

SEATTLE-FIRST NATIONAL BANK

METROPOLITAN BRANCH

9-275A030

JOHN B. WARNICK
Vice President

September 24, 1979
10856

RECORDATION NO. _____ Filed 1425
RECORDATION NO. _____ Filed 1425
OCT 2 1979 - 9 20 AM
OCT 2 1979
INTERSTATE COMMERCE COMMISSION
INTERSTATE COMMERCE COMMISSION

No. _____
Date OCT 2 1979
Fee \$ 50.00
ICC Washington, D. C.

Interstate Commerce Commission
Recordation Unit - Room 2303
12 Constitution Avenue Northwest
Washington, D.C. 20423

Attn: Mrs. Mildred Lee

Dear Mrs. Lee:

Enclosed are two original copies of a Security Agreement plus attachments evidencing our lien on three new hopper rail cars signed by the debtor, George M. Hartung. Would you please record the documents and return one copy of the Security Agreement to me showing your date of filing and recordation. Our cashiers check for \$50.00 is attached.

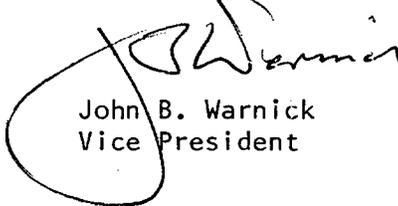
The three rail cars were purchased on 5/2/79 from: United States Rail Services, Inc.; 633 Battery Street; San Francisco, California 94111.

The purchaser, and obligor of the Bank, is: Goerge M. Hartung; 10555 Valmay Avenue Northwest; Seattle, Washington 98177.

The rail car manufacturer was: ACF Industries, Inc.; Huntington, West Virginia.

Call me at (206) 583-3063 should you have any questions.

Very truly yours,


John B. Warnick
Vice President

JBW/lr

Enclosures

RECEIVED
OCT 2 9 17 AM '79
I.C.C. SECTION BR.
FREE OPERATION BR.

Interstate Commerce Commission
Washington, D.C. 20423

10/19/79

OFFICE OF THE SECRETARY

John B. Warnick, VP
Seattle First Natl. Bank
Metropolitan Branch
Seattle Washington, 98101

Dear sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 10/2/79 at 9:20am, and assigned re-
recording number(s). 10856

Sincerely yours,

Agatha L. Mergenovich
Agatha L. Mergenovich
Secretary

Enclosure(s)

SE-30
(7/79)



(Chattel Mortgage Type Instrument. Do Not Use for Inventory or Retail Sale Transactions on Consumer Goods)

SECURITY AGREEMENT - EQUIPMENT, FARM EQUIPMENT, FIXTURES, OR CONSUMER GOODS

(May Be Used for Motor Vehicles and Aircraft in Above Categories)

RECORDATION NO. 10856 Filed 1425

OCT 2 1979 - 9 20 AM

THE UNDERSIGNED George M. Hartung

(hereinafter called "Debtor") hereby grants to SEATTLE-FIRST NATIONAL BANK (Metropolitan INTERSTATE COMMERCE COMMISSION) (hereinafter called "Secured Party"), its successors and assigns, a security interest in the following described property; together with all increases therein, all added and substituted parts and equipment, tools, parts, accessories, supplies and improvements therefor, together with all proceeds of all such property, to-wit:

(Insert full description of property, including identifying data such as year, make, model, serial and identification numbers.)

Three (3) 100 ton, new, 4650 cubic foot capacity covered hopper rail cars manufactured by A.C.F. Industries, Inc., Serial #'s RVSX 3876, 4877, 4878. Including all attachments now or hereafter acquired.

All of said property is hereinafter referred to as the "collateral" and it is located in the United States

This Security Agreement is given to secure the payment and performance of all indebtedness and obligations of Debtor to Secured Party presently existing and hereafter arising, direct or indirect, and interest thereon.

DEBTOR HEREBY REPRESENTS, COVENANTS AND AGREES WITH SECURED PARTY AS FOLLOWS:

1. Use of collateral - Residence of Debtor

Debtor agrees to comply with any governmental regulation affecting the use of the property and will not waste, injure or destroy the property, or use or permit the use of the collateral in any unlawful manner. Debtor represents and agrees that the primary use of the collateral is and will be as checked here:

- Personal, family or household purposes
Business use
Farming use

The Debtor (if a natural person) resides or (if a corporation) has its principal place of business, in the county set forth below, unless some other county is indicated here:

County, Washington.

2. Fixtures

If any of the collateral is to be or has been attached to real estate, the description of the real estate is as follows:

County, Washington

3. Ownership and Liens

Debtor (if a natural person) is of legal age, (if a corporation) is duly organized and existing under the laws of the state of its incorporation; owns the collateral and it is free and clear of all security interests and encumbrances of every nature (except as noted on the reverse). Debtor will not create or permit the existence of any lien or security interest other than that hereby created on the collateral without the written consent of Secured Party. Any certificate of title now or hereafter existing on any of the collateral will be delivered to Secured Party and will recite the interest of Secured Party.

4. Taxes

Debtor will pay before delinquency all taxes or other governmental charges levied against the collateral and will pay any tax which may be levied on any obligation secured hereby.

5. Repairs and Inspection.

Debtor will keep the collateral in good repair. Secured Party may inspect the collateral at reasonable times and intervals and may for this purpose enter the premises upon which the collateral is located.

6. Insurance.

Debtor will keep the collateral continuously insured by an insurer approved by Secured Party against fire, theft and other hazards designated at any time by Secured Party, in an amount equal to the full insurable value thereof or to all sums secured

The terms and conditions appearing on the back hereof are part of this Security Agreement.

When executed by more than one party, the obligations hereunder shall be several as well as joint.

Signed this 1st day of June, 1979

10555 Valmay Ave. N.W. Seattle

Street City
King County, Washington

MAILING ADDRESS OF DEBTOR (Print)

Signature of George M. Hartung
(SIGNATURE OF DEBTOR)

hereby, with such form of loss payable clause as designated by and in favor of Secured Party, and will deliver the policies and receipts showing payment of premiums to the Secured Party. In the event of loss, Secured Party shall have full power to collect any and all insurance upon the collateral and to apply the same at its option to any obligation secured hereby, whether or not matured, or to the restoration or repair of the collateral. Secured Party shall have no liability whatsoever for any loss that may occur by reason of the omission or lack of coverage of any such insurance.

7. Removal of Sale

Without the prior written consent of Secured Party, Debtor will not sell or lease the collateral or any interest therein. The Secured Party may assign or transfer the whole or any part of the indebtedness, obligation or liability of the Debtor, and may transfer therewith as collateral security the whole or any part of the collateral herein mentioned, and all obligations, rights, powers and privileges herein provided shall inure to the benefit of the assignee and shall bind the heirs, executors, administrators, successors or assigns of the parties hereto, as the case may be.

8. Expenses Incurred by Secured Party

Secured Party is not required to, but may at its option, pay any tax, assessment, insurance premium, expense, repair or other charges payable by Debtor, and any filing or recording fees, and any amount so paid, with interest thereon at the maximum rate permitted by law from date of payment until repaid shall be secured hereby and shall be repayable by Debtor on demand. The rights granted by this paragraph are not a waiver of any other rights of Secured Party arising from breach of any of the covenants hereof by Debtor.

9. Waivers

This Security Agreement shall not be qualified or supplemented by course of dealing. No waiver or modification by Secured Party of any of the terms or conditions hereof shall be effective unless in writing signed by Secured Party. No waiver or indulgence by Secured Party as to any required performance by Debtor shall constitute a waiver as to any subsequent required performance or other obligations of Debtor hereunder.

10. Default

Time is of the essence in this Security Agreement, and in any of the following events, hereinafter called "Events of Default," to-wit:

- (a) Any failure to pay when due the full amount of any payment of principal, interest, taxes, insurance premiums or other charges which are or may be secured hereby; or
- (b) Any failure to perform as required by any covenant or agreement herein; or
- (c) The falsity of any representation by Debtor herein or in any credit application or financial statement given by Debtor to Secured Party as a basis for any extension of credit secured hereby; or
- (d) If the collateral should be seized or levied upon under any legal or governmental process against Debtor or against the collateral; or

- (e) If Debtor becomes insolvent or is the subject of a petition in bankruptcy, either voluntary or involuntary, or in any other proceeding under the federal bankruptcy laws; or makes an assignment for the benefit of creditors; or if Debtor is named in or the property is subjected to a suit for the appointment of a receiver; or
- (f) The Secured Party deems itself insecure.

Then and in any of such events of default, the entire amount of indebtedness secured hereby shall then or at any time thereafter, at the option of Secured Party, become immediately due and payable without notice or demand, and Secured Party shall have an immediate right to pursue the remedies provided herein.

11. Remedies

In the event of a default hereunder, Secured Party shall have all remedies provided by law; and without limiting the generality of the foregoing, shall be entitled as follows:

- (a) Debtor agrees to put Secured Party in possession of the collateral on demand; and
- (b) Secured Party is authorized to enter any premises where the collateral is situated and take possession of said collateral without notice or demand and without legal proceedings; and
- (c) At the request of Secured Party, Debtor will assemble the collateral and make it available to Secured Party at a place designated by Secured Party which is reasonably convenient to both parties; and
- (d) Debtor agrees that a period of ten (10) days from the time notice is sent, by first class mail or otherwise, shall be a reasonable period of notification of a sale or other disposition of the collateral; and
- (e) Debtor agrees that any notice or other communication by Secured Party to Debtor shall be sent to the mailing address of the Debtor stated herein; and
- (f) Debtor agrees to pay on demand the amount of all expenses reasonably incurred by Secured Party in protecting or realizing on the collateral. In the event that this Security Agreement or any obligation secured by it is referred to an attorney for protecting or defending the priority of Secured Party's interest or for collection or realization procedures, Debtor agrees to pay a reasonable attorney's fee, including fees incurred in both trial and appellate courts, or fees incurred without suit, and expenses of title search and all court costs and costs of public officials. The sums agreed to be paid in this subparagraph shall be secured hereby; and
- (g) If Secured Party disposes of the collateral, Debtor agrees to pay any deficiency remaining after application of the net proceeds to any indebtedness secured hereby.

12. This Security Agreement and the indebtedness hereby secured are subject to the laws of the State of Washington and are to be construed in accordance therewith.

THE SECURITY REPRESENTED BY ONE OR MORE COVERED HOPPER CARS AS DESCRIBED IN THE PRIVATE OFFERING MEMORANDUM DATED FEBRUARY 7, 1979, TOGETHER WITH THIS MANAGEMENT AGREEMENT, HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED. THIS SECURITY MAY NOT BE SOLD OR OFFERED FOR SALE UNLESS REGISTERED PURSUANT TO SUCH ACT OR UNLESS AN EXEMPTION FROM SUCH REGISTRATION IS AVAILABLE.

FOR CALIFORNIA RESIDENTS ONLY:

IT IS UNLAWFUL TO CONSUMMATE A SALE OR TRANSFER OF THIS SECURITY, OR ANY INTEREST THEREIN, OR TO RECEIVE ANY CONSIDERATION THEREFOR, WITHOUT THE PRIOR WRITTEN CONSENT OF THE COMMISSIONER OF CORPORATIONS OF THE STATE OF CALIFORNIA, EXCEPT AS PERMITTED IN THE COMMISSIONER'S RULES.

RAILROAD CAR MANAGEMENT AGREEMENT

THIS AGREEMENT, made this *26 day of May 1979*, by and between United States Rail Services, Inc., a California corporation (hereinafter called "Managing Agent") and *GEORGE M. HARTUNG* of *SEATTLE*, State of *WASHINGTON* (hereinafter called "Owner").

WITNESSETH:

WHEREAS, Managing Agent has offered and sold 100-ton 4650 cubic foot capacity covered hopper cars, ("Cars") under a Private Offering Memorandum dated February 7, 1979, which Cars will be operated in a pool ("Pool No. 5"); and

WHEREAS, Owner holds title or will hold title to *3* Cars, which Owner desires Managing Agent to manage and operate as agent for Owner;

NOW THEREFORE, the parties hereby agree as follows:

1. Employment as Manager. Owner hereby employs Managing Agent to manage the operation of Owner's Cars in accordance with the terms and conditions hereinafter set forth and Managing Agent agrees to accept such employment. The relationship between Owner and Managing Agent is one of principal and agent and not one of partnership or joint venture.

ALL RIGHTS UNDER THIS AGREEMENT ASSIGNED TO SEATTLE-FIRST NATIONAL BANK.

DATED: *6/1/79*

George M. Hartung
OWNER

RECEIVED

AUG 21 1979

U. S. RAIL SERVICES

BILL OF SALE

FOR VALUABLE CONSIDERATION, receipt of which is acknowledged, ACF Industries, Incorporated (the "Seller"), does hereby sell, grant, transfer and deliver all of its right, title and interest in and to the following described units of railroad equipment (the "Equipment"):

<u>Description</u>	<u>Number of Cars</u>	<u>Reporting Marks</u>
100-Ton 4650 cu. ft. capacity, covered hopper cars, with roller bearings.	Three (3)	RUSX 4876 through 4878.

unto George M. Hartung (the "Buyer"), and Buyer's heirs and assigns.

The Seller hereby warrants to the Buyer and Buyer's heirs and assigns that at the time of delivery of each of the above described units of Equipment to Buyer, the Seller had legal title thereto and good and lawful right to sell such unit, and the title to such unit was free and clear of all liens, claims, encumbrances and other security interests of any nature, and the Seller covenants that it will warrant and defend such title against all claims and demands whatsoever.

IN WITNESS WHEREOF, the Seller has caused this Bill of Sale to be executed in its name by a duly authorized officer and its corporate seal to be hereunto affixed, duly attested, this 14th day of August , 1979.

ACF INDUSTRIES, INCORPORATED

By *Robert*

Its Treasurer

ATTEST:

Assistant Secretary
Assistant Secretary