RECORDATION NO. 23705 FILED

OCT 16 '01 2-37 PM

SURFACE TRANSPORTATION BOARD

Tarbell Professional Association

Attorneys at Law

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September 25, 2001

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MAIL
MANAGEMENT
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Vernon A. Williams, Secretary
Surface Transportation Board
1925 K Street, N.W.
Washington DC 20423-001

RE: Claremont Concord Railroad Corporation

Dear Secretary Williams:

I have enclosed an original and one copy/counterpart of the document described below, to be recorded pursuant to Section 11303 of Title 49 of the U.S. Code. This document is a Security Agreement, which is a primary document, dated September 25, 2001.

The name and address of the parties to the document are as follows:

Borrower:
Claremont Concord Railroad Corporation
One Industrial Blvd.
Claremont, NH 03743

Secured Party:
Laconia Savings Bank
62 Pleasant Street
Laconia, New Hampshire 03246

The description of the equipment covered by the document is as follows:

20 Freight Cars (Open-Top Hopper Style) With CCRR Reporting Marks and Numbers:

CCRR 300092
CCRR 300202
CCRR 300215
CCRR 300428
CCRR 300442
CCRR 300803
CCRR 300781
CCRR 300998
CCRR 301074
CCRR 301111
CCRR 301156
CCRR 301169
CCRR 301174
CCRR 301286
CCRR 301299
CCRR 301301
CCRR 301324
CCRR 301409
CCRR 301415
CCRR 301446

5 Locomotives, With CCRR Reporting Marks and Numbers:

CCR 30 - a GE 44-Ton Locomotive
CCR 119 - a GE 44-Ton Locomotive
CCR 104 - an ALCO 115- Ton Locomotive, Model S4
CCR 105 - an ALCO 115- Ton Locomotive, Model S4
CCR 106 - an ALCO 115- Ton Locomotive, Model S4

The collateral includes the above which is now owned by the Borrower, as well as railroad cars, locomotives and other rolling stock owned by the Borrower or hereafter acquired by the Borrower or its successors.

A fee of $28.00 is enclosed. Please return the original and the copies not needed by the Board for recordation to Tarbell Professional Association, 45 Centre Street, Concord, NH 03301.

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

> Security Agreement between Claremont Concord Railroad Corporation of One Industrial Blvd. 03743, as the Borrower, and Laconia Savings Bank, of 62 Pleasant Street, Laconia, New Hampshire 03246, as the Secured Party dated September 25, 2001 and covering the railroad cars, locomotives and rolling stock owned by the Claremont Concord Railroad Corporation as of the date of the Security Agreement or thereafter acquired by it or its successors.

Should you have any questions, please do not hesitate to contact me.

Very truly yours,

Timothy G. Sheedy
Counsel for Laconia Savings Bank

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RECORDATION NO. 23705 FILED

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SURFACE TRANSPORTATION BOARD

SECURITY AGREEMENT

THIS AGREEMENT, made this 25th day of September, 2001, between **CLAREMONT CONCORD RAILROAD CORP.**, a Nevada corporation authorized to do business in New Hampshire, with a mailing address of PO Box 1598, City of Claremont, County of Sullivan and State of New Hampshire 03743 (sometimes hereinafter called the "Debtor") and **LACONIA SAVINGS BANK**, a New Hampshire banking institution with a place of business at 62 Pleasant Street, City of Laconia, County of Belknap and State of New Hampshire 03246 (hereinafter, the "Secured Party") for themselves and their successors and assigns.

WHEREAS, Secured Party has agreed to extend credit to Debtor in an amount of **TWO HUNDRED THOUSAND and 00/100 DOLLARS ($200,000.00)**, as evidenced by Debtor's promissory note of near or even date in the principal amount of **TWO HUNDRED THOUSAND and 00/100 DOLLARS ($200,000.00)** (hereinafter, "Note I") to Secured Party; and

WHEREAS, Secured Party has agreed to extend credit to Debtor in an amount of **FIFTY THOUSAND and 00/100 DOLLARS ($50,000.00)**, as evidenced by Debtor's promissory note of near or even date in the principal amount of **FIFTY THOUSAND and 00/100 DOLLARS ($50,000.00)** (hereinafter, "Note II", collectively with Note I, hereinafter referred to as the "Notes") to Secured Party; and

WHEREAS, to secure the obligations it has undertaken under the Notes and certain security instruments described in the Loan Agreement, if any, and to secure the payment of said sum to the Secured Party (collectively, the "Obligations"), the Debtor desires to create in the Secured Party a security interest in accordance with the terms of the Uniform Commercial Code, NH RSA 382-A.

WHEREAS, Debtor hereby unconditionally acknowledges receipt of consideration for the granting of a first security interest for the benefit of Secured Party.

NOW, THEREFORE, the parties agree as follows:

1. Collateral. The Debtor, for valuable consideration received from the Secured Party, hereby grants to the Secured Party to secure all the foregoing obligations a security interest in the following property (the "Collateral"):

(a) All the Debtor's goods, machinery, equipment, railroad cars, locomotives and other rolling stock as further defined in Exhibit A, intended for use related to interstate commerce, or interests therein, owned by Debtor at the date of a Mortgage to Secured Party by Debtor, or thereafter acquired by it or its successors as owners of the lines of railway covered by the mortgage, furnishings and fixtures, motor vehicles, and personal property, including but not

limited to such property located on Debtor's business premises in Claremont, New Hampshire, (Debtor's "Business Premises") or used in connection with Debtor's business, or otherwise, and further all inventory, including, without limitation, all items held for sale or lease, or furnished or to be furnished under contracts of service, or used or consumed in the Debtor's business (all hereinafter called the "Inventory"), and in contract rights with respect thereto and proceeds thereof, all whether now owned or hereafter acquired. The above collateral is now kept and, in the absence of written notice from the Debtor to the Secured Party, will always be kept only at Debtor's Business Premises.

(b) The Debtor, for valuable consideration received from the Secured Party, hereby also conveys to the Secured Party a security interest in all the Debtor's accounts, accounts receivable, contract rights, notes, personal property leases, mailing lists and customer lists, rents receivable, choses in action, drafts, acceptances, instruments, chattel paper, general intangibles, cash and all other forms of obligations due or to be come due to the Debtor, whether now existing or hereafter arising and whether joint, several, or joint and several, arising from or relating to the Debtor's business.

The Secured Party, by virtue of this Agreement, in addition to any other security or collateral that it may hold, shall have a continuing security interest in said Collateral and in contract rights with respect thereto and proceeds of both, to secure payment and performance of the liabilities and obligations of the Debtor to the Secured Party hereunder.

2. Maintenance and Insurance. The Debtor agrees to keep the Collateral in good condition, deterioration resulting from normal use and damage by fire or casualty excepted, and also to keep it insured against loss from such hazards and in such amounts as the Secured Party may require and in such companies as the Secured Party may approve, payable in case of loss to the Secured Party as its interest may appear and the policies evidencing such insurance, or certificates thereof, shall, upon request, be deposited with the Secured Party. If no Default has occurred and remained uncured, in the event of a fire or casualty loss, Secured Party shall pay over insurance proceeds to Debtor for the repair and replacement of Collateral subject to Secured Party's consent (which shall not be unreasonably withheld) to Debtor's repaid and replacement plans.

3. No Future Liens. The Debtor agrees to keep the Collateral free and clear of any future lien or encumbrance, except purchase money security interests, unless it obtains the advance consent of the Secured Party for any such lien or

encumbrance.

4. Sale and Use in the Ordinary Course. Until Default, the Debtor may sell or lease the Collateral in the ordinary course of business, and may also use or consume any raw materials and supplies, the use and consumption of which is necessary in order to carry on the Debtor's business.

5. Power of Attorney. The Debtor does hereby make, constitute and appoint any officer of the Secured Party as the Debtor's true and lawful attorney-in-fact, with power, in the event of a default, to endorse the name of the Debtor or any of the Debtor's officers or agents upon any notes, checks, drafts, money orders, or other instruments of payment (including payments payable under any policy of insurance on the Collateral) or Collateral that may come into possession of the Secured Party in full or part payment of any amounts owing to the Secured Party, to sign and endorse the name of the Debtor or any of the Debtor's officers or agents upon any invoice, freight or express bill, bill of lading, storage or warehouse receipts, drafts against debtors, assignments, verifications and notices, in connection with accounts, and any instrument or document relating thereto or to the Debtor's rights therein; to give written notice to such office and officials of the United States Post Office to effect such change or changes of address so that all mail addressed to the Debtor may be delivered directly to the Secured Party; granting upon the Debtor's said attorney full power to do any and all things necessary to be done in and about the premises fully and effectually as might or could be done, and hereby ratifying all that said attorney shall lawfully do or cause to be done by virtue hereof. This power of attorney shall be irrevocable for the term of this Agreement and all transactions hereunder as long as the Debtor may be indebted to the Secured Party.

6. Cooperation; Secured Party Sales; No Waiver. The Debtor covenants that it will execute any documents requested by the Secured Party to perfects its security interest therein. When requested by the Secured Party following a default by the Debtor, the Debtor shall cooperate in the Secured Party's repossession of the Collateral and will assemble the Collateral and make it available to the Secured Party at such place as the Secured Party shall designate which shall be reasonably convenient to both parties. The Secured Party may dispose of the Collateral by public or private sale, upon the place where it is then located, and the Secured Party itself may acquire the Collateral at any such sale. Debtor agrees that notice of ten (10) days prior to such sale shall constitute reasonable notice thereof. The Secured Party shall also have the right to remove the Collateral. No waiver of the Secured Party of any defaults hereunder shall constitute a waiver of any other default or of the same default upon a future occasion.

7. Default. The Debtor shall be deemed in "Default" of this Agreement:

(a) If Debtor fails to observe or perform any of the Debtor's agreements expressed herein; provided that a failure to comply with paragraph 2 hereof, shall constitute a Default only if it continues for at least fifteen (15) days after the date of written notice of default provided by the Secured Party;

(b) Upon default of the Debtor under the terms of any Obligation of the Debtor to the Secured Party secured hereby, or if notice or lapse of time, or both, are therein provided, then upon such notice or lapse of time, or both;

(c) Upon the loss, unauthorized sale, unauthorized removal of the Collateral from the locations specified in paragraph 1, theft, damage or destruction of the Collateral; or

(d) In the event the Secured Party shall deem the Collateral in danger of misuse or loss.

8. Remedies. Upon a Default the Secured Party shall have all the rights and remedies of a secured party under the Uniform Commercial Code to the same extent as if they were expressly set forth herein in addition to the remedies provided herein or in any other instrument or paper executed by the Debtor, as well as the right to sell all or part of the Collateral, pursuant to New Hampshire law and may take possession and/or sell the Collateral upon the same terms set forth in the Mortgage of even date that relate to the Premises. In such event, the Debtor shall pay all the Secured Party's costs of repossession and dispossession, including reasonable attorneys' fees, which the Secured Party may deduct from the proceeds.

9. Application of Proceeds. The Secured Party may apply proceeds from the Collateral after default to any obligations severed hereby in such amounts as it deems appropriate in its sole discretion.

10. Governing Law. This Agreement shall be governed by and be construed in accordance with New Hampshire law.

11. Amendment. This Agreement may be amended only by a written instrument executed by the parties.

12. Severability. If any term of this Agreement or the application thereof to any person or circumstances shall to any extent be invalid or unenforceable, the remainder of this Agreement or the application of such term to persons or circumstances other than those as to which it is invalid or

unenforceable, shall not be affected thereby, and each term of the Agreement shall be valid and enforceable to the fullest extent permitted by law.

Debtor hereby acknowledges receipt of consideration for the conveyance of this security interest.

EXECUTED on the day and year first above written.

CLAREMONT CONCORD RAILROAD CORP.

Witness

By: _____
LORI L. BARNES, Its Duly Authorized President

[SEAL]

STATE OF NEW HAMPSHIRE
COUNTY OF SULLIVAN, ss

On this 25th day of September, 2001, before me personally appeared Lori L. Barnes, to me personally known, who being by me duly sworn, says that she is the President of Claremont Concord Railroad Corp., 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 she acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

Notary Public/Justice of the Peace
My Commission Expires:

KRISTA C. HEADLEY
COMMISSION EXPIRES DEC. 20, 2003
NOTARY PUBLIC
NEW HAMPSHIRE

LACONIA SAVINGS BANK

Witness

By: _____
Name: Louis H. Gaudin Jr
Duly Authorized: SVP

[SEAL]

STATE OF NEW HAMPSHIRE
COUNTY OF BELKNAP, ss

On this 27TH day of September, 2001, before me personally appeared LOUIS H. GUEVIN, JR., to me personally known, who being by me duly sworn, says that he is the SENIOR VICE PRESIDENT of Laconia Savings Bank, 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.

Nancy C. Drowne
~~Notary~~ Public/~~Justice of the Peace~~
My Commission Expires: 12/1/04

NANCY C. DROWNE, Notary Public
My Commission Expires December 1, 2004.

Exhibit A

20 Freight Cars (Open-Top Hopper Style) With CCRR Reporting Marks and Numbers:

CCRR 300092
CCRR 300202
CCRR 300215
CCRR 300428
CCRR 300442
CCRR 300803
CCRR 300781
CCRR 300998
CCRR 301074
CCRR 301111
CCRR 301156
CCRR 301169
CCRR 301174
CCRR 301286
CCRR 301299
CCRR 301301
CCRR 301324
CCRR 301409
CCRR 301415
CCRR 301446

5 Locomotives, With CCRR Reporting Marks and Numbers:

CCR 30 - a GE 44-Ton Locomotive
CCR 119 - a GE 44-Ton Locomotive
CCR 104 - an ALCO 115- Ton Locomotive, Model S4
CCR 105 - an ALCO 115- Ton Locomotive, Model S4
CCR 106 - an ALCO 115- Ton Locomotive, Model S4