

Non-retail  
C.I.T. or Dealer

OCT 24 1975 - 10 15 AM SECURITY AGREEMENT

INTERSTATE COMMERCE COMMISSION

(This form is subject to legal requirements of states where used.)

The undersigned debtor ("debtor"), to secure payment of the indebtedness set forth below, hereby grants to the below named secured party, its successors and assigns ("secured party") a security interest in the following described property, complete with all present and future attachments, accessories, replacements, equipment, additions, and all proceeds thereof, all hereinafter referred to collectively as "collateral":

(Insert serial numbers, model numbers, etc., and full description)

(Insert full location)

Ten (1) All Steel 70 Ton Gondola Railroad Cars, S/N's SVIX 1006, SVIX 1007, SVIX 1008, SVIX 1009, SVIX 1010, SVIX 1011, SVIX 1012, SVIX 1013, SVIX 1014, and SVIX 1015, each having AAR Designation GEG 132. Each car having an inside length of 32' 6" and inside height of 3'9". Approximate LT. WT. 58500. Each car containing 1096 cu. ft. of inside space. All cars are painted Euclid green and stenciled in white.

MS Above units located in New Braunfels, Comal County, Texas

interest principal

Debtor promises to pay secured party the total sum of \$ 98,200.00 plus / in 120 / payments as follows:  
plus interest (total no. of payments)

For equal successive monthly payments:

(a) \$ 818.14 / on November 24, 1975, and a like sum on the like date of each month thereafter until fully paid, provided, however, that the final payment shall be in the amount of the then unpaid balance,

(b) See Schedule "A" attached to and made a part of this Security Agreement.

SCHEDULE "A" CONSISTING OF 1 PAGE ATTACHED TO AND INCORPORATED IN A Security Agreement BETWEEN Servtex Materials Company, "DEBTOR", AND C.I.T. Corporation, "SECURED PARTY", DATED 21 day of October, 19 75.

In addition to the principal payments, Debtor promises to pay to the order of Secured Party interest from date on unpaid principal balances computed as herein provided on the principal payment dates and in addition to the principal payments.

Interest shall be at the rate of 3.5 % per annum over the "GOVERNING PRIME RATE" which is defined as 8.0 % per annum as of 21 day of October, 19 75. "PRIME RATE" means the lowest per annum corporate lending rate publicly quoted for the best top tier borrowers from time to time by Morgan Guaranty and Chemical Bank (New York) for loans of 90 days maturity, and "GOVERNING PRIME RATE" means the higher Prime Rate in effect by either of said banks on the date the Governing Prime Rate is being determined for any purpose under the terms hereof.

If the Governing Prime Rate on the First Calendar Day after the maturity date of any payment due hereunder shall be more or less than that in effect on the date hereof, the rate of interest shall be increased or decreased by the amount per annum corresponding to the amount per annum increase or decrease in the Governing Prime Rate. In no event shall the interest rate payable be more than that permitted by law or less than 9.0 % per annum.

(Additional terms and conditions of security agreement)

Debtor warrants and agrees: that debtor is justly indebted to secured party for the full amount of the above indebtedness and interest thereon; that debtor lawfully possesses and owns the collateral; that except for the security interest granted hereby the collateral is free from and will be kept free from all liens, claims, security interests and encumbrances; that no financing statement covering the collateral or any proceeds thereof is on file in favor of anyone other than secured party; that, notwithstanding secured party's claim to proceeds, debtor will not misuse, fail to keep in good repair, sell, rent, lend, encumber, transfer, secrete or otherwise dispose of any of the collateral, nor permit any such act; that the collateral shall be kept at the aforesaid locations and debtor will not remove any thereof from such locations without the prior written consent of secured party; to defend at debtor's own cost any action, proceeding or claim affecting the collateral; to pay reasonable attorneys' fees and other expenses incurred by secured party in enforcing its rights after debtor's default; to pay promptly all taxes, assessments, license fees and other public or private charges when levied or assessed against the collateral or this security agreement or any accompanying note; that if a certificate of title be required or permitted by law, debtor shall obtain such certificate with respect to the collateral, showing the security interest of secured party thereon, and in any event do everything necessary or expedient to preserve or perfect the security interest of secured party.

All risk of loss of, damage to or destruction of the collateral shall at all times be on debtor. Debtor will procure forthwith and maintain fire insurance with extended or combined additional coverage on the collateral for the full insurable value thereof for the life of this security agreement plus such other insurance as secured party may specify, and promptly deliver each policy to secured party with a standard mortgagee's long form endorsement attached showing loss payable to secured party or assigns as respective interests may appear. Secured party's acceptance of policies in lesser amounts or risks shall not be a waiver of debtor's foregoing obligation.

If permitted by law, debtor authorizes secured party to file a financing statement with respect to the collateral signed only by secured party.

Time is of the essence: if any of debtor's obligations to secured party be not paid promptly when due, or if debtor breaches any warranty or provision hereof or of any accompanying note or of any other instrument or agreement delivered by debtor to secured party, or if debtor becomes insolvent or ceases to do business as a going concern, or if any of the collateral is lost or destroyed, or if a default be declared on any job contracted by debtor, or if a surety takes over performance of such job or extends financial assistance to debtor, or if a petition in bankruptcy or for arrangement or reorganization be filed by or against debtor, or if prop-

erty of debtor be attached or a receiver be appointed for debtor, or whenever secured party may deem the indebtedness or collateral insecure, debtor shall be in default hereunder and the indebtedness herein described and all other debts then owing by debtor to secured party shall at secured party's option become immediately due and payable. Upon debtor's default secured party shall have all the rights and remedies of a secured party under the Uniform Commercial Code and any other applicable laws. If permitted by law, the Sheriff of any county where the collateral or any part thereof may be, may, on request of secured party and the delivery to the Sheriff of a copy hereof, take possession of the collateral and sell the same in the manner prescribed by applicable law. Secured party may require debtor to assemble the collateral and return it to secured party at a place to be designated by secured party which is reasonably convenient to both parties. Secured party will give debtor reasonable notice of the time and place of any public sale of the collateral or of the time after which any private sale of the collateral or any other intended disposition thereof is to be made. Unless otherwise provided by law, the requirement of reasonable notice shall be met if such notice is mailed, postage prepaid, to the address of debtor shown herein at least ten days before the time of the sale or disposition. Expenses of retaking, holding, preparing for sale, selling and the like shall include reasonable attorneys' fees (15% if not prohibited by law) and other legal expenses.

Waiver of any default shall not be a waiver of any other default; all secured party's rights are cumulative and not alternative. The term "secured party" shall include any assignee who is the holder of this security agreement. After assignment of this security agreement: secured party shall not be the assignee's agent for any purpose; debtor will settle all claims, defenses, set-offs and counterclaims it may have against secured party directly with secured party, and not set up any thereof against secured party's assignee, secured party hereby agreeing to remain responsible therefor. No waiver or change in this security agreement, or in any related note shall bind secured party or secured party's assignee unless an officer of the party to be bound has agreed to such waiver or change in writing. Upon full payment of all obligations secured by this security agreement, the assignee may deliver all original papers to secured party for debtor. Debtor waives all exemptions. Secured party may correct patent errors herein and fill in blanks. Any provisions hereof contrary to, prohibited by or invalid under applicable laws or regulations shall be inapplicable and deemed omitted herefrom, but shall not invalidate the remaining provisions hereof. Debtor acknowledges receipt of a true copy and waives acceptance hereof. No oral agreement, guaranty or warranty shall be binding. If debtor is a corporation, this security agreement is executed pursuant to authority of its Board of Directors.

**FEDERAL DISCLOSURE:** where this form is used (see below) and if the transaction is with an individual debtor covering goods to be used for personal, family, household, or agricultural purposes (as the term "agricultural purpose" is defined in the Federal Truth in Lending Act and/or related regulations) where the amount financed is \$25,000 or less, the debtor must be provided with a Disclosure Statement in compliance with the Federal Truth in Lending Act.

**Use for non-retail transactions in all states in which the Uniform Commercial Code is in effect except: CALIFORNIA if amount advanced is less than \$5,000; RHODE ISLAND if debtor is not a corporation and amount advanced is \$25,000 or less; and HAWAII. (See special instructions below.)**

**MARYLAND** — If loan amount is \$5,000 or less, type the following information in "Special Provisions" section on reverse side:

1. The notation "The principal amount of the loan is \$ \_\_\_\_\_. The amount of interest or finance charge included herein is \$ \_\_\_\_\_. The amount of interest or finance charge included herein is \_\_\_\_\_% simple interest per annum." (Show simple interest rate to nearest 2/10 of 1%.)
2. An itemized listing of all additional charges collected or to be collected from the debtor.

**NEBRASKA** — The combined use of an add-on rate and a simple interest per annum rate to compute the finance charge is prohibited.

If an add-on rate or a simple interest per annum rate is used to compute the finance charge, type the following information in the "Special Provisions" section on reverse side:

1. The notation "The rate used in computing the finance charge included herein is \$ \_\_\_\_\_ per \$100 per year add-on."
2. An itemized listing of all additional charges collected or to be collected from the debtor.

**NEW HAMPSHIRE** — If an add-on rate, a simple interest per annum rate, or a combination of a simple interest per annum rate and an add-on rate is used to compute the finance charge, type the following information in the "Special Provisions" section on reverse side:

1. The notation "The amount of interest or finance charge included herein is \$ \_\_\_\_\_."
2. An itemized listing of all additional charges collected or to be collected from the debtor.

**WISCONSIN** — If debtor is not a corporation:

1. The combined use of an add-on rate and a simple interest per annum rate to compute the finance charge is prohibited.
2. If an add-on rate or a simple interest per annum rate is used to compute the finance charge, type the notation "The amount of the interest or finance charge included herein is \$ \_\_\_\_\_. This loan may be prepaid in full or part, and if prepaid in full, debtor may receive a refund of the unearned finance charge." in the "Special Provisions" section on reverse side.

**See Schedule "A"**

with interest before maturity at 1 % per annum payable monthly on unpaid balances and after maturity of any instalment at 1 1/2 % per month if not prohibited by law, otherwise at the highest lawful contract rate. All payments are due at C.I.T. Corporation's office, New York, Chicago or San Francisco. Any note taken herewith shall evidence indebtedness and not payment.

The collateral shall secure, in addition to the indebtedness set forth above, all other indebtedness at any time owing by debtor to secured party or any assignee of secured party; provided, however, upon any assignment of this security agreement by secured party, the assignee shall be deemed for the purpose of this paragraph the only secured party to this security agreement.

The security interest granted hereby shall continue effective irrespective of any retaking and redelivery of collateral to debtor until all amounts secured hereby are fully paid in money. The collateral shall remain personal property and shall not become part of the freehold regardless of the manner of affixation.

**Special Provisions: (For use in Maryland, Nebraska, New Hampshire and Wisconsin, see special instructions on reverse side.)**

(The additional terms and conditions on the reverse side are a part of this security agreement)

Dated: October 21, 1975

Debtor Servtex Materials Company  
(Name of individual, corporation or partnership)

Secured Party C.I.T. Corporation  
(Name of individual, corporation or partnership)

By A. B. Seath Title Asst. Sec.  
(If corporation, give official title. If owner or partner, state which.)

By M. S. Stude Title President  
(If corporation, have signed by President, Vice-President or Treasurer, and give official title. If owner or partner, state which)

1333 West Loop South  
(Street address)  
Houston, Texas  
(City and State)

P. O. Box 729  
(Street address)  
New Braunfels, Canal, Texas  
(City, County and State)

If debtor is a partnership, show name and home address of each partner.



CORPORATE FORM OF ACKNOWLEDGEMENT

State of Texas  
County of HARRIS, ss

On this 21st day of October, 1975 before me personally appeared M. S. Stude, to me personally known, who being by me <sup>duly</sup> sworn, says that he is the President of Servtex Materials Company, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Seal)

My commission expires June 1, 1977

Betty S. Davis  
Notary Public

BETTY S. DAVIS  
Notary Public in and for Harris County, Texas  
My Commission Expires June 1, 1977

ATTACHMENT "A"

Corporate Form of Acknowledgement

State of Texas

County of Harris, ss

On this ~~21~~ <sup>21</sup> day of October, 1975,  
before me personally appeared A. B. Scott, to me personally  
known, who being by me duly sworn, says that he is the Assistant  
Secretary of C.I.T. Corporation, that the seal affixed to the  
fore going instrument is the corporate seal of said corporation,  
that said instrument was signed and sealed on behalf of said  
corporation by authority of its Board of Directors, and he  
acknowledged that the execution of the foregoing instrument was  
the free act and deed of said corporation.

(Seal)

George E. McWain  
Notary Public

My commission expires 6-1-77

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