

MISSOURI-KANSAS-TEXAS RAILROAD COMPANY

LAW DEPARTMENT
701 COMMERCE STREET
DALLAS, TEXAS 75202

214-651-6736

WILLIAM A. THIE
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JOE C. CRAWFORD
GENERAL SOLICITOR

ARTHUR M. ALBIN
GENERAL ATTORNEY
MICHAEL E. ROPER
COMMERCE COUNSEL

RECORDATION NO. 10205 Filed 1425

MAR 14 1979 - 3 59 PM

INTERSTATE COMMERCE COMMISSION

IN REPLY REFER TO: 410.043-45

March 12, 1979

9-073A066

Date 3-14-79
Fee \$ 50.00

OC Washington, D. C.

Mr. H. G. Homme
Secretary
Interstate Commerce Commission
Washington, D. C. 20423

Re: Security Agreement dated March 7, 1979, between Donland Development Company and Citizens National National Bank of Muskogee covering One (1) Model BEB-17 Ballast Equalizer and One (1) Model E-TD-AG Electromatic Tamper Mark II

Dear Mr. Homme:

In accordance with the provisions of Title 49 USC 11303 of the Interstate Commerce Act and the Rules and Regulations approved and prescribed prescribed by the Interstate Commerce Commission pursuant thereto, there are submitted herewith for filing and recording four (4) executed counterparts of a Security Agreement dated March 7, 1979, between Donland Development Company, as Debtor, 701 Commerce Street, Dallas, Texas 75202, and The Citizens National Bank of Muskogee, Secured Party, P. O. Box 1967, Muskogee, Oklahoma 74401, said Security Agreement covering the purchase by Debtor of one (1) Model BEB-17 Ballast Equalizer bearing Serial No. 746928 and Equipment No. RM 1007, and one (1) Model E-TD-AG Electromatic Tamper Mark II bearing Serial No. 1773659 and Equipment No. RM 1008.

Please return the file marked copies to the undersigned for distribution. I am enclosing a Cashier's Check in the amount of \$50.00 to cover the prescribed fee for recording this instrument.

I certify that I have knowledge of the matters set forth herein.

Yours very truly,

Arthur M. Albin

Arthur M. Albin

AMA:ro
Enclosures
cc: K. R. Ziebarth
K. R. Langford
Lake Moore, III

RECEIVED
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FREE OPERATION BR
1001

SECURITY AGREEMENT

DATE OF AGREEMENT
March 7, 1979

BANK NAME AND ADDRESS

THE CITIZENS NATIONAL BANK OF MUSKOGEE
P. O. Box 1967
Muskogee, OK 74401

DEBTOR NAME AND ADDRESS

DONLAND DEVELOPMENT COMPANY
701 Commerce Street
Dallas, TX 75202

RECORDED & INDEXED 10205
MAR 14 1979 - 3 50 PM

INTERSTATE COMMERCE COMMISSION

As of the Date indicated above, the undersigned Debtor and the undersigned Bank, with addresses as they appear herein, agree as follows:

I. Grant of a Security Interest. For value received, Debtor hereby grants to Bank a security interest in the property described in Paragraph II, which property is hereinafter referred to collectively as "Collateral". This security interest is given to secure the obligations of the Debtor to Bank, as more fully set forth in Paragraphs V and VI hereof.

II. Collateral. The Collateral shall include the property described below, all additions, accessions and substitutions thereto and therefor, and all accessories, parts and equipment now or hereafter affixed thereto or used in connection therewith. The Collateral shall also include all similar property hereafter acquired, except in the case of consumer goods, only that acquired within ten days of the date hereof. The Collateral shall in addition include the proceeds and products of the Collateral and all money and property owned by Debtor which is now or which hereafter may be possessed or controlled by Bank, whether by pledge, deposit or otherwise.

DESCRIPTION OF COLLATERAL

One (1) Model BEB-17 Ballast Equalizer bearing serial number 476928 with hydraulically operated plow, two shoulder dressing attachments, combination ballast/snow sweeper assembly and standard tool kit.

One (1) Model E-TD-AG Electromatic Tamper Mark II bearing serial number 1773659 with four wheel drive, fail safe brakes, automatic diesel engine shutdown and emergency electric hydraulic pump.

The total original cost of the equipment, including transportation charges is \$192,405.00.

If the Collateral is or is to be so affixed or related to real property as to become a part thereof, it is or will be affixed to the following described real property:

III. Location of Collateral and Address of Debtor. The Debtor warrants that the address shown above is the Debtor's residence, or if the Debtor is a corporation or partnership, that the above address is its principal place of business.

The Debtor further warrants that the Collateral will be located as follows:

At Debtor's address as shown above, or At the following address: within Missouri, Kansas, Oklahoma, or Texas

Debtor agrees to notify Bank promptly of any change of address and further agrees that the location of the Collateral shall not be changed except with prior written consent of Bank.

IV. Use and Ownership of Collateral. The Debtor warrants that the Collateral is to be used primarily for:

Personal, family or household purposes, Farming operations, or Business other than farming operations.

The Debtor further warrants that the Collateral is:

Now owned by Debtor, or Being acquired with the proceeds of the loans secured by this Agreement.

V. Obligations of Debtor Secured by this Agreement. The security interest herein granted is given to secure all of the obligations of Debtor to Bank including: A. The performance of all of the agreements, covenants and warranties of the Debtor as set forth in this or any other agreement between the parties; B. All liabilities of Debtor to Bank of every kind and description including: (1) all future advances, (2) both direct and indirect liabilities, (3) liabilities due or to become due and whether absolute or contingent, and (4) liabilities now existing or hereafter arising and however evidenced; C. All extensions and renewals of liabilities for any term or terms; D. All interest due or to become due on the liabilities of Debtor to Bank; E. All expenditures by Bank for taxes and insurance on, repairs to and maintenance of Collateral; F. All expenditures by Bank involving the performance of or enforcement of any agreement, covenant or warranty provided for by this or any other agreement between the parties; and G. All costs, attorney's fees, and other expenditures of Bank in the collection and enforcement of any obligation or liability of Debtor to Bank and in the collection and enforcement of or realization upon any of the Collateral.

VI. Future Advances. It is specifically agreed that the obligations of the Debtor secured by this Agreement include all future advances by Bank to Debtor as set forth in Paragraph V above.

VII. Additional Provisions. This Agreement is subject to Additional Provisions set forth on ~~page 2~~ ^{page 2} hereof, the same being incorporated herein by reference.

BANK SIGNATURE

THE CITIZENS NATIONAL BANK OF MUSKOGEE

Representing Bank
[Signature] President
By: _____ Title

DEBTOR SIGNATURE

Name

Name

DONLAND DEVELOPMENT COMPANY
CORPORATION OR PARTNERSHIP NAME

[Signature]
By: _____ Title Vice President

ADDITIONAL PROVISIONS

DEBTOR EXPRESSLY WARRANTS AND COVENANTS:

A. RECORDS AND INFORMATION

1. Financial Information. All balance sheets, earnings statements, other financial information and other representations which have been or may hereafter be furnished to Bank to induce it to enter into this Agreement or in conjunction herewith, do or shall fairly represent the financial condition and operations of Debtor as of the date and for the period shown therein, and all other information, reports, papers and data furnished to Bank are or shall be, at the time furnished, accurate and correct in all material respects and complete insofar as completeness may be necessary to give Bank a true and accurate knowledge of subject matter. There has been no material change in the financial condition of Debtor since the effective date of the last furnished financial information which has not been reported to Bank in writing.

2. Furnishing of Information on Collateral. Debtor will furnish Bank information adequate to identify with accuracy all Collateral in a form and substance and at times as may be requested by Bank. Debtor will also upon request deliver to Bank true copies of purchase orders, shipping and delivery receipts and invoices evidencing and describing the Collateral.

3. Books and Records—Right of Audit and Inspection. Debtor will at all times maintain accurate books and records covering the Collateral. Bank is hereby given the right and privilege of making such inspections of the Collateral and records thereof as it deems necessary and of auditing or causing an audit or verification of the books and records of the Debtor relating to the Collateral at any time and from time to time. Debtor agrees to assist Bank in every way necessary to facilitate such audits, verifications and inspections.

EVENTS OF DEFAULT *

Debtor shall be in default under this Agreement upon the happening of any of the following events or conditions, herein called "Events of Default":

1. Any warranty, representation, financial information, or statement made or furnished to Bank by or in behalf of Debtor or in any other connection made to induce Bank to enter into this Agreement, or in conjunction therewith, proves to have been false in any material respect when made or furnished;

2. Default in the payment of any liability of Debtor to Bank or in the performance of any obligation, covenant or warranty of Debtor set forth herein, or in any other agreement between the parties;

3. The making of any levy, seizure, or attachment of any of the Collateral;

4. Loss, theft, substantial damage or destruction of Collateral;

REMEDIES

Upon the occurrence of an Event of Default and at any time thereafter, Bank may with ~~the~~ notice to Debtor declare all liabilities secured hereby immediately due and payable, and may with notice proceed to enforce payment and performance of same and exercise any and all rights and remedies provided by the Uniform Commercial Code of State in which Bank is located, as well as all other rights and remedies possessed by Bank. Bank shall further be entitled to immediate possession of all books and records evidencing the Collateral and shall have the authority to enter upon premises on which Collateral and records thereof are located and to remove books and records therefrom. Bank may also require Debtor to assemble Collateral or evidence thereof and make it available to Bank at any place designated by Bank which is reasonably convenient to both parties. Unless Collateral in whole or part is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, Bank will give Debtor reasonable notice of the time and place of any public sale, or of the time after which any private sale or other disposition is to be made, and Bank may be a purchaser at a public sale. The requirement of reasonable notice shall be met if notice is mailed, postage prepaid, to the address of Debtor provided for herein at least 10 days before the sale or other disposition.

As regards that portion of the Collateral consisting of cash or cash equivalent items such as checks, drafts or deposited funds, Bank may upon the occurrence

GENERAL

1. Expenditures of Bank. Debtor shall be liable for and agrees to pay Bank all expenditures of Bank for taxes and insurance on and repairs to and maintenance of Collateral, and all costs, attorneys fees and other expenditures of Bank in the enforcement or collection of any note, warranty, or liability of Debtor to Bank or in the enforcement or collection of any account receivable, contract right, promissory note, chattel paper, instrument or document in which Bank has a security interest, or in the holding, preparing for sale or sale of any Collateral.

2. Waivers. No act, delay, omission, or course of dealing between Debtor and Bank, including Bank's waiver of remedy because of any default hereunder, shall constitute a waiver of any of Bank's rights and remedies under this Agreement or any other agreement between the parties, or under the documents evidencing the liabilities secured hereby. Waiver by Bank of any rights or remedies under the terms of this Agreement or with respect to any of Debtor's liabilities to Bank will not be a bar to the exercise of any right or remedy on any subsequent occasion. All rights and remedies of Bank are cumulative and may be exercised singularly or concurrently, and the exercise of any one or more of them will not be a waiver of any other. No waiver, change, modification, or discharge of

B. FURTHER PROVISIONS REGARDING COLLATERAL

1. Warranted Free of Liens. Except as necessary to perfect the security interest of the Bank hereunder, no financing statement covering the Collateral is on file in any public office, and all Collateral is and will remain free from any lien, security interest or encumbrance, and Debtor shall defend the Collateral against all claims and demands of all persons at any time claiming the same or any interest therein adverse to Bank.

2. Sale, Lease, or Disposition of Collateral Prohibited. Except with the written consent of Bank, Debtor will not sell, transfer, exchange, lease, or otherwise dispose of the Collateral or the Debtor's rights therein.

3. Use and Abuse of Collateral. Collateral will not be misused or abused, or wasted or allowed to deteriorate except for the ordinary wear and tear of its intended primary use. Also Collateral will be prudently protected from the elements and otherwise maintained in good order or repair.

4. Adequate Insurance. Debtor will insure the Collateral with companies acceptable to Bank against such casualties and in such amounts as prudent and adequate to protect Bank or as Bank shall require. All insurance policies shall be written for the benefit of Debtor and Bank as their interests appear, and such policies or certificates or copies thereof evidencing the same shall be furnished to Bank. All policies of insurance shall provide for at least ten days prior written notice of cancellation to Bank.

5. Any event which results in the acceleration of the maturity of the indebtedness of Debtor to others under any note, indenture, agreement or undertaking;

6. When, in the judgment of Bank, the Collateral becomes unsatisfactory or insufficient in character or value or upon request Debtor fails to provide additional Collateral as required by Bank;

7. Any time Bank believes the prospect of payment or performance of any liability, covenant, warranty or obligation secured hereby is impaired;

8. Death, dissolution, termination of existence, insolvency, failure to pay any indebtedness of Debtor at its maturity, appointment of a receiver over any part of Debtor's property or any part of the Collateral, assignment for the benefit of creditors, or the commencement of any proceeding under any bankruptcy or insolvency law by or against Debtor or any guarantor or surety for Debtor.

of an Event of Default, immediately apply them against any liabilities of Debtor selected by Bank, and for this purpose Debtor agrees that cash or equivalents will be considered identical to cash proceeds. Bank will have the right immediately and without further action by it to set off against the liabilities secured hereby all money owed by Bank to Debtor, whether due or not due, and Bank will be deemed to have exercised such right of set-off and to have made a charge against such money at the time of any acceleration upon default even though such charges made are entered on the Bank's books subsequent thereto.

Bank may, upon the occurrence of an Event of Default at any time, in its discretion, transfer any of the Collateral or evidence thereof into its own name or that of a nominee and receive the proceeds therefrom and hold the same as security for the liabilities of Debtor to Bank or apply it on principal or interest of any such liability. Bank may also demand, collect, receipt for, settle, compromise, adjust, sue for, foreclose, release or realize upon Collateral, in its own name or in the name of the Debtor as Bank may determine. Bank shall not be liable for the failure to collect any account or enforce any contract right or for any act or omission on the part of Bank, its officers, agents or employees, except willful misconduct.

any of Bank's rights of Debtor's duties as so specified or allowed will be effective unless in writing and signed by Bank.

3. Agreement Binding on Assigns. This Agreement shall be binding upon the heirs, executors, administrators, successors and assigns of the parties hereto.

4. Rights of Bank Assignable. Bank at any time and at its option may pledge, transfer or assign its rights under this Agreement or any part of said rights, and any pledgee, transferee or assignee shall have all the rights of Bank as to the rights or parts thereof so pledged, transferred, or assigned.

5. Joint and Several Responsibility of Debtor. If more than one Debtor executes this Agreement, their responsibility hereunder shall be joint and several and the reference to Debtor herein shall be deemed to refer to each Debtor.

6. Separability of Provisions. If any provision of this Agreement shall for any reason be held to be invalid or unenforceable, such invalidity or unenforceability shall not affect any other provision hereof, and this Agreement shall be construed as if such invalid or unenforceable provision had never been contained herein.

*Bank shall give Debtor ten (10) days' written notice in the event of any default.

STATE OF TEXAS)
)
COUNTY OF DALLAS)

BEFORE ME, personally appeared W. A. Thie, to me well known and known to me to be the Vice President of DONLAND DEVELOPMENT COMPANY, the assignor named in the foregoing instrument and known to me to be the person who, as such officer of said corporation, executed the same; and then and there he did acknowledge before me that said instrument is the free act and deed of said corporation by him executed as such officer for the purposes therein expressed; that the seal affixed thereto is the corporate seal by him in like capacity affixed; all under authority duly granted by the Board of Directors of said Company.

WITNESS my hand and official seal this 7th day of March, 1979.


Notary Public in and for
Dallas County, Texas

(S E A L)

My commission Expires: Nov. 30, 1980

STATE OF OKLAHOMA)
)
COUNTY OF MUSKOGEE)

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared Lake Moore, III, President, known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of the said THE CITIZENS NATIONAL BANK OF MUSKOGEE and that he executed the same as the act of said bank for the purposes and consideration therein expressed, and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 9th day of March, 1979.


Notary Public in and for Muskogee
County, O K L A H O M A

Commission expires 2-13-80.

Interstate Commerce Commission
Washington, D.C. 20423

3/15/79

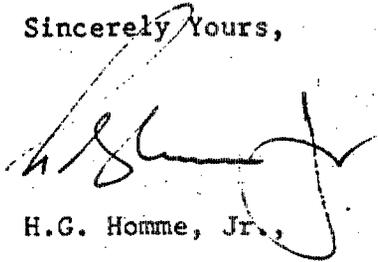
OFFICE OF THE SECRETARY

Arthur M. Albin
Missouri-Kansas-Texas RR. Co.
701 Commerce Street
Dallas, Texas 75202

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 20(c) of the Interstate Commerce Act, 49 U.S.C. 20(c), on 3/14/79 at 3:50pm and assigned recordation number(s) 10205

Sincerely Yours,


H.G. Homme, Jr.,
Secretary

Enclosure(s)

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(2/78)