

2-147A001

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17805

RECORDATION NO. \_\_\_\_\_ FILED 1425

MAY 26 1992 -9 10 AM

INTERSTATE COMMERCE COMMISSION

17805/A

RECORDATION NO. \_\_\_\_\_ FILED 1425

MAY 26 1992 -9 10 AM

INTERSTATE COMMERCE COMMISSION

May 26, 1992

New Recordation No.

\$32.00 filing fee

MAY 26 9 06 AM 1992  
MOTOR VEHICLE UNIT

Dear Mr. Strickland:

On behalf of Greyhound Financial Corporation, I submit for filing and recording under 49 U.S.C. Section 11303(a) and the regulations promulgated thereunder, two documents, first, executed counterparts of a primary document, not previously recorded, entitled Chattel Mortgage and Security Agreement, dated as of May 19, 1992 ("Agreement") and second, executed counterparts of a related secondary document, not previously recorded, entitled Assignment of Leases entered into as of May 19, 1992 (Assignment).

1. The parties to the enclosed Agreement are:

Laurinburg and Southern Railroad Company - MORTGAGOR  
204 Railroad Street  
Laurinburg, North Carolina 28352

Greyhound Financial Corporation - MORTGAGEE  
Dial Corporate Center  
Dial Tower  
Phoenix, Arizona 85077

The said Agreement, among other things, grants a security interest in certain identified railroad cars and locomotives AND THOSE HEREAFTER ACQUIRED to secure a loan made by Mortgagee to Mortgagor.

The units of equipment covered by the Agreement are those identified in Schedule 1 of Exhibit A thereto AND HEREAFTER ACQUIRED.

New Member  
and  
- A

*[Handwritten signature]*

A short summary of the Agreement to appear in the ICC Index is as follows:

“Covers HEREAFTER ACQUIRED railroad cars and locomotives and 44 locomotives, 47 covered hoppers, 29 gondolas and 192 boxcars”

2. The parties to the enclosed Assignment are:

Laurinburg and Southern Railroad Company - ASSIGNOR  
204 Railroad Street  
Laurinburg, North Carolina 28352

Greyhound Financial Corporation - ASSIGNEE  
Dial Corporate Center  
Dial Tower  
Phoenix, Arizona 85077

The said Assignment acts to assign the interest of Assignor to Assignee in Leases now existing or HEREAFTER ARISING, among other things.

The units of equipment covered are those identified in Schedule 1 of Exhibit A thereto.

A short summary of the Assignment to appear in the ICC Index is as follows:

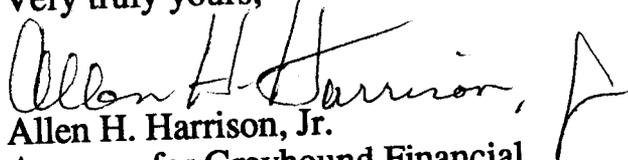
“Covers Leases listed and HEREAFTER ARISING and equipment listed and HEREAFTER ACQUIRED”

Enclosed is a check in the amount of thirty two dollars (\$32.00) in payment of the filing fees.

Once the filings have been made, please return to bearer the stamped counterpart(s) of the documents not required for filing purposes, together with the fee receipt, the letter from the ICC acknowledging the filings, and the two

extra copies of this letter of transmittal.

Very truly yours,

  
Allen H. Harrison, Jr.  
Attorney for Greyhound Financial  
Corporation for the purpose of this  
filing

The Honorable Sidney L. Strickland, Jr.  
Secretary  
Interstate Commerce Commission  
Washington, D.C. 20423  
Enclosure

BY HAND

17805/P

RECORDED IN \_\_\_\_\_ FILED IN \_\_\_\_\_

MAY 26 1992 -9 10 AM

INTERSTATE COMMERCE COMMISSION

ASSIGNMENT OF LEASES

THIS ASSIGNMENT AND AGREEMENT ("Assignment") is entered into as of May 19, 1992, by LAURINBURG AND SOUTHERN RAILROAD COMPANY, a North Carolina corporation ("Assignor"), for the benefit of GREYHOUND FINANCIAL CORPORATION, a Delaware corporation ("Assignee").

W I T N E S S E T H

WHEREAS, Assignor, together with Yadkin Valley Railroad Company, Robeson County Railroad Corporation and Nash County Railroad Corporation, as Borrower (collectively "Borrower"), and Assignee, as Lender, have entered into a certain Loan and Security Agreement ("Agreement"), dated as of the date hereof, providing for the loan by Lender to Borrower of the sum of \$4,250,000. All terms used herein with initial capital letters, unless otherwise specifically defined herein, shall have the meanings set forth in the Agreement; and

WHEREAS, Borrower's obligations under the Agreement are secured, inter alia, by a Security Interest in certain collateral described in the Agreement and on Exhibit "A" attached hereto and by this reference made a part hereof (the "Collateral"); and

WHEREAS, Assignor has entered into various lease agreements, including without limitation those described on Exhibit "B" attached hereto and by this reference made a part hereof, and desires to enter into other lease agreements in the future (collectively, the "Leases") with various lessees ("Lessees") each of which leases one or more items of the Collateral to a Lessee; and

WHEREAS, pursuant to the Agreement, Assignee is willing to consent to the Leases if (i) Assignor will continue to remain responsible and liable under the Agreement for the full and complete performance of all of Assignor's obligations thereunder and (ii) Assignor assigns to Assignee the Leases as herein provided.

NOW, THEREFORE, Assignor hereby covenants and agrees as follows:

1. GRANT. Assignor does hereby grant, sell, transfer and assign to Assignee all of the right, title and interest of Assignor in and to the Leases now existing or hereafter arising, together with all rentals, payments, income, profits, per diem mileage, mileage credits, excess mileage credits, insurance proceeds, and proceeds from requisition or taking ("Payments") now due and which may hereafter become due to Assignor by virtue of the Leases. Assignor hereby irrevocably appoints Assignee as Assignor's true and lawful attorney, in its name and stead (with or without taking possession of the Collateral), to enforce said Leases and to collect all of said Payments.

2. SECURITY. This Assignment is for the purpose of securing:

(a) Payment in full of all sums, together with interest thereon, becoming due and payable to Assignee under the provisions of the Agreement, the Documents or pursuant hereto; and

(b) Performance and discharge of each and every obligation, covenant, condition and agreement of Assignor contained herein and of the Borrower contained in the Agreement and the Documents.

3. REPRESENTATIONS AND WARRANTIES. Assignor covenants with and represents and warrants to Assignee that:

(a) Notwithstanding this Assignment and the exercise by Assignee of any rights assigned hereunder, Assignor will nevertheless, at all times for the duration of the Leases and at Assignor's sole cost and expense (i) perform and discharge each and every obligation, covenant, condition and agreement of Assignor under the Leases, and (ii) use reasonable diligence to enforce or secure the performance of each and every obligation, covenant, condition, and agreement to be performed by the Lessees pursuant to the Leases.

(b) No Payment under the Leases will be forgiven, released, reduced or discounted, or otherwise discharged or compromised by Assignor.

(c) Assignor is the sole party entitled to receive said Payments, and to enjoy all the other rights and benefits mentioned herein, and the same have not been heretofore nor will they be hereinafter granted, sold, transferred or assigned by Assignor to any other person. Subject to the qualification that those Leases described on Exhibit "C", which is attached hereto and by this reference made a part hereof, require the consent of the Lessees thereunder to any assignment by the Assignor of its rights under such Leases, Assignor has the right to grant, sell, transfer and assign the same and to grant and confer upon Assignee the rights, interests, powers and/or authority herein granted and conferred. All necessary consents from the Lessees of the Leases described on Exhibit "C" have been obtained, and no such consents have been rescinded or modified in any way.

(d) (i) Subject to the requirement that Assignor obtain certain consents, as described in Section 3(c) hereof, Assignor has the full power and legal right to make this Assignment and all proceedings necessary to authorize this Assignment have been taken; (ii) the existing Leases are in full force and effect, all Collateral has been delivered to and accepted by the Lessees pursuant to the Leases, and neither Assignor nor any of the Lessees are in default thereunder; (iii) the Agreement is in full force and effect and Assignor is not in default thereunder; (iv) the existing Leases are and will continue to be valid, binding and enforceable against

Assignor and the Lessees in accordance with their terms; and (v) the Agreement and the Documents are and will continue to be valid, binding and enforceable against Assignor in accordance with its terms.

(e) Assignor will execute and deliver, immediately upon the request of Assignee, all such further assurances of assignment of the Leases as Assignee shall from time to time require, and will pay all recording and filing fees or other charges that may be incident to or may arise out of the recording of the same or of this Assignment. Assignor will execute upon request any and all instruments requested by Assignee to carry this Assignment into effect or to accomplish any other purposes deemed by Assignee to be necessary or appropriate in connection with this Assignment.

(f) Each of the Leases are and shall remain a true lease and not an installment sale.

(g) Assignor shall not cancel or terminate the Leases or any of them without the prior written consent of Assignee, which consent shall not be unreasonably withheld.

#### 4. EXERCISE OF RIGHTS.

(a) Although it is the intention of the parties that this Assignment shall be a present assignment, it is understood and agreed that Assignee will not exercise any of its rights and powers hereunder until and unless there shall occur an Event of Default or a default in the performance of any obligation, covenant, condition or agreement hereunder, and so long as none of the same shall occur, Assignor shall have the license to collect, but not in advance of their due date, all Payments due under the Leases and to retain, use and enjoy the same.

(b) If an Event of Default shall occur or there shall occur a default in the performance of any obligation, covenant, condition or agreement hereunder, not cured as provided herein or in the Document pursuant to which such Event of Default arose, Assignee may, at its option (i) enforce any and all of Assignee's rights and remedies under the Agreement and the Documents, and/or (ii) take such action as it deems proper or necessary to collect the Payments from Lessees, which Payments Assignee may then retain, use and enjoy. In furtherance thereof, Assignee may make, cancel, enforce or modify the Leases, and do any acts or things which Assignee deems proper to protect the security hereof, and may, in its own name or Assignor's name, sue for or otherwise collect and receive the Payments, including those past due and unpaid, and apply the same in accordance with the provisions of this Assignment.

(c) In the exercise of the rights and powers conferred upon it by this Assignment, Assignee shall have the full power to hold, use and apply all of the

Payments to the payment of or on account of any sums due under the Agreement, to the notes executed pursuant to the foregoing, and to any cost and expense of collection, including reasonable attorneys' fees, all in such order as Assignee in its sole discretion may determine.

5. NO LIABILITY OF ASSIGNEE. This Assignment shall not operate to increase Assignee's obligations or liabilities or decrease Assignee's rights and remedies under the Agreement. Assignee shall not be responsible for any loss, liability or damage under the Leases, or under or by reason of this Assignment, other than to the extent such loss, liability or damage arises from the gross negligence or willful misconduct of Assignee. Should Assignee incur any such liability, loss or damage, including without limitation such liability, loss or damage incurred in the defense of any claims or demands whatsoever asserted against Assignee under the Leases or under or by reason of this Assignment, the amount thereof, including costs, expenses and attorneys' fees, shall be additional sums secured hereby, shall bear interest at the Overdue Rate specified in the Agreement, and Assignor agrees that it shall reimburse Assignee therefor immediately upon demand.

6. AUTHORIZATION TO RECOGNIZE CLAIMS OF ASSIGNEE. Each of the Lessees is hereby authorized to recognize the claims of Assignee hereunder when made under the sole signature of Assignee, without investigating the reason for any action taken by Assignee, or the validity of the amounts due and owing to Assignee, or the existence of any default under the Agreement or hereunder, or the application to be made by Assignee of any amount to be paid to Assignee. Checks for all or any part of the Payments collected under this Assignment shall be drawn at Assignee's option to the exclusive order of Assignee.

7. NATURE OF REMEDIES. The remedies herein set forth shall be deemed special remedies given to Assignee and shall not be deemed exclusive of any other remedies granted in any of the Agreement, the Documents, or by law, all of which shall be cumulative with the remedies herein granted. Any right or remedy exercised hereunder by Assignee including, without limitation, the collection of the Payments and the application thereof as aforesaid shall not cure, modify or waive any default or any notice thereof under the Agreement or the Documents or invalidate any act done pursuant to such notice. No delay or failure of Assignee to exercise any right or remedy hereunder or under the Agreement, the Documents, or the Leases shall be deemed to be a waiver thereof, and the single or partial exercise by Assignee of any right or remedy hereunder, under the Agreement, the Documents or the Leases shall not preclude any other or further exercise thereof or the exercise or any other right of remedy of any time.

8. CROSS DEFAULT. Any default by Assignor in the performance of any obligation, covenant, condition or agreement herein contained shall, at Assignee's option and following the expiration of applicable cure and/or grace periods set forth in Article VII of the Agreement, the relevant provisions of which are

incorporated herein by reference, constitute and be deemed an Event of Default under the terms of the Agreement.

9. BINDING. This Assignment and each and every covenant, agreement and other provision hereof shall be binding upon Assignor and its successors and assigns and shall inure to the benefit of Assignee and its successors and assigns.

10. DURATION. This Assignment shall continue in full force and effect until (i) the payment in full of all sums due to Assignee under the Documents and the Note executed in connection therewith and (ii) the performance and discharge of each and every obligation, covenant, condition and agreement of Assignor thereunder and hereunder.

11. SEVERABILITY. The unenforceability, illegality or invalidity of any provision hereof shall not render any other provision or provisions herein contained unenforceable, illegal or invalid, and this Assignment shall be construed as if such unenforceable, illegal or invalid provision had never been contained herein.

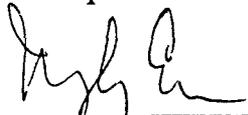
12. NOTICES. All notices hereunder shall be in writing and shall be deemed to have been duly given if sent as provided in the Agreement.

13. CHOICE OF LAW. THIS ASSIGNMENT SHALL BE GOVERNED BY, AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF ARIZONA AND TO THE EXTENT THEY PREEMPT SUCH LAWS, THE LAWS OF THE UNITED STATES.

IN WITNESS WHEREOF, Assignor has caused this Assignment to be executed in its name as of the day and year first above written.

"ASSIGNOR"

LAURINBURG AND SOUTHERN  
RAILROAD COMPANY, a North  
Carolina corporation

By   
Name: Murky Linn  
Title: President

(CORPORATE SEAL)

State of North Carolina  
County of Mechlenburg ) ss.

On this 21st day of May, 1992, before me personally appeared Murphy Evans to me personally known, who being by me duly sworn, say that he is the President of Laurinburg and Southern Railroad Company, a North Carolina 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 he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Richard J. Mack  
Notary Public

My Commission Expires:  
11-18-95

## EXHIBIT A

Those railroad cars and locomotives described and listed on Schedule 1 attached hereto and made a part hereof, including:

(i) all attachments, accessions, fittings, equipment and property now or hereafter affixed thereto or used in connection therewith, and all substitutions and replacements thereof;

(ii) all books and records relating to any of the foregoing whether presently existing or hereafter arising, including, without limitation, all tapes, cards, computer programs and computer data of any computer service bureau or other third party;

(iii) all improvements and replacements hereafter made in or to the foregoing; and

(iv) any and all products and proceeds of the foregoing in any form, including without limitation, any and all proceeds of the sale, lease, requisition, taking or other disposition of any or all of the foregoing (including, without limitation, all income, profits, lease and rental payments, per diem mileage, mileage credits, excess mileage credits, and any and all other revenues or monies of whatsoever nature generated by or attributable to the foregoing), any claims against third parties for loss, damage or destruction of any or all of the foregoing, and all insurance proceeds relating to all of the above.

SCHEDULE 1 OF EXHIBIT A

LOCOMOTIVES

	<u>Serial #</u>	<u>Road #</u>
<b>GP-7 EMD</b>		
1500 Horse Power - Equipped	5172-16/17048	YVRR 201
with Dynamic Brakes and	5172-7 /17039	YVRR 202
Kim Hot Start Units	5252-16/18051	YVRR 203
<b>GP-9 EMD</b>		
1750 Horse Power - Equipped	5516-19/22930	YVRR 204
with Dynamic Brake and Kim	5385-9 /20344	YVRR 205
Hot Start Units	5524-14/22781	YVRR 206
<b>GE 25 Ton</b>		
	17916	LRS 150
	18141	LRS 151
<b>GE 70 Ton Cooper Bessemer Engine -600 HP</b>		
	29089	LRS 101
	30837	LRS 103
	30458	LRS 104
	29466	LRS 105
	30038	LRS 107
	29298	LRS 109
	30013	LRS 110
<b>ALCO - S-2 115 Ton-1000 HP</b>		
	78014	LRS 111
	76169	LRS 131
	74493	LRS 132
<b>ALCO S-4 115 Ton-1000 HP</b>		
	80063	LRS 112
	79518	LRS 113
<b>EMD SW-1 100 Ton-600 HP</b>		
	7503	LRS 114
	7505	LRS 115
	7510	LRS 116
	7512	LRS 117
	7515	LRS 118
	7511	LRS 119
	8532	LRS 120
	1041	LRS 121

	4804	LRS 133
	14561	LRS 135
	1770	LRS 136
<b>EMD - NW - 2</b>	6678	LRS 122
125 Ton-1000 HP	7521	LRS 123
	7522	LRS 124
	7525	LRS 125
	7526	LRS 126
	8539	LRS 127
	6691	LRS 128
	6272	LRS 129
	10266	LRS 130
	3617	LRS 134

**TOTAL LOCOMOTIVES:** 41

**ROLLING STOCK**

<b><u>CAR DESCRIPTION</u></b>	<b><u>CAR NUMBER</u></b>
<b>COVERED HOPPERS:</b>	
a) Ten 30" Hatches 49 ft. 10" long 2931 Cubic feet capacity 100 ton capacity	LRS 1001-1015
b) Four 30" Hatches 41 ft. 10" long 2980 Cubic feet capacity 100 ton capacity	LRS 1051-1055
c) Six 30" Hatches Ten 30" Hatches 51 ft. 3" long 3500 Cubic feet capacity 100 ton capacity	LRS 1061-1067

d) Trough type hatches  
53 ft. 3" long  
4127 cubic feet capacity  
100 ton capacity  
LRS 1071-1090

**TOTAL COVERED HOPPERS:** **47**

**GONDOLAS:**

52 ft. 6" - 1760 cubic feet  
175,000 lb. capacity  
End of car cushioning -  
Open end equipped with A Frame  
LRS 3008-3012  
LRS 3055-3056

52 ft. 6" - 1830 cubic feet  
192,000 lb. capacity  
LRS 3900, 3905, 3910,  
3912, 3913, 3917, 3918,  
3922, 3925, 3926, 3928,  
3930, 3931, 3932, 3933,  
3934, 3935, 3936, 3940,  
3941, 3947 and 3949

**TOTAL GONDOLAS:** **29**

**BOX CARS:**

Plate C - 60 ft. 9"  
6150 cubic feet  
100 ton capacity  
Class A - plug door cushion  
LRS 2001-2005

Plate C - 50 ft. 6"  
Rigid - 70 ton capacity  
Class A  
LRS 4001-4100 (except  
4038 and 4095)

Plate C - 50 ft. 6"  
70 ton capacity  
Class A - Rigid  
LRS 8001-8002

Plate B - 50 ft. 6"  
70 ton capacity  
End of car cushioning  
LRS 7201-7213

Plate B - 50 ft. 6"  
70 ton capacity  
Rigid

LRS 7221-7257 (except  
7223 and 7239)

Plate C - 50 ft. 6"  
70 ton capacity  
End of car cushioning

LRS 5076-5100

RLB 50 ft. 6" Insulated  
Plug Doors (10 ft. 6")

ABBX 30000-30003

LRS 30001, 92533, 92602,  
92755, 92914, 92944,  
92950, 93021, 93039,  
93283

**TOTAL BOX CARS:**

**192**

**TOTAL ROLLING STOCK:**

**268**

**ADDITIONAL LOCOMOTIVES**

<u>Make</u>	<u>Model</u>	<u>Old #</u>	<u>New #</u>	<u>Serial #</u>	<u>Builder #</u>
EMD	GP9	NW 673	YVRR 207	59-A-65	5586-10
EMD	GP9	NW 696	YVRR 208	57-D-151	5586-33
ALCO	S-2	ALCOA #12	LRS 137	_____	75662

**EXHIBIT B**

**EQUIPMENT LEASES**

1. Lessor: Laurinburg and Southern Railroad Company  
(hereinafter referred to as "L&S")  
Lessee: Carroll's Foods, Inc.  
Date: January 4, 1989  
Equipment Leased: Locomotive
2. Lessor: L&S  
Lessee: CertainTeed Corporation  
Date: April 16, 1990  
Equipment Leased: Locomotive
3. Lessor: L&S  
Lessee: Tarmac-LoneStar, Inc.  
Date: October 12, 1987, as amended February 2, 1989  
Equipment Leased: Locomotive
4. Lessor: L&S  
Lessee: Holly Farms Poultry Industries, Inc.  
Date: June 1, 1987  
Equipment Leased: Locomotive
5. Lessor: L&S  
Lessee: Carolina Eastman Division of Eastman Chemical Company  
Date: March 4, 1992  
Equipment Leased: Locomotive
6. Lessor: L&S  
Lessee: Goldsboro Milling Company  
Date: January 27, 1992  
Equipment Leased: Locomotive
7. Lessor: L&S  
Lessee: Carolina Power & Light Company  
Date: April 1, 1989  
Equipment Leased: Locomotive
8. Lessor: L&S  
Lessee: Carolina Power & Light Company  
Date: April 16, 1990  
Equipment Leased: Locomotive

9. Lessor: L&S  
Lessee: Carolina Power & Light Company  
Date: June 7, 1982  
Equipment Leased: Three Locomotives
10. Lessor: L&S  
Lessee: Cedar Rapids and Iowa City Railway Company  
Date: May 1, 1991  
Equipment Leased: 15 Boxcars
11. Lessor: L&S  
Lessee: Jefferson Warrior Railroad Co.  
Date: October 1, 1990  
Equipment Leased: 20 Boxcars
12. Lessor: L&S  
Lessee: Pee Dee River Railway Corp.  
Date: January 10, 1991  
Equipment Leased: 100 Boxcars
13. Lessor: L&S  
Lessee: Peoria and Pekin Union Railway Company  
Date: May 1, 1991  
Equipment Leased: 15 Boxcars
14. Lessor: L&S  
Lessee: Seminole Golf Railway, L.P.  
Date: February 1, 1992  
Equipment Leased: 13 Boxcars
15. Lessor: L&S  
Lessee: Southern Illinois Railcar Co.  
Date: October 30, 1990  
Equipment Leased: 15 Boxcars
16. Lessor: L&S  
Lessee: Libbey-Owens-Ford Company  
Date: March 5, 1990  
Equipment Leased: Locomotive

**EXHIBIT C**

**EQUIPMENT LEASES REQUIRING CONSENT  
OF LESSEES TO ASSIGNMENT**

1. Lessor: Laurinburg and Southern Railroad Company  
(hereinafter referred to as "L&S") ,  
Lessee: Carolina Power & Light Company  
Date: April 1, 1989  
Equipment Leased: Locomotive
  
2. Lessor: L&S  
Lessee: Carolina Power & Light Company  
Date: April 16, 1990  
Equipment Leased: Locomotive
  
3. Lessor: L&S  
Lessee: Carolina Power & Light Company  
Date: June 7, 1982  
Equipment Leased: Three Locomotives