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No. 8-255-A044
Date SEP 10 1978
Fee $ 100
ICC Washington, D. C.

Fannin Bank

September 6, 1978

RECORDATION NO. 9688 Filed & Recorded
SEP 12 1978 -12 15 PM
INTERSTATE COMMERCE COMMISSION

RECORDATION NO. 9688 Filed & Recorded
SEP 12 1978 -12 15 PM
INTERSTATE COMMERCE COMMISSION

Secretary of the Interstate
Commerce Commission
Washington, D.C. 20423

Gentlemen:

In accordance with Section 20(c) of the Interstate Commerce Act, we enclose for filing with the Commission an original and two counterparts each of the following documents:

1. Security Agreement and Chattel Mortgage

Debtor:	Shorthorn Investment Company 900 Capital National Bank Bldg. Houston, Texas 77002
Secured Party:	Fannin Bank P.O. Box 20008 Houston, Texas 77025
Collateral:	Five (5) Railroad tank Cars described as follows: DOT111A100W3 23,500 Gallon Nominal Capacity, Insulated and Exterior Coils 100 Ton Truck capacity, Serial Nos. RTMX 12436, 12437, 12438, 12439, and 12440.

2. Security Agreement - Assignment of Accounts

Debtor:	Shorthorn Investment Company 900 Capital National Bank Bldg. Houston, Texas 77002
Secured Party:	Fannin Bank P.O. Box 20008 Houston, Texas 77025

Collateral: All right, title, interest in and to accounts and contracts' rights arising under a Management Agreement between Debtor and Richmond Leasing Company dated the 3rd day of May, 1978, and all leases now or thereafter existing relating to the railroad tank cars described in No.1 above.

We also enclose our Cashier's Check in the amount of $100.00 as fees for recordation of the aforesaid documents.

Please return the original of each document to Fannin Bank, P.O. Box 20008, Houston, Texas, 77025, Attention: Lyn Farrell.

If you have any questions or comments, please call the undersigned collect at (713) 790-1000 or call Frank Putman of Sewell, Junell & Riggs, collect at (713) 652-8700.

Very truly yours,

Fannin Bank

By Lyn Farrell
Collateral Custodian

enclosures

Interstate Commerce Commission

Washington, D.C. 20423

9/12/78

OFFICE OF THE SECRETARY

Lyn Farrel
Main at Holcombe
Fannin Bank
P.O.Box 20008
Houston, Texas 77025

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 9/12/78 at 12:15pm, and assigned recordation number(s) 9689 & 9689-A

Sincerely yours,

H.G. Homme, Jr.,
Acting Secretary

Enclosure(s)

SE-30-T
(2/78)

9689
RECORDATION NO. ..... Filed & Recorded
SEP 12 1978 -12 15 PM
INTERSTATE COMMERCE COMMISSION

SECURITY AGREEMENT AND CHATTEL MORTGAGE

SHORTHORN INVESTMENT COMPANY, 900 Capital National Bank Bldg., Houston, Texas, 77002, hereinafter called "Debtor", and FANNIN BANK, 1020 Holcombe Blvd., Houston, Texas, 77025, hereinafter called "Secured Party", agree as follows:

SECTION I. CREATION OF SECURITY INTEREST

Debtor hereby grants to Secured Party a security interest in and a Chattel Mortgage on the Collateral described in Section II of this Security Agreement to secure performance and payment of (i) that certain promissory note ("Note") dated August 29, 1978, in the original principal amount of $185,155.00 executed by the Debtor payable to the order of Secured Party, bearing interest and being payable in the manner provided therein; and (ii) all renewals and extensions of the Note.

SECTION II. COLLATERAL

The Collateral of this Security Agreement is five (5) railroad tank cars described more fully in Schedule "A" which is attached hereto and made a part hereof and all additions and acessions thereto, and proceeds thereof. The inclusion of proceeds in this Security Agreement does not authorize Debtor to sell, dispose of or otherwise use the Collateral in any manner not specifically authorized by this agreement. So long as no Event of Default has occurred and

is continuing, nothing herein shall prohibit (i) the Debtor from performing the Management Agreement ("Management Agreement") effective May 3 1978, between Debtor and Richmond Leasing Company ("RLC") or (ii) Debtor or RLC from performing its obligations under existing lease agreements or from executing and performing additional lease agreements covering the Collateral (all such lease agreements being referred to herein as "Lease Agreements").

SECTION III. PAYMENT OF OBLIGATIONS OF DEBTOR

(1) Debtor shall pay to Secured Party any sum or sums due or which may become due pursuant to the Note or any other promissory note or notes now or hereafter executed by Debtor to evidence Debtor's indebtedness to Secured Party, in accordance with the terms of such Note or other promissory note or notes and the terms of this Security Agreement.

(2) Debtor shall pay to Secured Party on demand all expenses and expenditures, including reasonable attorneys' fees and other legal expenses incurred or paid by Secured Party in exercising or protecting its interests, rights and remedies under this Security Agreement, plus interest thereon at the maximum rate permitted by law with respect to Debtor. It is the intention of the Debtor and the Secured Party to contract in strict compliance with the usury laws of the State of Texas from time to time in effect. In furtherance thereof, the Debtor and the Secured Party

stipulate and agree that none of the terms and provisions contained in this Agreement or the Note shall ever be construed to create a contract to pay interest for the use, forbearance or detention of money at a rate in excess of the maximum interest rate permitted to be charged by the laws of the State of Texas from time to time in effect. In the event the Secured Party shall collect monies which are deemed to constitute interest which would otherwise increase the effective rate on the Note to a rate in excess of that permitted to be charged by the laws of the State of Texas then in effect, all such sums deemed to constitute interest in excess of the legal rate shall be immediately returned to the Debtor upon such determination.

(3) Debtor shall pay immediately, without notice, the entire unpaid indebtedness of Debtor to Secured Party, whether created or incurred pursuant to this Security Agreement or otherwise, upon Debtor's default under Section V of this Security Agreement.

SECTION IV. DEBTOR'S REPRESENTATIONS, WARRANTIES AND AGREEMENT

Debtor represents, warrants and agrees that:

(1) All information supplied and statements made by Debtor in any financial, credit or accounting statement or application for credit prior to, contemporaneously with or subsequent to the execution of this Security Agreement are and shall be true, correct, complete, valid and genuine.

(2) No Financing Statement or Chattel Mortgage covering the Collateral or its proceeds is on file in any public office; except for the security interest granted in this Security Agreement, there is no lien, security interest or encumbrance in or on the Collateral; and Debtor is the owner of the Collateral.

(3) The chief place of business of Debtor is the address shown at the beginning of this agreement. Debtor will immediately notify Secured Party in writing of any change in Debtor's chief place of business.

(4) If certificates of title are issued or outstanding or become issued and outstanding with respect to any of the Collateral, Debtor will cause the interest of Secured Party to be properly noted thereon.

(5) The Collateral will be used primarily for business use, unless Secured Party consents in writing to another use.

(6) The Collateral will not be misused or abused, wasted or allowed to deteriorate, except for the ordinary wear and tear of its intended primary use, and will not be used in violation of any statute or ordinance.

(7) Debtor will have and maintain or cause to be maintained insurance at all times with respect to all Collateral against risks of fire, theft and such other risks as Secured Party may require, including those covered by the

policies described in Article III, Section 7 of the Management Agreement. Such insurance policies shall contain such terms, be in a form, for a period and be written by companies satisfactory to Secured Party. Such insurance policies shall also contain a standard mortgagee's endorsement providing for payment of any loss to Secured Party. All policies of insurance shall provide for ten days written minimum cancellation notice to Secured Party. Debtor shall furnish Secured Party with certificates or other evidence satisfactory to Secured Party of compliance with the foregoing insurance provisions. Secured Party may act as attorney for Debtor in obtaining, adjusting, settling and cancelling such insurance and endorsing any drafts drawn by insurers of the Collateral. Secured Party may apply any proceeds of such insurance which may be received by it in payment on account of the obligations secured hereby, whether due or not.

(8) Except as provided in Section II hereof, the Collateral will not be sold, transferred or disposed of by Debtor or be subjected to any unpaid charge, including rent and taxes, or to any subsequent interest of a third person created or suffered by Debtor voluntarily or involuntarily, unless the Secured Party consents in advance in writing to such sale, transfer, disposition, charge, or subsequent interest.

(9) Debtor will sign and execute alone or with Secured Party any Financing Statement or other document or procure any document, and pay all connected costs, necessary to protect the security interests, rights and remedies created by, provided in or emanating from this Security Agreement.

(10) Debtor will, at its own expense, do, make, procure, execute and deliver all acts, things, writing and assurances as Secured Party may at any time request to protect, assure or enforce its interests, rights and remedies created by, provided in or emanating from this Security Agreement.

(11) Debtor will not lend, rent, lease or otherwise dispose of the Collateral or any interest therein except as authorized in this Security Agreement or in writing by Secured Party, and Debtor shall keep the Collateral, including the proceeds from any disposition thereof, free from unpaid charges, including taxes, and from liens, encumbrances, and security interests other than that of Secured Party.

(12) If Secured Party should at any time be of the opinion that the Collateral is not sufficient or has declined or may decline in value then Secured Party may call for additional Collateral satisfactory to Secured Party, and

Debtor promises to furnish such additional security forthwith. The call for additional security may be oral or by telegram or by United States mail addressed to the address of Debtor shown at the beginning of this agreement.

(13) Debtor agrees that there shall be plainly, distinctly, permanently and conspiciously stenciled upon each side of each unit of the Collateral, the following words, in letters not less than one inch in height:

> THIS CAR IS SUBJECT TO A SECURITY AGREEMENT AND CHATTEL MORTGAGE RECORDED UNDER THE UNIFORM COMMERCIAL CODE OF THE STATE OF TEXAS AND UNDER SECTION 20C OF THE INTERSTATE COMMERCE ACT

SECTION V. EVENTS OF DEFAULT

Debtor shall be in default under this Security Agreement upon the happening of any of the following events or conditions (herein called an "Event of Default"):

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

(2) Default by Debtor in the punctual performance of any of the obligations, covenants, terms or provisions contained or referred to in this Security Agreement or in any note secured hereby.

(3) Any warranty, representation, or statement contained in this Security Agreement or made or furnished to Secured Party by or on behalf of Debtor in connection with

this Security Agreement or to induce Secured Party to make a loan to Debtor proves to have been false in any respect when made or furnished or becomes false while any indebtedness secured hereby is outstanding.

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

(5) Debtor's insolvency or business failure; the appointment of a receiver of all or any part of the property of Debtor; an assignment for the benefit of creditors of Debtor; the calling of a meeting of creditors of Debtor; or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Debtor.

(6) Any statement of the financial condition of Debtor to Secured Party submitted to Secured Party by Debtor proves to be false.

(7) The Collateral becomes, in the judgment of Secured Party, unsatisfactory or insufficient in character or value.

SECTION VI. SECURED PARTY'S RIGHTS AND REMEDIES

A. Rights exclusive of Default.

(1) This Security Agreement, Secured Party's rights hereunder or the indebtedness hereby secured may be assigned from time to time, and in any such case the Assignee shall be entitled to all of the rights, privileges and

remedies granted in this Security Agreement to Secured Party, and Debtor will assert no claims or defenses he may have against Secured Party against the Assignee, except those granted in this Security Agreement.

(2) Secured Party may enter upon (i) Debtor's premises at any reasonable time to inspect Debtor's books and records pertaining to the Collateral, and (ii) Debtor shall assist Secured Party in making any such inspection.

(3) Secured Party may execute, sign, endorse, transfer or deliver in the name of Debtor 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.

(4) At its option, Secured Party may discharge taxes, liens or security interests or other encumbrances at any time levied or placed on the Collateral, may pay for insurance on the Collateral and may pay for the maintenance and preservation of the Collateral. Debtor agrees to reimburse Secured Party on demand for any payment made, or expense incurred by Secured Party pursuant to the foregoing authorization, plus interest thereon at the maximum rate permitted by law with respect to Debtor.

B. Rights in Event of Default.

(1) Upon the occurrence of an Event of Default, and at any time thereafter, Secured Party may declare all obligations secured hereby immediately due and payable and shall have the rights and remedies of a Secured Party under the Uniform Commercial Code of Texas, including without limitation thereto, 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 that purpose Secured Party may enter upon any premises on which the Collateral or any part thereof may be situated and remove the Collateral and make it available to Secured Party at a place to be designated by Secured Party which is reasonably convenient to both parties. Unless the Collateral is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, Secured Party will send Debtor reasonable notice of the time and place of any public sale thereof or of the time after which any private sale or other disposition thereof is to be made. The requirement of sending reasonable notice shall be met if such notice is mailed, postage prepaid, to Debtor at the address designated at the beginning of this Security Agreement at least five days before the time of the sale or disposition. Expenses of retaking, holding, preparing for sale, selling or the like shall include Secured Party's

reasonable attorneys' fees and legal expenses, plus interest thereon at the maximum rate permitted by law with respect to Debtor. Debtor shall remain liable for any deficiency.

(2) Secured Party may remedy any default and may waive any default without waiving the default remedied or without waiving any other prior or subsequent default.

(3) The remedies of Secured Party hereunder are cumulative, and the exercise of any one or more of the remedies provided for herein shall not be construed as a waiver of any of the other remedies of Secured Party.

SECTION VII. ADDITIONAL AGREEMENTS

(1) "Secured Party" and "Debtor" as used in this instrument include the heirs, executors or administrators, successors, representatives, receivers, trustees and assigns of those parties.

(2) 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. Terms used in this instrument which are defined in the Texas Uniform Commercial Code are used with the meanings as therein defined.

(3) The law governing this secured transaction shall be that of the State of Texas in force at the date of this instrument.

EXECUTED this 29th day of August, 1978.

Debtor SHORTHORN INVESTMENT COMPANY

By _____

By _____

Secured Party: FANNIN BANK

By _____

THE STATE OF TEXAS §

COUNTY OF HARRIS §

BEFORE ME, the undersigned authority, on this day personally appeared William E. Junell and William E. Matthews, members of the partnership firm of Shorthorn Investment Company, known to me to be the persons whose names are subscribed to the foregoing instrument, and acknowledged to me that they each executed the same as the act of Shorthorn Investment Company, a partnership, for the purposes and consideration therein expressed and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 1ST day of SEPT, 1978.

Sherry Kay Hendrick
Notary Public in and for
Harris County, T E X A S

SHERRY KAY HENDRICK
Notary Public in and for Harris County, Texas
My Commission Expires ~~June~~ OCT 1, 19 78

THE STATE OF TEXAS §

COUNTY OF HARRIS §

BEFORE ME, the undersigned authority, on this day personally appeared _____, _____ of FANNIN BANK, 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 free act and deed of the said FANNIN BANK, a Texas state banking corporation, and that he executed the same as his free and voluntary act and deed, and as the free and voluntary act and deed of such corporation, for the purposes and consideration therein expressed, and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the ____ day of _____, 1978.

_____
Notary Public in and for
Harris County, T E X A S

SCHEDULE A

Five (5) Railroad Tank Cars described as follows:

DOT111A100W3 23,500 Gallon Nominal Capacity, Insulated and Exterior Coils 100 Ton Truck capacity, Serial Nos. RTMX 12436, 12437, 12438, 12439 and 12440.

SCHEDULE B

All Tank Cars are subject to a Lease in favor of Exxon Chemical Company.