

SECURITY AGREEMENT

8720

This agreement is made this 5th day of January, 1977, by and between David Lawson and

The National Bank of Washington.

1. Parties. That David Lawson, are hereinafter referred to as the "debtor". The National Bank of Washington is hereinafter referred to as "the secured party".
2. The debtor severally hereby grants to the secured party a security interest in the collateral described in paragraph 3 to secure the performance or payment of the obligations and indebtedness of debtor to secured party. The aforesaid grant of security interest is limited to and in accordance with the obligations set forth in the promissory note pursuant to this agreement.
3. Collateral. The collateral of this security agreement is of the following description: One seventy ton, fifty foot, six-inch rigid underframe boxcars; known as XF cars; serial number(s) VC 9184.
4. Promissory Obligation. The debtor shall pay to the secured party the sum or sums evidenced by the promissory notes executed pursuant to this security agreement in accordance with the terms of the note secured hereby.
5. Insurance. The debtor shall cause the collateral to be insured for its fair market value against all expected risks to which it may be exposed or until such time as this security agreement is terminated.
6. Sale or Further Encumbrance of Collateral. The collateral will not be sold, transferred or disposed of, or be subjected to any unpaid charge, including taxes, or to any subsequent interest of a third person created by debtor voluntarily or involuntarily, unless the secured party consents in advance in writing to such charge, transfer, disposition, or subsequent interest.
7. Default. Misrepresentation or misstatement in connection with non-compliance with or non-performance of any of debtor's obligations or agreements hereunder shall constitute default under this security agreement. In addition, debtor shall be in default if bankruptcy or insolvency proceedings are instituted by or against the debtor or if debtor makes any assignment for the benefit of creditors or if debtor is more than forty-five (45) days delinquent in payment of the existing promissory notes executed pursuant to this agreement.

RECORDATION NO. 8720 File & Records

MAR 1 1977 - 3 10 PM

INTERSTATE COMMERCE COMMISSION

8. Secured Party's Rights and Remedies. Secured party may assign this security agreement by sale or transfer and if secured party does assign this agreement the assignee shall be entitled upon notifying the debtor to performance of the debtor's obligations and agreements hereunder and assignee shall be entitled to all the rights and remedies of the secured party hereunder.

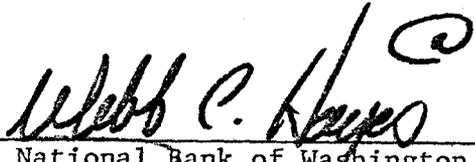
Upon debtor's default, secured party may exercise his rights of enforcement as follows:

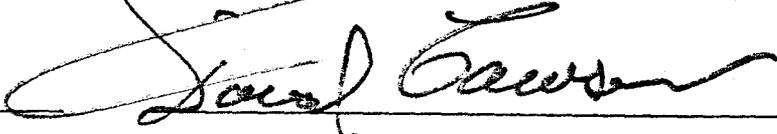
- a. to seize the collateral and take possession of said collateral;
- b. require debtor to assemble the collateral and make it available to secured party so that secured party may collect and take possession thereof;
- c. dispose of the collateral by public or private sale in a manner as secured party may elect;
- d. maintain an action (at law or otherwise) for collection of any additional monies due; and
- e. waive any default or remedy in any reasonable manner without waiving any other prior or subsequent default.

9. Law Governing Security Agreement. The law as set forth in the Interstate Commerce Act, its rules and regulations and the law of the District of Columbia shall govern the interpretation of this security agreement.

WITNESS

WITNESS


The National Bank of Washington


David Lawson

