6025
RECORDATION NO. _____ Filed & Recorded
DEC 17 1968
INTERSTATE COMMERCE COMMISSION
DEC 9 1968
RECEIVED
DEC 17 10 25 AM '68
I. C. C.
FEE OPERATION BR.

CHATTEL MORTGAGE, ASSIGNMENT OF RENTS and SECURITY AGREEMENT

Re: PENN CENTRAL COMPANY
(P. C. TRUST NO. 12)

THIS CHATTEL MORTGAGE, ASSIGNMENT OF RENTS AND SECURITY AGREEMENT (the "Mortgage") dated as of December 17, 1968, from D. E. MUNDELL and BEN MAUSHARDT, Co-Trustees under a Trust Agreement dated as of October 10, 1968 (the "Mortgagor") whose Post Office address is 633 Battery Street, San Francisco, California 94111 to General American Life Insurance Company (the "Mortgagee") having its principal office at 1501 Locust Street, St. Louis, Missouri 63166.

W I T N E S S E T H:

WHEREAS the Mortgagee and the Mortgagor have entered into a Loan Agreement dated as of October 10, 1968 (the "Loan Agreement") providing for the commitment of the Mortgagee to make loans to the Mortgagor from time to time on or before December 20, 1968 not exceeding $ 500,000 in aggregate principal amount to be evidenced by the 7-1/2% Secured Notes (the "Notes") of the Mortgagor which shall be expressed to bear interest at the rate of 7-1/2% per annum prior to maturity and to mature in twenty-three (23) semiannual installments, consisting of three semiannual installments of interest only followed by 20 semiannual installments including both principal and interest with the final installment payable not later than June 20, 1980; and to be otherwise substantially in the form attached as Exhibit 1 to the Loan Agreement; and

WHEREAS the Notes and all principal thereof and interest thereon and all additional amounts and other sums at any time due and owing from or required to be paid by the Mortgagor under the terms of the Notes, this Mortgage or the Loan Agreement are hereinafter sometimes referred to as "indebtedness hereby secured"; and

WHEREAS all of the requirements of law have been fully complied with and all other acts and things necessary to make this Mortgage a valid, binding, and legal instrument for the security of the Notes have been done and performed;

NOW, THEREFORE, the Mortgagor in consideration of the premises and of the sum of Ten Dollars received by the Mortgagor from the Mortgagee and other good and valuable consideration, receipt whereof is hereby acknowledged, and in order to secure the payment of the principal of and interest on the Notes according to their tenor and effect, and to secure the payment of all other indebtedness hereby secured and the performance and observance of all covenants and conditions in the Note and in this Mortgage and in the Loan Agreement contained, does hereby sell, convey, warrant, mortgage, assign, pledge, grant a security interest in, and hypothecate unto the Mortgagee, its successors and assigns, forever, all and singular of the Mortgagor's right, title and interest in and to the following described properties, rights, interests and privileges (all of which properties hereby mortgaged, assigned and pledged or intended so to be are hereinafter collectively referred to as the "mortgaged property"):

DIVISION I

The Rebuilt Railroad Equipment described in Schedule A attached hereto and made a part hereof (collectively the "Equipment" and individually an "Item of Equipment") constituting part of the Equipment leased and delivered under that certain Equipment Lease dated as of October 10, 1968 (the "Lease") between the Mortgagor, as Lessor and Penn Central Company, as Lessee (the "Lessee") together with all accessories, equipment, parts and appurtenances appertaining or attached to any of the equipment hereinabove described, whether now owned or hereafter acquired, and all substitutions, renewals or replacements of and additions, improvements, accessions and accumulations to any and all of said Equipment together with all the rents, issues, income, profits and avails.

DIVISION II

The Lease and all rents and other sums due and to become due thereunder including any and all extensions or renewals thereof insofar as the same cover or relate to the Equipment (but excepting and reserving, however, the initial installment of fixed rental for each Item of Equipment and excepting that portion of the second, third and fourth installments of fixed rental expressed as 2.6794% of the total cost of the Equipment); it being the intent and purpose thereof that the assignment and transfer to the Mortgagee of said rents and other sums due and to become due under the Lease shall be effective and operative immediately and shall continue in full force and effect and the Mortgagee shall have the right to collect and receive said rents and other sums for application in accordance with the provisions of Section 3 hereof at all times during the period from and after the date of this Mortgage until the indebtedness hereby secured has been fully paid and discharged.

, · · , o a e rig , ı e an of the Lessee u er the Lease, and (b) the ien of current taxes and assessments not in default, or, if delinquent, the validity of which is being contested in good faith.

TO HAVE AND TO HOLD the mortgaged property unto the Mortgagee, its successors and assigns, forever; provided always, however, that these presents are upon the express condition that if the Mortgagor shall pay or cause to be paid all the indebtedness hereby secured and shall observe, keep and perform all the terms and conditions, covenants and agreements herein and in the Loan Agreement and the Notes contained, then these presents and the estate hereby granted and conveyed shall cease and this Mortgage shall become null and void; otherwise to remain in full force and effect.

SECTION 1. COVENANTS AND WARRANTIES OF THE TRUST:

The Mortgagor covenants, warrants and agrees as follows:

1.1. The Mortgagor covenants and agrees well and truly to perform, abide by and to be governed and restricted by each and all of the terms, provisions, restrictions, covenants and agreements set forth in the Loan Agreement, and in each and every supplement thereto or amendment thereof which may at any time or from time to time be executed and delivered by the parties thereto or their successor and assigns, to the same extent as though each and all of said terms, provisions, restrictions, covenants and agreements were fully set out herein and as though any amendment or supplement to the Loan Agreement were fully set out in an amendment or supplement to this Mortgage.

1.2. Warranty of Title. The Mortgagor has the right, power and authority under the Trust Agreement to convey, transfer and mortgage the Equipment to the Mortgagee for the uses and purposes hrein set forth; and the Mortgagor will warrant and defend the title to the mortgaged property against all claims and demands of persons claiming by, through or under the Mortgagor (excepting only the right, title and interest of the Lessee under the Lease and of persons claiming by, through or under the Lessee).

1.3. Further Assurances. The Mortgagor will, at its own expense, do, execute, acknowledge and deliver all and every further acts, deeds, conveyances, transfers and assurances necessary or proper for the better assuring, conveying, assigning and confirming unto the Mortgagee all of the mortgaged property, or property intended so to be, whether now owned or hereafter acquired. Without limiting the foregoing but in furtherance of the assignment of rents and other sums due and to become due under the Lease the Mortgagor covenants and agrees that it will notify the Lessee of such assignment and direct the Lessee to make all payments of such rents and other sums due and to become due under the Lease directly to the Mortgagee.

SUBJECT, HOWEVER, to (a) the right, title and interest of the Lessee under the Lease, and (b) the lien of current taxes and assessments not in default, or, if delinquent, the validity of which is being contested in good faith.

TO HAVE AND TO HOLD the mortgaged property unto the Mortgagee, its successors and assigns, forever; provided always, however, that these presents are upon the express condition that if the Mortgagor shall pay or cause to be paid all the indebtedness hereby secured and shall observe, keep and perform all the terms and conditions, covenants and agreements herein and in the Loan Agreement and the Notes contained, then these presents and the estate hereby granted and conveyed shall cease and this Mortgage shall become null and void; otherwise to remain in full force and effect.

SECTION 1. COVENANTS AND WARRANTIES OF THE TRUST:

The Mortgagor covenants, warrants and agrees as follows:

1.1. The Mortgagor covenants and agrees well and truly to perform, abide by and to be governed and restricted by each and all of the terms, provisions, restrictions, covenants and agreements set forth in the Loan Agreement, and in each and every supplement thereto or amendment thereof which may at any time or from time to time be executed and delivered by the parties thereto or their successor and assigns, to the same extent as though each and all of said terms, provisions, restrictions, covenants and agreements were fully set out herein and as though any amendment or supplement to the Loan Agreement were fully set out in an amendment or supplement to this Mortgage.

1.2. Warranty of Title. The Mortgagor has the right, power and authority under the Trust Agreement to convey, transfer and mortgage the Equipment to the Mortgagee for the uses and purposes hrein set forth; and the Mortgagor will warrant and defend the title to the mortgaged property against all claims and demands of persons claiming by, through or under the Mortgagor (excepting only the right, title and interest of the Lessee under the Lease and of persons claiming by, through or under the Lessee).

1.3. Further Assurances. The Mortgagor will, at its own expense, do, execute, acknowledge and deliver all and every further acts, deeds, conveyances, transfers and assurances necessary or proper for the better assuring, conveying, assigning and confirming unto the Mortgagee all of the mortgaged property, or property intended so to be, whether now owned or hereafter acquired. Without limiting the foregoing but in furtherance of the assignment of rents and other sums due and to become due under the Lease the Mortgagor covenants and agrees that it will notify the Lessee of such assignment and direct the Lessee to make all payments of such rents and other sums due and to become due under the Lease directly to the Mortgagee.

1.4. After-acquired Property. Any and all property described or referred to in the granting clauses hereof which is hereafter acquired shall ipso facto, and without any further conveyance, assignment or act on the part of the Mortgagor or the Mortgagee become and be, subject to the lien of this Mortgage as fully and completely as though specifically described herein, but nothing in this Section 1.4 contained shall be deemed to modify or change the obligation of the Mortgagor under Section 1.3 hereof.

1.5. Recordation and Filing. The Mortgagor will cause this Mortgage and all mortgages supplemental hereto, the Lease and all supplements thereto, and all financing and continuation statements and similar notices required by applicable law, at all times to be kept, recorded and filed at its own expense in such manner and in such places as may be required by law in order fully to preserve and protect the rights of the Mortgagee hereunder, and will at its own expense furnish to the Mortgagee promptly after the execution and delivery of this Mortgage and of each supplemental mortgage an opinion of counsel stating that in the opinion of such counsel this Mortgage or such supplemental mortgage, as the case may be, has been properly recorded or filed for record so as to make effective of record the lien intended to be created hereby.

1.6. Modifications of the Lease. The Mortgagor will not:

(a) declare a default or exercise the remedies of the Lessor under , or terminate, modify or accept a surrender of, or offer or agree to any termination, modification, surrender or termination of, the Lease (except as otherwise expressly provided herein) or by affirmative act consent to the creation or existence of any mortgage or other lien to secure the payment of indebtedness upon the leasehold estate created by the Lease or any part thereof; or

(b) receive or collect or permit the receipt or collection of any rental payment under the Lease prior to the date for payment thereof provided for by the Lease or assign, transfer or hypothecate (other than to the Mortgagee hereunder) any rental payment then due or to accrue in the future under the Lease in respect of the mortgaged property, except that this restriction shall not apply to the initial installment of fixed rental under the Lease and that portion of the second, third and fourth installments of fixed rental with respect to the Equipment expressed as 2.6794% of the total cost of the Equipment; or

(c) sell, mortgage, transfer, assign or hypothecate (other than to the Mortgagee hereunder) its interest in the Equipment or any part thereof or in any amount to be received by it from the use or disposition of the Equipment.

1.7. Power of Attorney in respect of the Lease. The Mortgagor does hereby irrevocably constitute and appoint the Mortgagee, its true and lawful attorney with full power of substitution, for it and in its name, place and stead, to ask, demand, collect, receive, receipt for, sue for, compound and give acquittance for any and all rents, income and other sums which are assigned under Division II of the granting clause hereof with full power to settle, adjust or compromise any claim thereunder as fully as the Mortgagor could itself do, and to endorse the name of the Mortgagor on all commercial paper given in payment or in part payment thereof, and in its discretion to file any claim or take any other action or proceedings, either in its own name or in the name of the Mortgagor, or otherwise, which the Mortgagee may deem necessary or appropriate to collect any and all sums which may be or become due or payable under the Lease or which may be necessary or appropriate to protect and preserve the right, title and interest of the Mortgage in and to such rents and other sums and the security intended to be afforded hereby. The Mortgagee shall defend, indemnify and save harmless the Mortgagor, its successor, agents and assigns from and against any claim, cause of action, damage, liability, cost or expense (including attorneys' fees and costs in connection therewith) incurred as a result of any action taken by the Mortgagee under this Section 1.7 which is wrongful or which exceeds the powers and authorities herein granted.

SECTION 2. POSEESSION, USE AND RELEASE OF PROPERTY:

2.1. While the Mortgagor is not in default hereunder it shall be suffered and permitted to remain in full possession, enjoyment and control of the Equipment and to manage, operate and use the same and each part thereof with the rights and franchises appertaining thereto; provided always, that the possession, enjoyment; control and use of the Equipment shall at all times be subject to the observance and performance of the terms of this Mortgage. It is expressly understood that the use and possession of the equipment by the Lessee under and subject to the Lease shall not constitute a violation of this Section 2.1.

2.2. So long as no default referred to in Section 14 of the Lease has occurred and is continuing to the knowledge of the Mortgagee, the Mortgagee shall execute a release in respect of any Item of Equipment designated by the Lessee for settlement pursuant to Section 11 of the Lease upon receipt of: (i) written notice from the Lessee designating the Item of Equipment in respect of which the Lease will terminate and (ii) settlement by the Lessee for such Item of Equipment in compliance with Section 11 of the Lease.

SECTION 3. APPLICATION OF ASSIGNED RENTALS AND CERTAIN OTHER MONEYS RECEIVED BY THE MORTGAGEE:

3.1. As more fully set forth in Division II of the granting clauses hereof the Mortgagor has hereby sold, assigned, conveyed, pledged and mortgaged to the Mortgagee all rents, issues, profits, income and other sums due and to become due under the Lease in respect of the Equipment (excepting the initial installment of fixed rental for each Item of Equipment and excepting that portion of the second, third and fourth installments of fixed rental with respect to the Equipment expressed as 2.6794% of the total cost of the Equipment) as security for the Notes. So long as no event of default as defined in Section 4 hereof has occurred and is continuing:

(a) The amounts from time to time received by the Mortgagee which constitute payment of the installments of fixed rents under the Lease in respect of the Equipment shall be applied first, to the Notes which have matured or will mature on or before the due date of the installments of fixed rental which are received by the Mortgagee, and the balance, if any, of such amounts shall be paid to or upon the order of the Mortgagor; and

(b) The amounts from time to time received by the Mortgagee which constitute settlement by the Lessee of the "Casualty Value" for any Item of Equipment pursuant to Section 11 of the Lease shall be paid and applied on the Notes, all to such manner and in such amounts so that after giving effect to such application and the release of the Item of Equipment from the Lease and the lien of this Mortgage:

(i) The aggregate principal amount remaining unpaid on the Notes does not exceed the "Present Value of Rents" as hereinafter defined in respect of all other Equipment which then remains subject to the Lease and the lien of this Mortgage; and

(ii) Each of the remaining installments of the Notes shall be reduced in the proportion that the principal amount of the prepayment bears to the unpaid principal amount of the Notes immediately prior to the prepayment.

Any amounts in excess of the "Present Value of Rents" as hereinafter defined in respect of any Item of Equipment for which settlement is made by the Lessee pursuant to Section 11 of the Lease shall be released to or upon the order of the Mortgagor.

3.2. If more than one Note is outstanding at the time any application is made pursuant to Section 3.1 the application shall be made on all outstanding Notes ratably in accordance with the principal amount remaining unpaid thereon and on the installments of each Note of such Series respectively, in the manner provided for by Section 3.1.

3.3. The term "Present Value of Rents" for any Item of Equipment shall mean as of any date an amount equal to the aggregate fixed rental in respect of such Item reserved for the balance of the term originally provided for in the Lease and remaining unpaid as of the close of business on such date, discounted on the basis of a 7½% per annum interest factor compounded semiannually to the respective dates on which the fixed rents are payable, with all such discounts to be computed on the basis of a 360-day year of 12 30-day months.

3.4. If an event of default referred to in Section 4 hereof has occurred and is continuing, all amount received by the Mortgagee under such assignment shall be applied in the manner provided for in Section 4 in respect of proceeds and avails of the mortgaged property.

SECTION 4. DEFAULTS AND OTHER PROVISIONS:

4.1. The terms and provisions of Section 5 of the Loan Agreement are incorporated herein by reference to the same extent as though fully set forth herein and the Mortgagor agrees that when any "event of default" as defined in said Section 5 has occurred and is continuing, but subject always to Section 5 hereof, the Mortgagee shall have the rights, options, duties and remedies of a secured party, and the Mortgagor shall have the rights and duties of a debtor, under the Uniform Commercial Code (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 foregoing may exercise any one or more or all, and in any order, of the remedies hereinafter set forth, it being expressly understood that no remedy herein conferred is intended to be exclusive of any other remedy or remedies; but each and every remedy shall be cumulative and shall be in addition to every other remedy given herein or now or hereafter existing at law or in equity or by statute:

(a) The Mortgagee may, by notice in writing to the Mortgagor declare the entire unpaid balance of the Notes to be immediately due and payable; and thereupon all such unpaid balance, together with all accrued interest thereon, shall be and become immediately due and payable;

(b) Subject always to the then existing rights, if any, of the Lessee under the Lease, the Mortgagee personally or by agents or attorneys, shall have the right (subject to compliance with any applicable mandatory legal requirements) to take immediate possession of the mortgaged property, 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 Mortgagor, 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;

(c) Subject always to the then existing rights, if any, of the Lessee under the Lease, the Mortgagee may, if at the time such action may be lawful and always subject to compliance with any mandatory legal requirements, 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 Mortgagor once at least ten days prior to the date of such sale, and any other notice which may be required by law, sell and dispose of said mortgaged property, or any part thereof, at public auction to the highest bidder, in one lot as an entirety or in separate lots, and either for cash or on credit and on such terms as the Mortgagee may determine, and at any place (whether or not it be the location of the mortgaged property 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 Mortgagee or the holder or holders of the Notes, or of any interest therein, may bid and become the purchaser at any such sale;

(d) The Mortgagee may proceed to protect and enforce this Mortgage and said Notes 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 mortgaged property or any part thereof, or, subject to the provisions of Section 5 hereof, 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) Subject always to the then existing rights, if any, of the Lessee under the Lease, the Mortgagee may proceed to exercise all rights, privileges and remedies of the Lessor under the Lease, and may exercise all such rights and remedies either in the name of the Mortgagee or in the name of the Mortgagor for the use and benefit of the Mortgagee.

4.2. In case of any sale of the mortgaged property, or of any part thereof, pursuant to any judgment or decree of any court or otherwise in connection with the enforcement of any of the terms of this Mortgage, the principal of the Notes, if not previously due, and the interest accrued thereon, shall at once become and be immediately due and payable; also in the case of any such sale, the purchaser

or purchasers, for the purpose of making settlement for or payment of the purchase price, shall be entitled to turn in and use the Note and any claims for interest matured and unpaid thereon, in order that there may be credited as paid on the purchase price the sum apportionable and applicable to the Notes including principal and interest thereof out of the net proceeds of such sale after allowing for the proportion of the total purchase price required to be paid in actual cash.

4.3. The Mortgagor covenants that it will not at any time insist upon or plead, or in any manner whatever claim or take any benefit or advantage of, any stay or extension 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 hereater in force providing for the valuation or appraisement of the mortgaged property or any part thereof, prior to any sale or sales thereof to be made pursuant to any provisions 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 otherwise to redeem the property so sold or any part thereof, and hereby expressly waives for itself and on behalf of each and every person, except decree or judgment creditors of the Mortgagor acquiring any interest in or title to the mortgaged property or any part thereof subsequent to the date of this Mortgage, all benefit and advantage of any such law or laws, and covenants that it 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 Mortgagee, but will suffer and permit the execution of every such power as though no such law or laws had been made or enacted.

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 Mortgagor in and to the property sold shall be a perpetual bar, both at law and in equity, against the Mortgagor, its successors and assigns, and against any and all persons claiming the property sold or any part thereof under, by or through the Mortgagor, its successors or assigns (subject, however, to the then existing rights, if any, of the Lessee under the Lease).

4.4. The purchase money proceeds and/or avails of any sale of the mortgaged property, or any part thereof, and the proceeds and avails of any remedy hereunder shall be paid to and applied as follows:

(a) To the payment of costs and expenses of foreclosure of suit, if any, and of such sale, and of all proper expenses, liability and advances, including legal expenses and attorneys' fees, incurred or made hereunder by the Mortgagee, or the holder or holders of the Notes, and of all taxes, assessments or liens superior to the lien of these presents, except any taxes, assessments or other superior lien subject to which said sale may have been made;

(b) To the payment to the holder or holders of the Notes of the amount then owing or unpaid on the Notes for principal and interest; and in case any such proceeds shall be insufficient to pay the whole amount so due upon the Notes then to the ratable payment of the principal and interest then owing and unpaid on the Notes without preference or priority of any Note over any other Note, ratably in proportion to the aggregate of such principal and accrued and unpaid interest; and

(c) To the payment of the surplus, if any, to the Mortgagor, its successors and assigns, or to whomsoever may be lawfully entitled to receive the same.

4.5. In case the Mortgagee shall have proceeded to enforce any right under this Mortgage 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 Mortgagor, the Mortgagee and the holders of the Notes shall be restored to their former positions and rights hereunder with respect to the property subject to the lien of this Mortgage.

4.6. No delay or omission of the Mortgagee or of the holder of any Note to exercise any right or power arising from any default on the part of the Mortgagor, shall exhaust or impair any such right or power or prevent its exercise during the continuance of such default. No waiver by the Mortgagee, or the holder of any Note of any such default, whether such waiver be full or partial, shall extend to or be taken to affect any subsequent default, or to impair the rights resulting therefrom except as may be otherwise provided herein. No remedy hereunder is intended to be exclusive of any other remedy but each and every remedy shall be cumulative and in additon to any and every other remedy given hereunder or otherwise existing. Nor shall the giving, taking or enforcement of any other or additional security, collateral or guaranty for the payment of the indebtedness secured under this Mortgage operate to prejudice, waive or affect the security of this Mortgage or any rights, powers or

remedies hereunder, nor shall the Mortgagee or the holder of any of the Notes be required to first look to, enforce or exhaust such other or additonal security, collateral or guaranties.

SECTION 5. LIMITATIONS OF LIABILITY:

Anything in this Mortgage, the Loan Agreement, the Notes, the Lease, any certificate, opinion or document of any nature whatsoever to the contrary notwithstanding, neither the Mortgagee nor the holder of any Note nor their respective successors or assigns shall have any claim, remedy or right to proceed (in law or equity) against the Mortgagor in their fiduciary capacity or in their respective individual capacities or against the Trustor, or United States Leasing International, Inc., for the payment of any deficiency or any other sum owing on account of the indebtedness evidenced by the Notes or for the payment of any liability resulting from the breach of any representation, agreement or warranty of any nature whatsoever, from any source other than the mortgaged property; and the Mortgagee by the execution of the Loan Agreement, and the holders of the Notes by acceptance thereof waive and release any personal liability of the Mortgagor both in their fiduciary capacity and in their respective individual capacities, the Trustor and United States Leasing International, Inc. for and on account of such indebtedness or such liability; and the Mortgagee and the holders of the Notes agree to look solely to the mortgaged property, including the sums due and to become due under the Lease for the payment of said indebtedness or the satisfaction of such liability; provided, however, nothing herein contained shall limit, restrict or impair the rights of the Mortgagee to accelerate the maturity of the Notes upon a default thereunder, to bring suit and obtain a judgment against the Mortgagor on the Notes (provided that neither the Mortgagor in their fiduciary capacity or their respective individual capacities nor the Trustor nor United States Leasing International, Inc. shall have any personal liability on any such judgment and the satisfaction thereof shall be limited to the mortgaged property and the sums due and to become due under the Lease, including the right to proceed against the Lessee under the Lease.

SECTION 6. MISCELLANEOUS.

6.1. Whenever any of the parties hereto is referred to such reference shall be deemed to include the successors and assigns of such party; and all the covenants, premises and agreements in this Mortgage contained by or on behalf of the Mortgagor or by or on

behalf of the Mortgagee, shall bind and inure to the benefit of the respective successors and assigns of such parties whether so expressed or not.

6.2. The unenforceability or invalidity of any provision or provisions of this Mortgage shall not render any other provision or provisions herein contained unenforceable or invalid, provided that nothing contained in this Section 6.2. shall be construed to be in derogation of any rights or immunities of the Mortgagor in their fiduciary capacity or in their respective individual capacities or the Trustor or United States Leasing International, Inc. under Section 5 hereof, or to amend or modify any limitations or restrictions on the Mortgagee or the holder of any Note or their respective successors or assigns under said Section 5.

6.3. All communications provided for herein shall be in writing and shall be deemed to have been given (unless otherwise required by the specific provisions hereof in respect of any matter) when delivered personally or when deposited in the United States mail, registered, postage prepaid, addressed as follows:

If to the Mortgagor: Trustees under P. C. Trust No. 12
c/o United States Leasing International, Inc.
633 Battery Street
San Francisco, California 94111

If to the Mortgagee: General American Life Insurance Company
1501 Locust Street
St. Louis, Missouri 63166

or as to the Mortgagor or the Mortgagee at such other address as the Mortgagor or the Mortgagee may designate by notice duly given in accordance with this Section to the other party.

6.4. The Mortgagee shall release this Mortgage and the lien hereof by proper instrument or instruments upon presentation of satisfactory evidence that all indebtedness secured hreby has been fully paid or discharged.

6.5. This Mortgage may be executed, acknowledged and delivered

in any number of counterparts, each of such counterparts constituting an original but all together only one Mortgage.

IN WITNESS WHEREOF, the Mortgagor has caused this Mortgage to be executed, all as of the day and year first above written.

not individually but solely as
Trustee as aforesaid

not individually but solely as
Trustee as aforesaid

STATE OF CALIFORNIA)
) SS
CITY AND COUNTY OF SAN FRANCISCO)

On this 9th day of December, 1968, before me personally appeared D. E. Mundell, to me known to be the person described in and who executed the foregoing instrument and he acknowledged that he executed the same as his free act and deed.

Reeder H Payne

(SEAL)

My commission expires:
My Commission Expires April 12, 1970

STATE OF CALIFORNIA)
) SS
CITY AND COUNTY OF SAN FRANCISCO)

On this 9th day of December, 1968, before me personally appeared Ben Maushardt, to me known to be the person described in and who executed the foregoing instrument and he acknowledged that he executed the same as his free act and deed.

Reeder H Payne

(SEAL)

My commission expires:
My Commission Expires April 12, 1970

SCHEDULE A TO THE CHATTEL MORTGAGE

Number of Units: 69

Description: 40-ft. box cars being rebuilt in kind, bearing Penn Central identifying numbers:

137756	137773	126126	137790
137757	137774	126127	137791
137758	137775	126128	137792
137759	137776	126129	137793
137760	137777	126130	137794
137761	137778	126131	137795
137762	137779	126132	137796
137763	137780	126133	137797
137764	137781	126134	137798
137765	137782	126135	137799
137766	137783	126136	137800
137767	137784	137750	137801
137768	137785	137751	137802
137769	137786	137752	137803
137770	137787	137753	137804
137771	137788	137754	137805
137772	137789	137755	137806
			137807

Mortgagee: General American Life Insurance Company

PENN CENTRAL TRUST NO. 12