



May 15, 2008

RECORDATION NO. 27514 FILED

Anne K. Quinlan, Esquire, Secretary
Surface Transportation Board
395 E Street S.W.
Washington, DC 20423
Attention: Recordation

MAY 27 '08

12-25 PM

SURFACE TRANSPORTATION BOARD

Re: *Massachusetts Central Railroad Corporation - security interest granted to LaChance Financial Services, Inc.*

Dear Secretary Quinlan:

I have enclosed an **original** and one counterpart of the document described below, to be recorded pursuant to Section 11301 of Title 49 of the U.S. Code.

This document is a security agreement, a primary document, dated as of March 31, 2008. The names and addresses of the parties to the documents are as follows:

Debtor: MASSACHUSETTS CENTRAL RAILROAD CORPORATION
Two Wilbraham Street
Palmer, Massachusetts 01069

Secured Party: LACHANCE FINANCIAL SERVICES, INC.
203 Southwest Cutoff
Northborough, Massachusetts 01532

A description of the equipment covered by the document follows.

“All railroad cars, locomotives and other railroad rolling stock owned by the Debtor and any and all equipment, accessions, fixtures, refrigeration units, components, apparatus, parts now existing or hereafter attached to or in any manner related thereto, all accessions thereto, replacements and substitutions therefor, and proceeds (including, but without limitation, insurance proceeds) thereof, including but not limited to the following railroad cars, locomotives and railroad rolling stock:

3 Locomotives: MCER 960
MCER 1729
MCER 2100

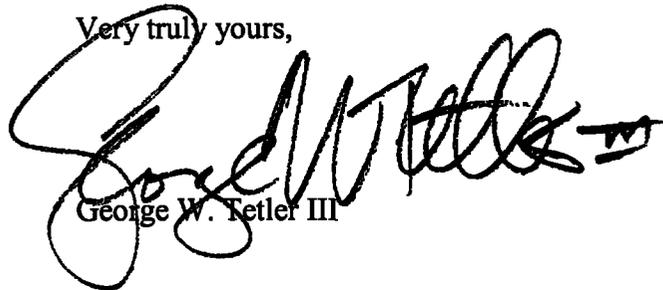
2 Box Cars: MCER 6730
 MCER 6727

A recording fee of \$35.00 is enclosed. Please return the original and the counterpart, if it is not needed by the Board for recordation, to George W. Tetler III, Esquire, Bowditch & Dewey, LLP, P.O. Box 15156, Worcester, Massachusetts 01615-0156.

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

“A Railroad Car Security Agreement dated as of March 31, 2008, by and between Massachusetts Central Railroad Corporation as the Debtor and LaChance Financial Services, Inc. as the Secured Party, granting a second priority security interest to the Secured Party in all railroad cars, locomotives and other railroad rolling stock owned by the Debtor and any and all equipment, accessions, fixtures, refrigeration units, components, apparatus, parts now existing or hereafter attached to or in any manner related thereto, all accessions thereto, replacements and substitutions therefor, and proceeds (including, but without limitation, insurance proceeds) thereof, including but not limited to the following: three (3) Locomotives, numbered MCER 960, MCER 1729, and MCER 2100; and two (2) Box Cars numbered MCER 6730 and MCER 6727.”

Very truly yours,



George W. Tetler III

GWT/tp
Enclosures

MAY 27 '08

12-25 PM

RAILROAD CAR SECURITY AGREEMENT

SURFACE TRANSPORTATION BOARD

This Railroad Car Security Agreement (this "Agreement") dated as of March 31, 2008 is by and between MASSACHUSETTS CENTRAL RAILROAD CORPORATION, a Massachusetts corporation with its principal place of business at Two Wilbraham Street, Palmer, Massachusetts 01069 ("Debtor"), and LACHANCE FINANCIAL SERVICES, INC., a Massachusetts corporation with its principal place of business at 203 Southwest Cutoff, Northborough, Massachusetts 01532 ("Secured Party").

WHEREAS, Debtor and Secured Party entered into a Loan Agreement of even date herewith (the "Loan Agreement"); and

WHEREAS, in connection therewith, Debtor is executing and delivering to Secured Party a Promissory Note in the face amount of TWO MILLION AND 00/100 DOLLARS (\$2,000,000.00) of even date herewith (the "Note"); and

WHEREAS, the parties have agreed that the Note shall be secured by certain assets of Debtor.

NOW THEREFORE, in consideration of the promises and the mutual covenants and agreements hereinafter stated, the parties agree as follows:

1. Grant. In consideration of Secured Party furnishing financial accommodations to Debtor and to secure payment of all obligations and liabilities of Debtor to Secured Party (including without limitation all debts, claims and indebtedness) whether primary, secondary, direct, contingent, fixed or otherwise, heretofore, now or from time to time hereafter owing, due or payable, however evidenced, created, incurred, acquired or owing and however arising, or by oral agreement or operation of law or otherwise (the "Obligations"), Debtor grants to Secured Party a continuing security interest in the following assets of Debtor (the "Collateral"):

Railroad cars, locomotives and other railroad rolling stock and any and all equipment, accessions, fixtures, refrigeration units, components, apparatus, parts now existing or hereafter attached to or in any manner related thereto, all accessions thereto, replacements and substitutions therefor, and proceeds (including, but without limitation, insurance proceeds) thereof, including but not limited to those railroad cars, locomotives and railroad rolling stock more specifically listed on Exhibit A attached hereto and incorporated herein by reference.

2. Warranties and Covenants of Debtor. Debtor warrants and covenants that:

a. Debtor will not, without the prior written consent of Secured Party pledge, mortgage, or create, or suffer to exist, any security interest in any portion of the Collateral in favor of any person other than Secured Party and Barre Savings Bank Debtor will defend the Collateral against the claims and demands of all persons claiming an interest in the Collateral not authorized hereunder.

b. Debtor will immediately notify Secured Party in writing of any change in location of Debtor's business, shall at all reasonable times and from time to time allow Secured Party, by or through any of its attorneys or accountants, to inspect the Collateral and to examine, inspect or make extracts from Debtor's books, accounts, orders, correspondence and other

destruction, sale or encumbrance to or any of the Collateral, or the making of any levy, seizure or attachment thereof or thereon; (d) dissolution, termination of existence, filing by Debtor or by any third party against Debtor of any petition under any Federal bankruptcy statute, insolvency, business failure, appointment of a receiver of any part of the property of, or assignment for the benefit of creditors by, Debtor; or (e) the occurrence of an event of default in any agreement between Debtor and Secured Party.

5. Remedies. UPON DEFAULT AND AT ANY TIME THEREAFTER, SECURED PARTY MAY DECLARE ALL OBLIGATIONS SECURED HEREBY IMMEDIATELY DUE AND PAYABLE AND SHALL HAVE THE REMEDIES OF A SECURED PARTY UNDER THE UNIFORM COMMERCIAL CODE OF THE COMMONWEALTH OF MASSACHUSETTS (the "Code"), including without limitation the right to take immediate and exclusive possession of the Collateral, or any part thereof, and for that purpose may, so far as Debtor can give authority therefor, with or without judicial process, enter upon any premises on which the Collateral or any part thereof may be situated and remove the same therefrom (provided that if the Collateral is affixed to real estate, such removal shall be subject to the conditions stated in the Code); and the Secured Party shall be entitled to hold, maintain, preserve and prepare the Collateral for sale, until disposed of, or may propose to retain the Collateral subject to Debtor's right of redemption in satisfaction of the Debtor's Obligations as provided in the Code. Secured Party without removal may render the Collateral unusable and dispose of the Collateral on the Debtor's premises. Secured Party may require Debtor to assemble the Collateral and make it available to Secured Party for possession at a place to be designated by Secured Party. Unless the Collateral is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, Secured Party will give Debtor at least five (5) days' notice of the time and place of any public sale thereof or of the time after which any private sale or any other intended disposition thereof is to be made. The requirements of reasonable notice shall be met if such notice is mailed, postage prepaid, to the address of Debtor shown at the beginning of this agreement at least five (5) days before the time of the sale or disposition. Secured Party may buy the Collateral at any public sale. The net proceeds realized upon any such disposition, after deduction for the expenses of retaking, holding, preparing for sale or lease, selling, leasing and the like and the reasonable attorneys' fees and legal expenses incurred by Secured Party, shall be applied in satisfaction of the Obligations secured hereby. The Secured Party will account to the Debtor for any surplus realized on such disposition and the Debtor shall remain liable for any deficiency.

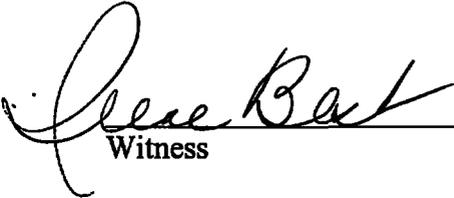
The remedies of the Secured Party hereunder are cumulative and the exercise of any one or more of the remedies provided for herein or under the Code shall not be construed as a waiver of any of the other remedies of the Secured Party so long as all or any part of the Debtor's Obligations remain unsatisfied.

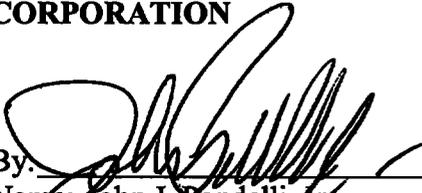
6. Miscellaneous.

a. Debtor waives demand, notice, protest, notice of collateral received or delivered, notice of default or other action taken in reliance hereon and all other demands and notices of any description. With respect both to the Obligations and the Collateral, Debtor assents to any extension or postponement of the time of payment or any other indulgence, and to the addition or release of any party or person primarily or secondarily liable, all in such manner

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

MASSACHUSETTS CENTRAL RAILROAD CORPORATION


Witness

By: 
Name: John J. Pondelli, Jr.
Title: President and Treasurer

LACHANCE FINANCIAL SERVICES, INC.

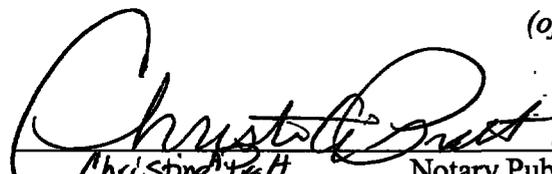

Witness

By: 
Name: Larry LaChance
Title: President

THE COMMONWEALTH OF MASSACHUSETTS

Worcester, ss.

On this 31st day of March 2008, before me, the undersigned notary public, personally appeared John J. Pondelli, Jr., President and Treasurer of Massachusetts Central Railroad Corporation, proved to me through satisfactory evidence of identification, which was photographic identification with signature issued by a federal or state governmental agency, oath or affirmation of a credible witness, personal knowledge of the undersigned, to be the person whose name is signed on the preceding or attached document(s), and acknowledged to me that he signed it voluntarily for its stated purpose as President and Treasurer of Massachusetts Central Railroad Corporation.


Christine Pratt Notary Public
My commission expires: August 15, 2008
(official seal)

THE COMMONWEALTH OF MASSACHUSETTS

Worcester, ss.

On this 31st day of March 2008, before me, the undersigned notary public, personally appeared Larry LaChance, President of LaChance Financial Services, Inc., proved to me through satisfactory evidence of identification, which was photographic identification with signature issued by a federal or state governmental agency, oath or affirmation of a credible witness, personal knowledge of the undersigned, to be the person whose name is signed on the preceding or attached document(s), and acknowledged to me that he signed it voluntarily for its stated purpose as President of LaChance Financial Services, Inc.

 (official seal)
Christene A. Platt Notary Public
My commission expires: August 15, 2008

EXHIBIT A

3 Locomotives: MCER 960
MCER 1729
MCER 2100

2 Box Cars: MCER 6730
MCER 6727