

MISSOURI-KANSAS-TEXAS RAILROAD COMPANY

LAW DEPARTMENT  
701 COMMERCE STREET  
DALLAS, TEXAS 75202

WILLIAM A. THIE  
GENERAL COUNSEL  
JOE C. CRAWFORD  
GENERAL SOLICITOR

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

214-651-6736

No. 8-354A012

Date OCT 31 1978

Fee \$50.00

IN REPLY REFER TO: 410.043-38A

Mr. H. G. Homme, Jr.  
Acting Secretary  
Interstate Commerce Commission  
Washington, DC 20423

ICC Washington, D. C.

RECORDATION NO. 3800 Filed 1425 October 26, 1978

OCT 31 1978 - 9 20 AM

INTERSTATE COMMERCE COMMISSION

Re: Security Agreement dated October 23, 1978, between  
The State National Bank of Denison, Texas (secured  
party) and Donland Development Company (debtor)  
covering the financing of the construction and assembly  
of 100 100-ton open top hopper cars

Dear Mr. Homme:

In accordance with the provisions of Section 20c of the Interstate Commerce Act and the rules and regulations approved and prescribed by the Interstate Commerce Commission pursuant thereto, there are submitted for filing and recording six copies of a Security Agreement dated October 23, 1978, between The State National Bank of Denison, Texas, as secured party, whose address is Box 339, Denison, Texas 75020, and Donland Development Company, designated as "Debtor" therein, 701 Commerce Street, Dallas, Texas 75202, which Security Agreement covers the partial cost of construction and assembly of 100 100-ton welded, triple, open top hopper cars, which hopper cars, as they are manufactured, shall bear the recording marks and numbers of the Missouri-Kansas-Texas Railroad Company as follows:

MKT-10800 through MKT-10899.

both inclusive.

Please return to me four file marked copies of the Security Agreement for distribution to the parties.

I am enclosing a Cashier's check in the amount of \$50 to cover the prescribed fee for recording this instrument.

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

Very truly yours,

*Arthur M. Albin*  
Arthur M. Albin

AMA:jar  
Enclosures  
FEE OPERATION BR  
I.C.C.

OCT 31 9 15 AM '78

RECEIVED

**Interstate Commerce Commission**  
**Washington, D.C. 20423**

11/1/78

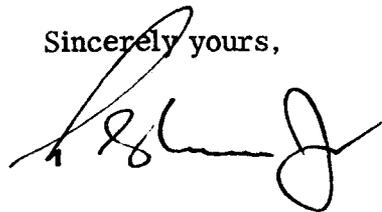
OFFICE OF THE SECRETARY

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 10/31/78 at 9:20am ,  
and assigned recordation number(s) 9808

Sincerely yours,



H.G. Homme, Jr.,  
Acting Secretary

Enclosure(s)

SE-30-T  
(2/78)

OCT 31 1978-9 20 AM

INTERSTATE COMMERCE COMMISSION

## S E C U R I T Y   A G R E E M E N T

DONLAND DEVELOPMENT COMPANY, a Missouri corporation whose mailing address is 701 Commerce Street, Dallas, Dallas County, Texas 75202, hereinafter called "Debtor," hereby grants to THE STATE NATIONAL BANK, a national banking corporation whose mailing address is Post Office Box 339, Denison, Grayson County, Texas 75020, hereinafter called "Secured Party, a security interest in the following described personal property:

One Hundred (100) 3,430 cu. ft. 100-ton Welded Design Triple Open Top Hopper Car Bodies to be purchased from Trinity Industries, Inc., 4001 Irving Blvd., Dallas, Texas, which Car Bodies are further described in General Specification OTH-3-34A of Trinity Industries, Inc., dated March 23, 1978, which General Specification is attached hereto as Exhibit A;

together with all additions, accessions, and substitutions thereto or therefor, hereinafter called "Collateral." Proceeds of Collateral are also covered.

Debtor has contracted with MISSOURI-KANSAS-TEXAS RAILROAD COMPANY, hereinafter called "Railroad," for Railroad to use the aforesaid open top hopper car bodies in order to construct and assemble a total of one-hundred (100) 3,430 cu. ft. open top hopper cars for general railroad service. Thus, accessions and additions to said bodies are to include all additional parts and equipment necessary to complete construction of fully assembled open top hopper cars to be constructed in compliance with Association of American Railroads rules. Such accessions and additions shall include trucks, wheels, air brake equipment, hand brakes, adjusters, bearings, rods, side frames and bolsters, brake beams, enamel, and other miscellaneous parts. As the aforesaid parts and equipment are attached to and become a part of each above described hopper car body, such additions and attachments are intended to be covered by the terms and provisions of this Security Agreement and shall become part of the Collateral.

Debtor warrants and covenants with Secured Party that the aforesaid open top hopper car bodies are being acquired with the proceeds of the advance evidenced by this Agreement, which is further evidenced by the Notes described and referred to below. During the time that the open top hopper cars are being constructed and assembled, the aforesaid hopper car bodies will be kept at Railroad's premises in Denison, Texas. The aforesaid parts and equipment will, upon receipt by Railroad, be kept in Denison, Texas, until such time as each open top hopper car is fully constructed and assembled. Debtor shall be permitted to authorize Railroad to use said completed cars in its rail operations or in the normal course of interchange with other railroads in the United States pursuant to a lease or conditional sale agreement acceptable to Secured Party.

This security interest is given to secure: (1) Payment of a note dated October 23, 1978, executed and delivered by Debtor to Secured Party in the principal sum of One Million Dollars (\$1,000,000), hereinafter called "First Note," payable as to principal and interest as therein provided; (2) Payment of a subsequent note, hereinafter called "Second Note," to be executed and delivered by Debtor to Secured Party following full repayment of the First Note, said Second Note to be in the principal sum of One Million Dollars (\$1,000,000), payable as to principal and interest as therein provided, said Second Note to be identical in form to the First Note; (3) All expenditures by Secured Party for taxes, insurance, repairs to and maintenance of Collateral and/or costs and expenses incurred by Secured Party in the collection and enforcement of either Note or other indebtedness of Debtor to Secured Party; and (4) All liabilities of Debtor to Secured Party now existing or hereafter incurred, matured or unmatured, direct or contingent, and any renewals and

extensions thereof and substitutions therefor.

Debtor expressly warrants and covenants that, except for the secured interest granted hereby, Debtor now owns or will use the proceeds of the advances hereunder to become the owner of the Collateral free from any prior lien, security interest or encumbrances, and Debtor will defend the Collateral against all claims and demands of all persons at any time claiming the same or any interest therein.

Debtor expressly warrants and covenants that no financing statement covering the Collateral or the proceeds thereof is on file in any public office, and Debtor will join with Secured Party in executing one or more financing statement in form satisfactory to Secured Party.

As each open top hopper car is completed and accepted by Railroad pursuant to that certain Car Building Agreement between Debtor and Railroad, Debtor will, at its own expense, cause said cars to be insured by a company or companies acceptable to Secured Party against loss, damage, or destruction thereof due to fire, lightning, wreck, derailment, collision, flood, tornado, cyclone, sabotage, riot or civil commotion in sums and by policies adequate at all times to protect the interest of Secured Party and Debtor, provided that the contract for such insurance may provide insurance with loss deductible in an amount not exceeding \$150,000 for any one loss. Secured Party shall be named as loss payee therein. Any monies paid under any such insurance policy or policies shall be applied to the then unpaid balance of whichever Note is then outstanding, and such monies so paid shall be applied toward the replacement or repair of such cars. In the event that the monies are to be applied to such replacement or repair, they shall be retained by the Secured Party until replacement or repair of the car or cars so lost,

destroyed or damaged, but upon proof satisfactory to Secured Party of such replacement or repair and if Debtor is not then in default in any of the obligations hereunder, the Secured Party shall pay over such money to the Debtor. Any monies receivable by or payable to Debtor from any railroad or other person or corporation because of loss or destruction or damage to any such car or cars shall be paid over to the Secured Party to be held and applied by it as aforesaid.

Debtor will at all times cause the completed open top hopper cars to be maintained in good order and repair at its own expense.

Debtor will keep the Collateral free and clear from liens and other security interests, will promptly pay all taxes and assessments with respect thereto, and will not use the Collateral illegally or encumber the same without the prior written consent of the Secured Party. Secured Party may examine and inspect the Collateral at any time wherever located.

At its option and in the event Debtor fails or refuses to pay for any of the following, Secured Party may discharge taxes, liens, security interests or other encumbrances on the Collateral and may pay for the repair of any damage to the Collateral, the maintenance and preservation thereof, and for insurance thereon. Debtor agrees to reimburse Secured Party on demand for any payments so made, and until such reimbursement the amount of any such payment, with interest at ten percent (10%) per annum from date of payment until reimbursement, shall be added to the indebtedness owed by Debtor and shall be secured by this Security Agreement.

Debtor shall be in default under this Agreement upon the happening of any of the following events:

1. Default in the payment or performance of any obligation, covenant, or liability contained or referred to herein, provided, however Secured Party shall have first given Debtor fifteen (15) days'

written notice of any such default;

2. Any warranty, representation, or statement made or furnished to Secured Party by or on behalf of Debtor proves to have been false in any material respect when made or furnished;
3. Any proceedings are commenced by or against Debtor for any relief under any bankruptcy or insolvency laws, or laws relating to the relief of debtors, readjustments of indebtedness, reorganizations, arrangements, compositions or extensions other than a proceeding under Section 20b of the Interstate Commerce Act and the trustee or trustees or receiver or receivers appointed for the Debtor or for its property in connection with such proceedings fail to adopt and assume and agree to perform the terms and obligations of this Agreement within thirty (30) days of the date of his or their appointment, unless such proceedings are dismissed prior to the expiration of such 30 days; or
4. The Debtor transfers its interest in or under this Agreement without the consent of Secured Party.

Upon such default and at any time thereafter, Secured Party may declare all obligations secured hereby immediately due and payable and may proceed to enforce payment of the same and exercise any and all of the rights and remedies provided by the Uniform Commercial Code as well as all other rights and remedies possessed by Secured Party. Secured Party may require Debtor to assemble the Collateral and make it available to Secured Party at any place to be designated by Secured Party which is reasonably convenient to both parties. As to any and all parts and equipment not attached to the hopper car bodies, such a place shall be in Denison, Texas. As to cars already

constructed and assembled, Debtor shall cause the cars to be delivered with all replacements, improvements, equipment, attachments, and accessories thereof, at its own cost, at such place or places on premises of Railroad as Secured Party may reasonably designate, and for such purposes. Debtor shall cause the cars to move in the usual manner of routing railroad cars, and Debtor shall cause said cars to be stored upon premises of Railroad without charge until Secured Party shall desire to dispose of same pursuant to remedies available to it, such storage not to exceed six (6) months.

Secured Party will give Debtor reasonable notice of the time and place of any public or private sale of the Collateral or notice of any other intended disposition thereof. The requirements of reasonable notice shall be met if such notice is mailed, postage prepaid, to the address of Debtor shown at the beginning of this Agreement, at least five (5) 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.

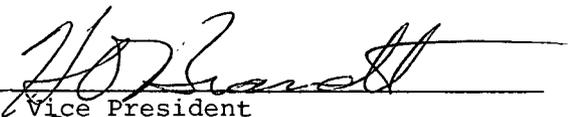
Central Life Assurance Company of Des Moines Iowa has agreed to provide permanent financing of the first 50 completed open top hopper cars pursuant to a Conditional Sale Agreement and Assignment between Debtor, as manufacturer, Railroad, as purchaser, and Central Life Assurance Company (hereinafter called "Central"), as assignee of Debtor, which agreements are intended to be signed prior to December 31, 1978. It is understood and agreed that at the closing of the purchase of said first 50 open top hopper cars and concurrently with the receipt by Secured Party of all amounts of principal and interest due and owing Secured Party pursuant to the said First Note, Secured Party will at the option of Central assign this Security Agreement to the extent of said first 50 cars to Central, and/or Secured Party will

release this security interest in said first 50 open top hopper cars in order that Central shall acquire clear title in and to said hopper cars pursuant to the terms and conditions of said Conditional Sale Agreement and Agreement and Assignment. Likewise, at the time of the closing of the sale and financing of the second 50 cars and concurrently with receipt by Secured Party of all accrued principal and interest arising under the Second Note, Secured Party shall either assign its interest under this Security Agreement to the financing institution or shall fully and finally release this Security Agreement.

No waiver by Secured Party of any default shall operate as a waiver of any other default, and the terms of this Agreement shall be binding upon the successors and assigns of the parties hereto.

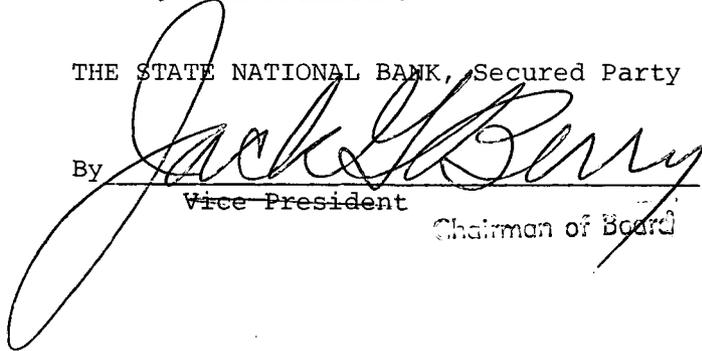
DONLAND DEVELOPMENT COMPANY, Debtor

By

  
Vice President

THE STATE NATIONAL BANK, Secured Party

By

  
Vice President

Chairman of Board

Dated: October 23, 1978

THE STATE OF TEXAS )  
 )  
COUNTY OF DALLAS )

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared H. O. Brandt, Vice 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 DONLAND DEVELOPMENT COMPANY, a corporation, and that he executed the same as the act 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 23<sup>rd</sup> day of October, 1978.

Ruth Murdoch  
Notary Public in and for Dallas County,  
Texas

My Commission expires: 12-31-78

THE STATE OF TEXAS )  
 )  
COUNTY OF GRAYSON )

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared Jack G. Berry, Chairman of the Board, ~~Vice 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 STATE NATIONAL BANK, a national banking corporation, and that he executed the same as the act 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 25 day of October, 1978.

Mary Jane Harris  
Notary Public in and for Grayson County,  
Texas

MARY JANE HARRIS, Notary, Public, Grayson County, Texas

My Commission expires: 10-31-78

TRINITY INDUSTRIES, INC.



**EXHIBIT A**

GENERAL SPECIFICATION OTH3-34A

March 23, 1978

100 CAR BODIES

100-TON WELDED TRIPLE OPEN TOP HOPPER CAR

WITH THROUGH CENTER SILL

SIX DOOR WITH GRAVITY DISCHARGE

3,430 CUBIC FOOT CAPACITY

TRINITY INDUSTRIES, INC.

GENERAL DIMENSIONS:

Length inside .....49'-11/16"  
Length over end sills .....49' 1-3/16"  
Length over strikers .....50' 2-1/2"  
Length over coupler pulling faces.....52'-10"  
Length between truck centers.....40'-3"  
Length over end top chords .....49' 9-1/4"  
Width inside .....9' 11-3/16"  
Width over side top chords .....10'-8"  
Width over side sills (bolster) .....10' 6-1/8"  
Width over side posts .....10'-8"  
Width over side sill steps.....9' 8-1/4"  
Height - top of rail to top of  
side top chord.....12' 7-1/2"  
Height - bottom of side sill to  
top of side top chord.....9'-9"  
Height - top of rail to bottom  
of side sill .....3' 5-13/16  
Height - top of rail to center  
line of draft .....2' 10-1/2"  
Height - top of rail to bottom  
of center sill .....2' 3-15/16"  
Height - top of rail to center  
plate bearing surface .....2'-15/16"  
Number of discharge outlets .....6  
Floor slope sheets, long .....40  
Floor slope sheets, short.....40  
Cubic capacity, level full .....3,430 cu. ft.  
Truck Capacity .....100 tons  
A.A.R. clearance .....Plate "B"  
Door mechanism ..... Enterprise-Type D

## TRINITY INDUSTRIES, INC.

### GENERAL:

The car bodies are built in adherence to A.A.R. and F.R.A. Rules and Regulations, within the A.A.R. clearance Diagram Plate "B".

The cars conform to A.A.R. Specifications for Design, Fabrication and Construction of Freight Cars, Paragraph 4.1.3 for a uniformly distributed load.

These cars are built in a substantial and workmanlike manner, according to the true intent of this specification and the drawing. This specification is intended to include information requisite to the proper building of the car, notwithstanding that everything required may not be mentioned. In the event of any discrepancies between the drawing and this specification, the specification has preference.

### TOLERANCES:

As specified in the A.A.R. Specifications for Design, Fabrication, and Construction of Freight Cars.

### MATERIAL:

All material in contact with the lading will be copper bearing.

All material will comply with the A.A.R. specification for Design, Fabrication and Construction of Freight Cars.

### UNDERFRAME CONSTRUCTION:

#### a. Center Sill

The center sill consists of CZ13 x 41.2 Z center sill sections extending between the striker and welded the full length of the sill at the junction of the top horizontal flange. The weld penetration is in accordance with A.A.R. plate 525, latest revision, or better. Each center sill will be stamped on the BR position at body bolster with reporting marks and car numbers.

#### b. Strikers

Forged steel striker casting with front draft lugs for 3-1/4" draft gear travel, or fabricated from high strength steel.

#### c. Draft Gear Pockets

The draft gear pocket is 12-7/8" between center sill webs and longitudinally 24-5/8" between the front and rear draft lugs.

#### d. Coupler Carrier Wear Plates

Coupler carrier wear plates will be channel-shaped high-manganese steel..

TRINITY INDUSTRIES, INC.

UNDERFRAME CONSTRUCTION: (cont'd)

e. Rear Draft Lugs

The rear draft lugs are built-up welded design, securely welded to the inside of the center sill webs, meeting A.A.R. design requirements.

f. Draft Gear Carrier

The draft gear carriers are 8" x 5/8" plate, one (1) per pocket, (A.A.R. Standard) two piece riveted to the center sill bottom flanges with six (6) 7/8" diameter huck bolts.

g. Draft Gears

A.A.R. approved, high capacity type, Specification M-901-C or E for 24-5/8" draft gear pocket. Coupler horn clearance is 3-3/4"

h. Couplers

A.A.R. Standard E60CHT, high tensile, Type E Grade C, solid butt, 6-1/4" x 8" rigid shank, 20-1/2" long. Knuckles are E50-HT per A.A.R. Specification M-211, latest revision. Knuckle pivot pins are manufactured in accordance with A.A.R. Specification M-118, latest revision.

i. Coupler Yokes

A.A.R. Standard for "E" couplers, Y40HT Grade "C" cast steel with 24-5/8" draft gear pocket, per A.A.R. Specification M-211, latest revision.

j. Coupler Keys

The coupler keys are to A.A.R. Specification M-122, latest revision, Grade C-1045, 6" x 1-1/2" half-round edge sections, M-2150 oil quenched and tempered to 241-293 Brinell.

The coupler keys are held in place with "Azee", Illinois Rwy. Equip. Co. retainers.

k. Body Bolsters

Slope sheet end webs are 1/4" plate extending between bolster post. The top of the slope sheet end web is flanged to conform to the slope of the end slope sheet. The body bolster top cover plate is 20" x 1/2" plate, extends between the side of the car and passes over the top of the center sill.

The slope sheet end web is stiffened at the center sill by two (2) 1/4" slope sheet end supports in the area between the center sill, slope sheet end web and the end slope sheet.

TRINITY INDUSTRIES, INC.

UNDERFRAME CONSTRUCTION: (cont'd)

k. Body Bolsters (cont'd)

The body side bearing braces are 1/2" plate vertically applied, welded to the undersurface of the body bolster top cover plate and the 1/2" body bolster bottom cover which extends to the center sill between the side bearings. Two (2) 1/2" body bolster webs are welded to the web of the center sill, and the top and bottom body bolster cover plates and the side bearing is braced internally by 1/2" plate.

l. Body Center Plates

The body center plates will be as required to match customer trucks.

INTERIOR CONSTRUCTION:

a. Cross Ridge Brace

The cross ridge braces, four (4) per car, and 1/4" plate and 4" tubing extending between the sides of the car and the apex of the sloping floor sheets.

The cross ridge slope sheets are 1/4" plate extending between the sides of the car and from the cross ridge brace to the discharge gates.

The underside of the cross ridge slope sheets at the apex is supported by a 1/2" plate, welded to the cross ridge slope sheets, perpendicular to the cross ridge slope sheets and extends between the sides of the car.

The cross ridge slope sheets are stiffened at the center sill by 1/2" supports, six (6) per car, in the area between the center sill and the slope sheets, attached to the slope sheets.

b. Sloping Floor Sheets

The end floor sheet is 1/4" plate extending between the corner post and the sides of the car and slopes at 40 degrees to the horizontal, and extends to the discharge gates.

c. Open Hopper Shutes

Six (6) per car, 1/4" plate extending from the side sheets to the discharge gates and between the floor slope sheets.

d. Longitudinal Hood Sheets

Three (3) per car, of 9/32" plate extending between the floor slope sheets over the center sill.

TRINITY INDUSTRIES, INC.

DISCHARGE MECHANISM:

Each hopper is equipped with a gravity discharge door, 27" x 36" opening with door operating mechanism to be Miner Type "D", Schedule 2770 or equal.

SIDE CONSTRUCTION:

a. Side Sills

Two (2) per car, 5" x 3-1/2" x 3/8" rolled angles, extending from the end to end of car with 3-1/2" leg in horizontal position.

b. Side Plates

Two (2) per car, 6" x 6" x 3/16" roll formed, extending the full length of the car.

c. Side Post

Twenty-six (26) side posts per car on 3/16" roll formed hat sections 4" deep. All the side posts extend from the side sill to the side plate welded thereto and to the side sheets.

d. Side Sheets

3/16" with 1/4" center section. The intermediate side sheets extend between the side sill, side plate and bolster and welded to each other and to the end side sheets at the bolster and welded to the slope and copper sheets, side posts, side sill and side plate.

The end side sheets, four (4) per car, of 3/16" extends between and welded to the side plate and end slope sheet and welded to the intermediate side slope sheet at the bolster.

e. Card Boards

None

f. Roping Staples

None

g. Side Ladder Stiles

Four (4) per car, 2-1/2" x 3/8" flat bar.

TRINITY INDUSTRIES, INC.

END CONSTRUCTION:

a. End Sills

Two (2) per car, 5" x 3-1/2" x 3/8" rolled angles extending between the center post and side sills.

b. End Posts

Four (4) per car, 3" x 3" x 3/8" rolled angles, one at the "A" end and one at the "B" end. At the "B" end of the car, 2 posts provided support for the hand brake. Additionally, four (4) per car 2-1/2" x 3/8" bar, 2 per end, serve as ladder stiles on the BL and AR quarters.

c. Corner Posts

Four (4) per car, 4" x 1/2" rolled angles.

d. Uncoupling Device

None

e. End Platforms

None

SAFETY APPLIANCES

All safety appliances are F.R.A. and A.A.R. approved, latest design. All ladder treads and grab irons are 3/4" diameter and sill steps are 2" x 1/2"

JACKING PADS:

Four (4) per car are provided at the body bolsters at the side sill in compliance with Paragraph 2.1.5.21 in the A.A.R. Specifications for Design, Fabrication, and Construction of Freight Cars (29" min. - 45" max. from rail).

BRAKE SYSTEM:

Brake support brackets that weld directly to the car body only.

PAINTING AND STENCILING:

None

E X H I B I T B

CERTIFICATE OF INSPECTION AND ACCEPTANCE

To: Donland Development Company

Date: \_\_\_\_\_

The undersigned, a duly authorized representative of Donland Development Company, does hereby certify that he has made a thorough examination of \_\_\_\_\_ 3,430-cu.ft., 100-Ton, Welded Design, Triple Open Top Hopper Cars as constructed pursuant to that certain Car Building Agreement dated October 18, 1978, between Donland Development Company and Missouri-Kansas-Texas Railroad Company, said Cars bearing MKT recording marks and numbers as follows:

I further certify that at the time of delivery thereof there was plainly, distinctly, and conspicuously stenciled on each side of each Open Top Hopper Car the following legend in letters not less than one inch in height:

THE STATE NATIONAL BANK OF DENISON, TEXAS, OWNER

and/or

CENTRAL LIFE ASSURANCE COMPANY, OWNER

The undersigned hereby accepts the work for and on behalf of Donland Development Company as having been duly and properly performed in accordance with the provisions in said Car Building Agreement between the parties, and said work conforms to the quality and condition satisfactory to Donland Development Company.

DONLAND DEVELOPMENT COMPANY

By \_\_\_\_\_  
Authorized Representative