

Matthews, Nowlin, Macfarlane & Barrett
Attorneys at Law

RECORDATION NO. **9867** Filed 1425
NOV 27 1978 - 3 00 PM

INTERSTATE COMMERCE COMMISSION

1500 Alamo National Building
San Antonio, Texas - 78205

Telephone 226-4211
(Area Code 512)

- | | |
|-------------------------|------------------------|
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9867 A
RECORDATION NO. Filed 1425

NOV 27 1978 - 2 20 PM

INTERSTATE COMMERCE COMMISSION

November 20, 1978

8-331 A049
NOV 27 1978
Date
Fee \$ 100.00

Ms. Mildred Lee
Office of the Secretary of the
Interstate Commerce Commission
Washington, D. C. 20423

ICC Washington, D. C.

Re: Recordation Pursuant to
49 U.S.C.A. § 20c of
Security Agreement
Relating to Railroad Cars

Dear Ms. Lee:

Pursuant to 49 U.S.C.A. § 20c, and in accordance with 49 C.F.R. § 1116, enclosed for recordation are the original and two executed counterparts of each of the two Security Agreements described below. Also enclosed is a check in the amount of \$100.00 in payment of the recordation fee. The original documents are to be file-stamped and returned to:

Hixon Venture Company
341 Milam Building
San Antonio, Texas 78205.

One file-stamped counterpart of each agreement is to be returned to:

RailTex, Inc.
300 Elizabeth Road
San Antonio, Texas 78209.

The parties to each of the Security Agreements are as follows:

Debtor: RailTex, Inc.
300 Elizabeth Road
San Antonio, Texas 78209

RECEIVED
NOV 27 2 17 PM '78
I.C.C.
OPERATION BR.

Matthews, Nowlin, Macfarlane & Barrett

Ms. Mildred Lee
November 20, 1978
Page Two

Secured Party/Lender: Hixon Venture Company
341 Milam Building
San Antonio, Texas 78205.

One of the Security Agreements relates to 50 "Open-Top Hopper" railroad cars bearing identification numbers "TRAX 120" through "TRAX 169," inclusive.

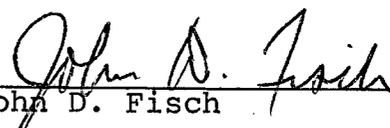
The second Security Agreement relates to all leases of the same 50 "Open-Top Hopper" railroad cars bearing identification numbers "TRAX 120" through "TRAX 169," inclusive.

Should you have any questions or need further information please contact the undersigned by collect telephone call at (512) 226-4211.

Very truly yours,

MATTHEWS, NOWLIN, MACFARLANE
& BARRETT

By


John D. Fisch

JDF/set
Enclosures

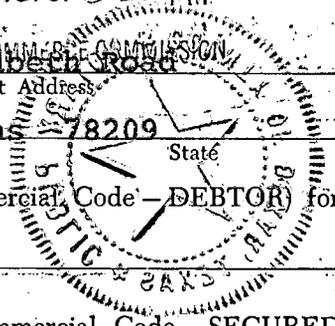
CERTIFIED MAIL NO. 249493
RETURN RECEIPT REQUESTED

RECORDATION NO. filed 1425

SECURITY AGREEMENT

NOV 27 1978 - 3 00 PM

Debtor's Name RailTex, Inc. Street Address 300 Elizabeth Road
City San Antonio, County Bexar County, State Texas ZIP 78209



(hereinafter called in accordance with the terms and provisions of the Uniform Commercial Code - DEBTOR) for value received hereby grants to Hixon Venture Company

Secured Party's Name (hereinafter called in accordance with the terms and provisions of the Uniform Commercial Code - SECURED PARTY) whose address is 341 Milam Building, San Antonio, Bexar County, Texas 78205
Street City, County, and State

a security interest in and mortgages to SECURED PARTY the following described property (which hereinafter is referred to as COLLATERAL) to-wit:

Any lease of one or more of 50 "Open-Top Hopper" railroad cars bearing identification numbers "TRAX 120" through "TRAX 169," inclusive, so long as and to the extent railroad cars covered by such lease are included in "Collateral" as defined in the Security Agreement of even date herewith between Debtor and Secured Party granting a security interest in the above described railroad cars.

(Note - If COLLATERAL is crops, or oil, gas or minerals to be extracted, or timber to be cut, or if COLLATERAL is to become a fixture, describe in the above space following the description of the COLLATERAL the real estate concerned, and give the name of the record owner hereof.)

to secure DEBTOR'S note to SECURED PARTY dated November 20, 1978, for \$ 150,000.00

DEBTOR warrants and covenants: (Note-Place checkmark (V) or DEBTOR'S initials in the blank space before each statement which applies to this agreement.)

- COLLATERAL is to be used for personal, family, or household purposes.
- COLLATERAL is being acquired by DEBTOR from SECURED PARTY or is being acquired with the proceeds of the advance evidenced by this agreement.
- COLLATERAL is to be used in business other than farming operations.
- DEBTOR'S residence is at the above address.
- COLLATERAL is equipment used in farming operations, or farm products, or accounts, contract rights or general intangibles arising from or relating to the sale of farm products by a farmer.
- DEBTOR'S residence is at _____
- COLLATERAL is accounts or contract rights and the records concerning same are kept at _____
- COLLATERAL will be kept at DEBTOR'S residence.
- COLLATERAL will be kept at _____
- _____ or if left blank at address given for DEBTOR.
- DEBTOR'S chief place of business is in the county of DEBTOR'S residence.
- DEBTOR'S chief place of business is at same as above
- COLLATERAL is a fixture attached to or to become a fixture attached to the above described land.

The warranties, covenants, terms and agreements on the reverse side hereof are incorporated herein and made a part hereof for all intents and purposes. DEBTOR and SECURED PARTY as used in this Security Agreement include the heirs, executors or administrators, successors or assigns of those parties.

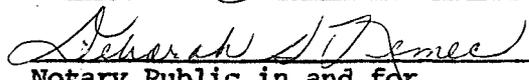
Dated November 20, 1978 By RailTex, Inc.
[Signature]
Signature of DEBTOR

STATE OF TEXAS X
COUNTY OF BEXAR X

BEFORE ME, the undersigned authority, on this day personally appeared Bruce Flohr, President of RailTex, Inc., a corporation, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, in the capacity therein stated and as the act and deed of said corporation.

GIVEN under my hand and seal of office on this the 20th day of November, 1978.

My Commission Expires:


Notary Public in and for
Bexar County, Texas

DEBTOR WARRANTS, COVENANTS AND AGREES:

DEBORAH S. NEMEC
Notary Public, Bexar County, Texas

1. **Title**—Except for the security interest hereby granted, Debtor has, or upon acquisition will have, full fee simple title to Collateral free from any lien, security interest, encumbrance, or claim, and Debtor will, at Debtor's cost and expense defend any action which may affect Secured Party's security interest in or Debtor's title to Collateral.
2. **Financing Statement**—That no Financing Statement covering Collateral or any part thereof or any proceeds thereof is on file in any public office and at Secured Party's request Debtor will join in executing all necessary Financing Statements in forms satisfactory to Secured Party and will pay the cost of filing same and will further execute all other necessary instruments deemed necessary by Secured Party and pay the cost of filing same.
3. **Sale, lease, or disposition of Collateral**—Debtor will not, without written consent of Secured Party sell, contract to sell, lease, encumber or dispose of Collateral or any interest therein until this Security Agreement and all debts secured thereby have been fully satisfied.
4. **Insurance**—Debtor will insure the Collateral with companies acceptable to Secured Party against such casualties and in such amounts as Secured Party shall require with a standard mortgage clause in favor of Secured Party and Secured Party is hereby authorized to collect sums which may become due under any of said policies and apply same to the obligations hereby secured.
5. **Protection of Collateral**—Debtor will keep the Collateral in good order and repair and will not waste or destroy Collateral or any part thereof. Debtor will not use the Collateral in violation of any statute or ordinance and Secured Party will have the right to examine and inspect Collateral at any reasonable time.
6. **Taxes**—Debtor will pay promptly when due all taxes and assessments upon the Collateral or for its use and operation.
7. **Location and Identification**—Debtor will keep the Collateral separate and identifiable and at the address shown on the front page hereof and will not remove the Collateral from said address without Secured Party's written consent.
8. **Additional Security Interest**—Debtor hereby grants to Secured Party a security interest in and to all proceeds, increases, substitutions, replacements, additions, and accessions to the Collateral. This provision shall not be construed to mean that Debtor is authorized to sell, lease, or dispose of Collateral without Secured Party's consent. **only**
9. **Future Indebtedness**—The security interest hereby granted secures the indebtedness described on the front page hereof ~~and all other obligations of Debtor to Secured Party direct or indirect, absolute or contingent, due or to become due, whether or not secured by any other agreement.~~
10. **Decrease in Value of Collateral**—Debtor will, if in Secured Party's judgment the Collateral has materially decreased in value or if Secured Party shall at any time deem that Secured Party is insecure, either provide enough additional Collateral to satisfy Secured Party or reduce the total indebtedness by an amount sufficient to satisfy Secured Party.
11. **Re-imbursement of expenses**—At Secured Party's option, Secured Party may discharge taxes, liens, interest, or perform or cause to be performed for and in behalf of Debtor any actions and conditions, obligations or covenants which Debtor has failed or refused to perform and may pay for the repair, maintenance, and preservation of Collateral and all sums so expended, including but not limited to, attorney's fees, court costs, agent's fees, or commissions, or any other costs or expenses shall bear interest from the date of payment at the rate of 10% per annum and shall be payable at the place designated in the above described note and shall be secured by this Security Agreement.
12. **Payment**—Debtor will pay the note secured by this Security Agreement and any renewal or extension thereof and any other indebtedness hereby secured in accordance with the terms and provisions thereof and will repay immediately all sums expended by Secured Party in accordance with the terms and provisions of this Security Agreement.
13. **Change of Residence or Place of Business**—Debtor will promptly notify Secured Party of any change of Debtor's residence, chief place of business or place where records concerning accounts and contract rights are kept.
14. **Attorney-in-Fact**—Debtor hereby appoints Secured Party Debtor's attorney-in-fact to do any and every act which Debtor is obligated by this Security Agreement to do and to exercise all rights of Debtor in Collateral and to make collections and to execute any and all papers and instruments and to do all other things necessary to preserve and protect Collateral and to protect Secured Party's security interest in said Collateral.
15. **Time-Waiver**—Debtor agrees that in performing any act under this Security Agreement and the note secured thereby that time shall be of the essence and that Secured Party's acceptance of partial or delinquent payments, or failure of Secured Party to exercise any right or remedy shall not be a waiver of any obligation of Debtor or right of Secured Party or constitute a waiver of any other similar default subsequently occurring.
16. **Default**—Debtor shall be in default under this Security Agreement upon the happening of any of the following events or conditions:
 1. Default in the payment or performance of any note obligation, covenant or liability contained or referred to herein;
 2. Any warranty, representation or statement made or furnished to Secured Party by or in behalf of Debtor proves to have been false in any material respect when made or furnished;
 3. Any event which results in the acceleration of the maturity of the indebtedness of Debtor to others under any indenture, agreement or undertaking;
 4. Loss, theft, substantial damage, destruction, sale or encumbrance to or of any of the Collateral, or the making of any levy, seizure or attachment thereof or thereon;
 5. Any time the Secured Party believes that the prospect of payment of any indebtedness secured hereby or the performance of this Security Agreement is impaired;
 6. Death, dissolution, termination of existence, insolvency, business failure, appointment of a receiver for any part of the Collateral assignment for the benefit of creditors or the commencement of any proceeding under any bankruptcy or insolvency law by or against Debtor or any guarantor or surety for Debtor.
17. **Remedies**—Upon the occurrence of any such event of 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. 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 give Debtor reasonable notice of the time and place of any public sale thereof or of the time after which any private sale or any other intended disposition thereof is to be made. 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 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 attorney's fees and legal expenses.