



July 6, 1978

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I.C.C.
FEE OPERATION BR!

Interstate Commerce Commission
12th and Constitutional Avenues NW
Washington, DC 20423

Attention: Mrs. Lee
Room 1227

9510
RECORDATION NO. _____ Filed & Recorded

JUL 10 1978 - 10 25 AM

INTERSTATE COMMERCE COMMISSION

Dear Mrs. Lee:

Pursuant to the provisions of Section 20C of Interstate Commerce Act in the Regulations of the Interstate Commerce Commission, we are transmitting for filing and recording three executed Security Agreements.

The Security Agreement is between Richard O. Jacobson; P.O. Box 224; Des Moines, Iowa 50301 and First Federal State Bank; 2401 University Avenue; Des Moines, Iowa 50311; on twenty 50-foot, 70-ton rigid underframe outside-stake boxcars with 10' sliding doors, bearing Road #NSL 155036 through 155055 (both inclusive).

Also enclosed is our check in the amount of \$50 to cover the filing fee. Please record and return our copy.

Thank you for your immediate attention in this matter.

Sincerely,

John A. Krieger
John A. Krieger
Executive Vice President

JAK:sr
Enc.

First Federal State Bank 515-277-6441
24th & University Avenue, Des Moines, Iowa 50311

Offices: Clive - 8500 Hickman, Des Moines, Iowa 50322
Downtown - 315 Seventh Street, Des Moines, Iowa 50309
River Hills - 100 University, Des Moines, Iowa 50314

A Hawkeye Bancorporation Bank . . .
Iowa's Third Largest Banking Organization.

8-191A057

JUL 10 1978
Date
Fee \$ 50

ICC Washington, D. C.

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RECORDATION NO. Filed & Recorded

JUL 10 1978 -10 24 AM

SECURITY AGREEMENT

IOWA STATE COMMERCE COMMISSION

SECURITY AGREEMENT, made this 15 day of June, 1978 by and between Richard O. Jacobson, an individual, P.O. Box 224, Des Moines, Iowa 50301, hereinafter called "Jacobson" and First Federal State Bank, 2401 University Avenue, Des Moines, Iowa 50311, hereinafter called "FFSB".

WHEREAS, Jacobson has agreed to grant to FFSB a security interest in certain railroad equipment (hereinafter called the "Equipment") owned by Jacobson and described in Exhibit "A" hereto as security for payment of a promissory note of Jacobson and FFSB described below; and

WHEREAS, under date of June 13, 1978, National Railway Utilization Corporation, a South Carolina corporation (hereinafter called "NRUC"), and Jacobson entered into a lease and management agreement (hereinafter called the "Lease and Management Agreement"), whereby NRUC leases the Equipment from Jacobson and manages and operates the Equipment on behalf of Jacobson; and

WHEREAS, Jacobson has executed and delivered to FFSB a promissory note (the "Note") of even date herewith, in the principal amount of \$637,272.00 payable in installments over a term, bearing interest and having the other provisions set forth therein, all of the provisions, terms, covenants and conditions of the Note being incorporated herein by reference;

NOW, THEREFORE, in consideration of the advance under the Note and the promises contained herein and in the Note, Jacobson and FFSB hereby agree as follows:

Section I. Creation of Security Interest.

Jacobson hereby grants and assigns to FFSB a security interest in the Collateral described in Section II of this Security Agreement to secure performance and payment of (i) the Note described above, (ii) all renewals and extensions of the Note, (iii) any sums advanced by FFSB pursuant to any provision hereof or of the Note and (iv) interest on (i), (ii) and (iii). FFSB hereby expressly denies any liability for or undertaking of any obligations of Jacobson with respect to the Collateral. This Security Agreement shall remain in full force and effect until such time as all indebtedness of Jacobson to FFSB has been repaid in full.

Section II. Collateral.

The collateral of this Security Agreement (collectively called "Collateral") is all of the rights, title and interests of Jacobson in and to (i) the Equipment described in Exhibit "A" hereto and all additions and

accessions thereto, (ii) any other mileage charges or car hire revenues (including both straight and incentive per diem) now or hereafter to become payable to Jacobson with respect to such Equipment, (iii) any other revenues, income, rents, charges and profits from the Equipment or the Lease and Management Agreement, and (iv) all proceeds from any of the above. It is understood and agreed that Jacobson will use the proceeds of the Note to partially finance purchase of the Equipment.

Section III. Jacobson Covenants, Representations and Warranties.

Jacobson covenants, represents, and warrants as follows:

(1) No financing statement covering the Collateral or its proceeds is on file in any public office; except for the security interest granted and assignment made in this Security Agreement, there is no lien, security interest or encumbrance in or on and no assignment by Jacobson of any rights, title and interests in the Collateral; and Jacobson is the owner of the Collateral. Except for the Lease and Management Agreement, there are no claims of any nature against the Equipment.

(2) Jacobson has presently performed and in the future shall fully and promptly perform all obligations and duties required of it under the Lease and Management Agreement. Jacobson shall provide that all insurance policies relating to the Collateral, including but not limited to the policies required under the Lease and Management Agreement, contain a standard mortgagee's endorsement providing for payment of any loss to FFSB. FFSB may apply any proceeds of such insurance which may be received by it to payment on account of the obligations secured hereby, whether due or not.

(3) Jacobson shall notify FFSB promptly in writing of any default by either Jacobson or NRUC under the Lease and Management Agreement, including but not limited to failure by NRUC to pay any insurance premium as required.

(4) Jacobson shall pay prior to delinquency all taxes, charges, liens and assessments against the Collateral, and upon Jacobson's failure to do so, FFSB at its option may pay any of them and shall be the sole judge of the legality or validity thereof and the amount necessary to discharge the same. Such payments shall become part of the indebtedness secured by this Security Agreement and shall be paid to FFSB by Jacobson immediately and without demand, with interest thereon at the rate of nine percent (9%) per annum.

(5) Jacobson's main place of business is located at 1701 E. Euclid, Des Moines, Iowa. Jacobson shall promptly notify FFSB of any change of location of such main place of business or of the addition of any new main place of business.

(6) Jacobson shall at all times keep or cause to be kept complete and accurate books and records reflecting all facts concerning the Collateral, including those pertaining to Jacobson's representations and warranties under this Security Agreement and such books and records shall be subject to reasonable inspection by FFSB from time to time during regular business hours. Jacobson shall supply FFSB with copies of any books and records which FFSB reasonably requests.

(7) Jacobson shall not, voluntarily or involuntarily, subject the Collateral or its proceeds or allow the Collateral or its proceeds to be subjected to any interest of any transferee, buyer, secured party, encumbrancer or other third person and shall not modify the Lease and Management Agreement in any manner.

(8) Jacobson shall immediately notify FFSB of any legal proceeding of which Jacobson has knowledge wherein the Collateral is in any manner seized or possessed or wherein seizure or possession may be threatened or attempted.

(9) Jacobson shall do, make, procure, execute and deliver all acts, things, writings and assurances as FFSB may at any time require to protect, assure or enforce its interests, rights, and remedies created by, provided for or arising from this Security Agreement.

(10) Jacobson shall indemnify, protect and hold FFSB harmless from and against any and all liability claims, demands, costs, charges and expenses, including but not limited to reasonable attorneys' fees and legal expenses in any manner imposed upon or accruing against FFSB because of FFSB's interest in the Collateral; provided, however, that the foregoing shall not apply to any claim or demand of a third person against FFSB arising from FFSB's use of the Collateral after taking possession pursuant to Section V. hereof.

(11) Jacobson shall sign and execute alone or with FFSB any Financing Statement or other document or procure any document, and pay all costs connected with signing, executing or filing such document, necessary to protect the security interest under this Security Agreement against the rights or interests of third persons.

(12) Jacobson agrees that there shall be plainly, distinctly, permanently and conspicuously stenciled upon each side of each unit of the Equipment the following words, in letters not less than one inch in height:

THIS CAR IS SUBJECT TO A SECURITY AGREEMENT
RECORDED UNDER SECTION 20c OF THE INTERSTATE
COMMERCE ACT

Section IV. Events of Default.

Jacobson shall be in default under this Security Agreement if any of the following events or conditions (herein called an "Event of Default") shall occur and be continuing.

(1) Jacobson's failure to pay when due any indebtedness, either principal or interest, secured by this Security Agreement.

(2) Continuance for more than 30 days of any of the following events or conditions after FFSB shall have demanded in writing that such event or condition be cured:

(a) Any representation, warranty or statement contained in this Security Agreement or made or furnished to FFSB by or on behalf of Jacobson in connection with this Security Agreement or to induce FFSB to make a loan to Jacobson proves to have been false in any respect when made or furnished or becomes false in any respect while any indebtedness secured hereby is outstanding.

(b) Loss, theft, substantial damage, destruction, sale or encumbrance of any of the Collateral, or any levy, seizure or attachment thereof.

(c) Jacobson's insolvency or business failure; the appointment of a receiver for all or any part of the property of Jacobson; an assignment for the benefit of creditors by Jacobson; the calling of a meeting of creditors of Jacobson; or any proceeding brought under any bankruptcy or insolvency laws by or against Jacobson or any guarantor, surety or endorser for Jacobson.

(d) Any default (by either Jacobson or NRUC) under or termination for any reason of the Lease and Management Agreement.

Section V. Remedies in the Event of Default.

(1) Upon the occurrence of an Event of Default and at any time thereafter, FFSB may declare all obligations secured hereby immediately due and payable and shall have the right to sell, lease, or otherwise dispose of any or all of the Collateral and the right to take possession of the Collateral, and for the purpose FFSB may enter upon any premises on which the Collateral of any part thereof may be situated and remove the same therefrom. FFSB may require Jacobson to assemble the Collateral and make it available to FFSB at a place to be designed by FFSB which is reasonably convenient to both parties. Expenses of retaking, holding, preparing for sale, selling or the like shall include FFSB's reasonable attorneys' fees and legal expenses, and Jacobson agrees to pay such expenses, plus interest thereon at the rate of nine (9%) per annum.

(2) FFSB may in a commercially reasonable manner execute, sign, endorse, transfer or deliver in the name of Jacobson notes, checks, drafts, or other instruments for the payment of money and receipts, certificates of origin, applications for certificates of title or any other documents necessary to evidence, perfect or realize upon the security interest and obligations created by this Security Agreement or to protect, exercise or assure its interests, rights and remedies hereunder. FFSB shall notify Jacobson in writing of the exercise of any right granted in this subsection.

Section VI. Additional Agreements.

(1) The terms "FFSB" and "Jacobson" whenever occurring herein shall be deemed and construed to include the respective heirs, personal representatives, successors and assigns of FFSB and Jacobson.

(2) Any notice to or demand upon Jacobson by FFSB may be by mail or by telegraph addressed to Jacobson at Jacobson's address shown at the beginning of this Security Agreement or at any other address as Jacobson shall have last notified FFSB in writing.

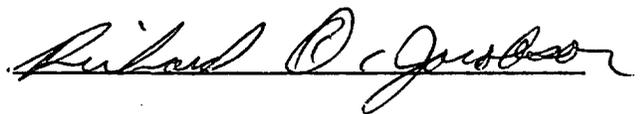
(3) The section headings appearing in this instrument have been inserted for convenience only and shall be given no substantive meaning or significance whatever in construing the terms and provisions of this instrument.

(4) The unenforceability or invalidity of any provision or provisions of this Security Agreement shall not render any other provision or provisions herein contained unenforceable or invalid.

(5) This Security Agreement shall be construed according to and governed by the laws of the State of Iowa.

EXECUTED this 15 day of June, 1978.

RICHARD O. JACOBSON

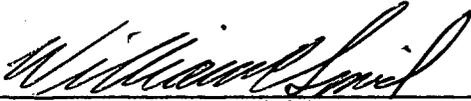


FIRST FEDERAL STATE BANK

By 
John Krieger

STATE OF IOWA
SS
COUNTY OF POLK

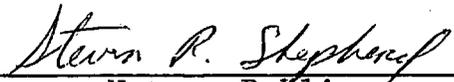
On this 15 day of June, 1978, before me personally appeared RICHARD O. JACOBSON, to me known to be the person described in and who executed the foregoing instrument and he acknowledged that he executed the same as his free act and deed.



Notary Public

STATE OF IOWA
SS
COUNTY OF POLK

On this 15 day of June, 1978, before me personally appeared John Krieger to me personally known, who being by me duly sworn, says that he is the Executive Vice President of FIRST FEDERAL STATE BANK, 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.



Notary Public



EXHIBIT A
RAILROAD BOXCARS

TYPE	50' 70 ton Rigid Underframe Outside Stake Boxcar with 10' Sliding Doors
QUANTITY	20
REPORTING NUMBERS	NSL 155036-155055 (both inclusive)