowers or any other person at any time in connection with the Revolving Credit Loan.

(d) "Person" shall include natural persons, corporations (which shall be deemed to include business trusts), associations, companies, partnerships and joint ventures.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed, under seal, as of the day and year first above written.

ATTEST: EMONS MARKETING SERVICES, INC.

Controller & Secretary

By: Lawrence N. Hagan (SEAL)
Treasurer

ATTEST: EMCOB, INC.

Controller & Secretary

By: Lawrence N. Hagan (SEAL)
Treasurer

ATTEST: THE FIRST NATIONAL BANK OF MARYLAND

By: Michael F. Dockman (SEAL)
Michael F. Dockman
Assistant Vice President

STATE OF PENNSYLVANIA)
) SS:
CITY OF YORK)

On this 13th day of March, 1991, before me personally appeared [illegible], to me personally known, who being by me duly sworn, says that he is the [illegible] of EMONS MARKETING SERVICES, INC., a Pennsylvania corporation, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corportion by authority of its Board of Directors, and that he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

[Seal]

Pamela L. Hake
Notary Public

My Commission expires 7-13-94.

Notarial Seal
Pamela L. Hake Notary Public
York, York County,
My Commission Expires Sep 2 1994
Member, Pennsylvania Association of Notaries

STATE OF PENNSYLVANIA)
) SS:
CITY OF YORK)

On this 5th day of March, 1991, before me personally appeared [illegible], to me personally known, who being by me duly sworn, says that he is the [illegible] of EMCOB, INC., a Pennsylvania corporation, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corportion by authority of its Board of Directors, and that he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

[Seal]

Pamela L. Hake
Notary Public

My Commission expires 9-12-94.

Notarial Seal
Pamela L. Hake, Notary Public
York, York County
My Commission Expires Sept. 12, 1994
Member, Pennsylvania Association of Notaries

STATE OF MARYLAND)
) SS:
CITY OF BALTIMORE)

On this 21st day of March, 1991, before me personally appeared Michael F. Dockman, to me personally known, who being by me duly sworn, says that he is an International Baanking Executive of THE FIRST NATIONAL BANK OF MARYLAND, a national banking association, that the seal affixed to the foregoing instrument is the seal of said association, that said instrument was signed and sealed on behalf of said association by authority of the Executive Committee of the Board of Directors, and that he acknowledged that the execution of the foregoing instrument was the free act and deed of said association.

Notary Public

[Seal]

My Commission expires _____.

J. DORING LLOYD
NOTARY PUBLIC STATE OF MARYLAND
My Commission Expires August 11, 1994

EXHIBITS

A. Form of Revolving Credit Note

B. Form of Loan Supplement

Exhibit A

REVOLVING CREDIT NOTE

$1,500,000.00

Baltimore, Maryland
March __, 1991

FOR VALUE RECEIVED, EMONS MARKETING SERVICES, INC. and EMCOB, INC., each a Delaware corporation (the "Co-Borrowers"), do each hereby jointly and severally promise to pay to the order of THE FIRST NATIONAL BANK OF MARYLAND, a national banking association (the "Bank), the principal sum of ONE MILLION FIVE HUNDRED THOUSAND and 00/100 DOLLARS ($1,500,000.00), or so much thereof as shall have been actually advanced and/or readvanced by the Bank to the Co-Borrowers and be outstanding pursuant to that certain Loan Agreement, Chattel Mortgage and Security Agreement of even date herewith between the Bank and the Co-Borrowers (the "Loan Agreement"), together with interest thereon from the date hereof until paid in full, as provided below.

Principal and interest shall be payable as follows:

(a) Interest shall be payable on all sums advanced and readvanced from time to time hereunder, at an annual rate which is at all times equal to one percent (1%) per annum in excess of the floating and fluctuating prime rate of interest established and declared by the Bank from time to time (the "Prime Rate") (in no event to exceed the maximum rate allowed by law). All accrued interest shall be due and payable on the date for the payment of each advance. Interest shall be computed on the basis of a 360-day year, for the actual number of days elapsed.

(b) The principal amount of each advance shall be due and payable upon the earliest of: (i) the sale of the Cars for which the advance was made, (ii) one hundred eighty (180) days from the date of the advance, (iii) termination of the Loan Agreement in accordance with the provisions of Section 1.7 thereof or (iv) November 30, 1991.

(c) The rate of interest charged hereunder shall be adjusted on any day on which there is a change in the Prime Rate.

(d) Upon default in any payment, the unpaid principal balance shall bear interest thereafter at a rate which is at all times equal to three percent (3%) per annum in excess of the Prime Rate (in no event to exceed the maximum rate allowed by law), until paid in full.

All payments of principal and interest shall be payable in lawful money of the United States of America, which shall be legal tender in payment of all debts and dues, public and private, at the time of payment.

The fact that the principal balance hereunder may be reduced to zero from time to time pursuant hereto or to the Loan Agreement will not affect the continuing validity of this Revolving Credit Note or the Loan Agreement, and the balance may be increased to the principal sum stated above after any such reduction to zero.

This Revolving Credit Note may be prepaid at any time, in whole or in part, without penalty or premium.

All payments received hereunder shall be applied first to the payment of interest and the balance, if any, to the payment of principal, unless otherwise agreed to by the Bank.

This Revolving Credit Note is the Revolving Credit Note referred to in the Loan Agreement and is secured as provided in the Loan Agreement.

The Co-Borrowers shall pay also prior to judgment, costs of collection, including a reasonable attorney's fee, if this Revolving Credit Note is referred to an attorney for collection following default.

In the event any payment due under this Revolving Credit Note is not made as and when due or there occurs an Event of Default under the Agreement, the Co-Borrowers hereby authorize the clerk or any attorney of any court of record to appear for them before any court in the State of Maryland or elsewhere having jurisdiction over the Co-Borrowers and to confess judgment or judgments against them, or either of them, for the amount then due under this Revolving Credit Note, together with interest, court costs and attorney's fees of 15% of the amount then due. The parties hereby consent to the jurisdiction of the courts in the State of Maryland and irrevocably agree to be bound by any judgment rendered by such courts. The Co-Borrowers further waive any objection they may have now or in the future as to the venue of any such action or suit brought in such courts or that such courts are an inconvenient forum.

This Revolving Credit Note, having been executed and delivered in the State of Maryland, is to be governed by, construed under and enforced in all respects according to, the laws of the State of Maryland.

The rights and remedies of the holder of this Revolving Credit Note, as provided herein, shall be cumulative and concurrent and may be pursued singularly, successively or together at the sole discretion of the holder, and may be exercised as often as occasion therefor shall occur, and the failure to exer-

cise any such right or remedy shall in no event be construed as a waiver or release of the same.

In the event that any one or more of the provisions (or any part of any provision) of this Revolving Credit Note shall for any reason be held to be invalid, illegal or unenforceable in any respect, or in the event that any one or more of the provisions of this Revolving Credit Note operates or would prospectively operate to invalidate this Revolving Credit Note, then and in either of those events, such provision or provisions only shall be deemed null and void and shall not affect any other provisions (or remaining part of the affected provision) of this Revolving Credit Note and the remaining provisions (or remaining part of the affected provision) of this Revolving Credit Note shall remain operative and in full force and effect and shall in no way be affected, prejudiced or disturbed thereby.

The Co-Borrowers hereby waive presentment, protest and demand, notice of protest, notice of demand and of dishonor and non-payment of this Revolving Credit Note, and expressly agree that this Revolving Credit Note or any payment hereunder may be extended from time to time without in any way affecting the liability of the Co-Borrowers.

The Co-Borrowers hereby waive trial by jury in any action or proceeding to which the Co-Borrowers, or either of them, and the Bank may be parties, arising out of or in any way pertaining to (a) this Revolving Credit Note, (b) the Loan Agreement or (c) any other document executed in connection herewith or therewith. It is agreed and understood that this waiver constitutes a waiver of trial by jury of all claims against all parties to such actions or proceedings, including claims against parties who are not parties to this Revolving Credit Note. This waiver is knowingly, willingly and voluntarily made by the Co-Borrowers, and the Co-Borrowers hereby represent that no representations of fact or opinion have been made by any individual to induce this waiver of trial by jury or to in any way modify or nullify its effect. The Co-Borrowers further represent that they have been represented in the signing of this Revolving Credit Note and in the making of this waiver by independent legal counsel, selected of their own free will, and that they have had the opportunity to discuss this waiver with counsel.

IN WITNESS WHEREOF, the Co-Borrowers have caused this Revolving Credit Note to be duly executed, under seal, as of the day and year first above written.

ATTEST: EMONS MARKETING SERVICES, INC.

_____ By: _____ (SEAL)

ATTEST:

EMCOB, INC.

_____

By: _____ (SEAL)

Exhibit B

LOAN SUPPLEMENT NO. ____

Dated as of _____, 19__

between

THE FIRST NATIONAL BANK OF MARYLAND

and

EMONS MARKETING SERVICES, INC. and EMCOB, INC.

_____

Covering

_____

Filed and recorded with the Interstate Commerce Commission ("ICC") pursuant to the Interstate Commerce Act, 49 U.S.C. §11303 on the ____ day of _____, 19__, at ___ __.m. under Recordation No. _____; this Loan Supplement No. _____ constituting a supplement to and a part of that certain Loan Agreement, Chattel Mortgage and Security Agreement dated as of March __, 1991, between The First National Bank of Maryland and Emons Marketing Services, Inc. and EMCOB, Inc., filed and recorded with the ICC on the ____ day of March, 1991, at ___ __.m., under Recordation No. _____.

LOAN SUPPLEMENT NO. ___

THIS LOAN SUPPLEMENT NO. _____ (this "Loan Supplement") is made as of _____, 19__, by and between THE FIRST NATIONAL BANK OF MARYLAND, a national banking association (the "Bank"), and EMONS MARKETING SERVICES, INC. and EMCOB, INC., each a Delaware corporation (collectively, the "Owners").

RECITALS

A. The Bank and the Owners have heretofore entered into a certain Loan Agreement, Chattel Mortgage and Security Agreement dated as of March ___, 1991 (the "Loan Agreement"), pursuant to which the Bank has agreed to make loan advances to the Owners to be secured by railcars and other railroad rolling stock (the "Collateral") purchased by the Owners from time to time with the proceeds of such advances. The Loan Agreement was filed and recorded with the Interstate Commerce Commission ("ICC") pursuant to the Interstate Commerce Act, 49 U.S.C. §11301, on March ___, 1991 at __ _.m., under Recordation No. _____.

B. The Loan Agreement provides for the execution and delivery from time to time of Loan Supplements, in substantially the form hereof, pursuant to which the Owners shall grant to the Bank a first priority chattel mortgage lien on and security interest in [the cars described in Schedule A to this Loan Supplement] [that certain refurbishment agreement dated _____ 19__ related thereto] [that certain bill of sale dated covering the cars] [that certain lease agreement dated _____, 19__, between the Owners and _____ providing for the lease of the cars to _____, and all rentals and other sums payable in connection therewith] [and all proceeds (cash and non-cash), including insurance proceeds and condemnation awards, thereof] described in such Loan Supplements.

C. The parties intend that a counterpart copy of each Loan Supplement be filed with the ICC which, together with the Loan Agreement, shall create a chattel mortgage lien on and security interest in the [the cars described in Schedule A to this Loan Supplement] [that certain refurbishment agreement dated _____, 19___ related thereto] [that certain bill of sale dated covering the cars] [that certain lease agreement dated _____, 19__, between the Owners and _____ providing for the lease of the cars to _____, and all rentals and other sums payable in connection therewith] [and all proceeds (cash and non-cash), including insurance proceeds and condemnation awards, thereof] described herein.

Accordingly, the parties hereto agree as follows:

1. Security Interest. The Owners, in consideration of the foregoing and other good and valuable consideration, the receipt

and sufficiency of which are hereby acknowledged, and intending to be legally bound, and in order to secure the Obligations (as such term is defined in the Loan Agreement), have granted and do hereby grant a first priority chattel mortgage lien on and security interest in, with full power of sale, [the cars described in Schedule A to this Loan Supplement] [that certain refurbishment agreement dated _____, 19__ related thereto] [that certain bill of sale dated covering the cars] [that certain lease agreement dated _____, 19__, between the Owners and _____ providing for the lease of the cars to _____, and all rentals and other sums payable in connection therewith] [and all proceeds (cash and non-cash), including insurance proceeds and condemnation awards, thereof] forever, for the security and benefit of the Bank, its successors and assigns.

TO HAVE AND TO HOLD the aforesaid property, subject to the terms and conditions set forth in the Loan Agreement.

This Loan Supplement shall be construed as supplemental to the Loan Agreement and shall form a part thereof and the Loan Agreement is hereby ratified, approved and confirmed.

2. Counterparts. This Loan Supplement may be executed, acknowledged and delivered in any number of counterparts, each of such counterparts constituting an original but altogether only one Loan Supplement.

3. Governing Law. This Loan Supplement shall be governed by, and construed in accordance with, the laws of the United States of America and the State of Maryland.

4. Headings. Any headings or captions preceding the text of the several sections hereof are intended solely for the convenience of reference and shall not constitute a part of this Loan Supplement nor shall they shall affect its meaning, construction or effect.

IN WITNESS WHEREOF, the Owners have caused this Loan Supplement to be duly executed, under seal, as of the date first above written.

ATTEST: EMONS MARKETING SERVICES, INC.

_____ By: _____ (SEAL)

ATTEST: EMCOB, INC.

_____ By: _____ (SEAL)

ATTEST:

THE FIRST NATIONAL BANK OF MARYLAND

_____

By: _____ (SEAL)

STATE OF PENNSYLVANIA)
) SS:
CITY OF YORK)

On this ____ day of _____, 1991, before me personally appeared _____, to me personally known, who being by me duly sworn, said that he is the _____ of EMONS MARKETING SERVICES, INC., a Pennsylvania corporation, that the seal 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 that he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

(SEAL) _____
Notary Public

My commission expires:_____.

STATE OF PENNSYLVANIA)
) SS:
CITY OF YORK)

On this ____ day of _____, 1991, before me personally appeared _____, to me personally known, who being by me duly sworn, said that he is the _____ of EMCOB, INC., a Pennsylvania corporation, that the seal 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 that he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

(SEAL) _____
Notary Public

My commission expires:_____.

STATE OF MARYLAND)
) SS:
CITY OF BALTIMORE)

On this ____ day of _____, 1991, before me personally appeared _____, to me personally known, who being by me duly sworn, said that he is the _____ of THE FIRST NATIONAL BANK OF MARYLAND, a national banking association, that the seal affixed to the foregoing instrument is the seal of said association, that said instrument was signed and sealed on behalf of said association by authority of the Executive Committee of its Board of Directors, and that he acknowledged that the execution of the foregoing instrument was the free act and deed of said association.

(SEAL) _____
Notary Public

My commission expires:_____.

SCHEDULE A

Description of Collateral