UNITED STATES RAILWAY LEASING CO.
A SUBSIDIARY OF EVANS PRODUCTS COMPANY

TRANSPORTATION SYSTEMS & INDUSTRIAL GROUP 2200 EAST DEVON AVENUE, DES PLAINES, ILLINOIS 60018 (312) 297-3200

RECORDATION NO. 9896 Filed 1425

DEC 11 1978 - 12 40 PM

INTERSTATE COMMERCE COMMISSION

8-345A100

December 7, 1978

Date DEC 11 1978

Fee $ 50.00

ICC Washington, D. C.

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

RE: Security Agreement dated as of July 1, 1978

Gentlemen:

Pursuant to Section 20c of the Interstate Commerce Act and the rules and regulations promulgated thereunder, we hand you herewith for filing seven (7) executed counterparts of the above referenced Security Agreement, all as more fully described below:

Debtor: United States Railway Leasing Company
2200 East Devon Avenue
Des Plaines, Illinois 60018

Secured Party: Chemical Bank
20 Pine Street
New York, New York 10005

A description of the cars and the leases covered by the Security Agreement is set forth in Schedule I attached hereto.

Enclosed is Rosenthal and Schanfield's Check No. 22964 in the amount of $50.00 in payment of the applicable recording and filing fees.

RECEIVED
DEC 11 12 39 PM '78
I.C.C.
FEE OPERATION BR.

Counterparts — C. T. Kamler

EVANS PRODUCTS COMPANY

Since the above mentioned documents are being delivered to you by hand, we would appreciate it if you would return to the person delivering the same duly stamped copies of the documents not required to be kept by you. If this is not possible, please return the same by mail to:

Mr. I. Walter Deitch
ROSENTHAL AND SCHANFIELD
55 East Monroe Street
Suite 4620
Chicago, Illinois 60603

Very truly yours,

UNITED STATES RAILWAY
LEASING COMPANY

BY: _____
Assistant Secretary

IWD:nev
Enclosures

SCHEDULE I

DESCRIPTION OF EQUIPMENT AND LEASES

TYPE OF EQUIPMENT	No. of Cars	Car Reporting Marks (Both Inclusive)	Lessee	Date of Lease	Schedule No.	Lease Term (Yrs)
50'6" 70 ton XM Box Cars	300	ROCK 300700-300999	William M. Gibbons, Trustee of the Property of the Chicago Rock Island and Pacific Railroad Company, Debtor	11-29-77	Sch. No. 1 dated 11-29-77	15¼
50'6" 70 ton XF Box Cars	200	ROCK 300500-300699				

Interstate Commerce Commission
Washington, D.C. 20423

12/11/78

OFFICE OF THE SECRETARY

Mr. I. Walter Deitch
Rosenthal And Schanfield
55 East Monroe Street
Suite 4620
Chicago, Illinois 60603

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 12/11/78 at 12:40pm, and assigned recordation number(s) 9890

Sincerely Yours,

H.G. Homme, Jr.,
Secretary

Enclosure(s)

SE-30-T
(2/78)

9896
RECORDATION NO. ..... Filed 1425

DEC 11 1978 -12 40 PM

INTERSTATE COMMERCE COMMISSION

SECURITY AGREEMENT

dated as of July 1, 1978

between

UNITED STATES RAILWAY LEASING COMPANY,
Debtor,

and

CHEMICAL BANK,
Secured Party.

SECURITY AGREEMENT

THIS SECURITY AGREEMENT dated as of July 1, 1978, from UNITED STATES RAILWAY LEASING COMPANY, an Illinois corporation, with its principal offices at 2200 East Devon Avenue, Des Plaines, Illinois 60018 (the "Debtor") to CHEMICAL BANK, a state banking organization, 20 Pine Street, New York, New York 10005 (the "Secured Party").

W I T N E S S E T H

WHEREAS, the Debtor is justly indebted to the Secured Party in a principal amount not in excess of $13,000,000 as evidenced by that certain 9-1/2% Equipment Promissory Note, Issue AL of the Debtor (the "Note") payable to the order of the Secured Party and expressed to bear interest at the rate of interest of 9-1/2% per annum and to mature December 31, 1988; and

WHEREAS, said Note and the principal and interest thereon and any and all amendments, waivers, extensions or renewals thereof in whole or in part and all other sums at any time due or owing from or required to be paid by the Debtor under the terms hereof or of the Note are hereinafter referred to as "indebtedness hereby secured";

NOW, THEREFORE, the Debtor, to secure the payment of all the indebtedness hereby secured and the performance and observance of all the covenants and agreements in the Note or in this Security Agreement ("Security Agreement") provided to be performed or observed by the Debtor, does hereby grant, assign, transfer, mortgage and set over unto the Secured Party, its successors and assigns, forever, and does hereby grant to the Secured Party a security interest in, all and singular the following described properties, rights and interests, and all of the estate, right, title and interest of the Debtor therein, whether now owned or hereafter acquired (all of which properties, rights and interests hereby transferred, conveyed and mortgaged or intended so to be is hereinafter collectively referred to as the "Mortgaged Property") that is to say:

I

The 500 railroad cars described in Schedule I hereto and any other railcars substituted therefor in accordance with the terms hereof (the "Cars").

II

All accessories, equipment, parts and appurtenances appertaining or attached to any of the Cars hereinabove described, whether now owned or hereafter acquired, and all substitutions, renewals and replacements of and additions, improvements, accessions and accumulations to any and all of said Cars, including all additions thereto which are now or shall hereafter be incorporated therein, together with all the rents, issues, income, profits and avails thereof.

III

All right, title and interest of the Debtor as lessor in and to the leases and schedules or exhibits to leases described in Schedule I hereto as the same pertain and relate to the Cars and in and to any and all leases and schedules or exhibits to leases as the same pertain and relate to the Cars (including but not limited to leases covering Substitute Cars (as hereinafter defined)) from time to time hereafter entered into by the Debtor as lessor (the "Leases").

SUBJECT, HOWEVER, to all the rights, powers, titles and interests of the lessees under the Leases and any party claiming by, through or under the rights of such lessees (together the "Lessees") in and with respect to the Cars arising under any of the Leases.

TO HAVE AND TO HOLD said Mortgaged Property unto the Secured Party, its successors and assigns, forever, for the uses and purposes herein set forth; provided, however, that if the Debtor performs the covenants herein and pays to the Secured Party, its successors or assigns the full amount of both principal and interest on the indebtedness hereby secured then this instrument shall be and become void and of no further force and effect; otherwise this Security Agreement to remain in full force and effect.

SECTION 1. <u>Covenants and Warranties</u>:

1.1. The Debtor is the owner, has title to and is lawfully seized and possessed of the Mortgaged Property in existence and has good right, full power and authority to convey, transfer and mortgage the same to the Secured Party, and such Mortgaged Property is free from any and all liens and encumbrances (excepting only any lien for ad valorem

taxes not now due and owing, and the rights, titles and interests of the Lessees under the Leases) and the Debtor will warrant and defend such title thereto against all claims and demands whatsoever.

1.2. The Debtor will promptly cause this Security Agreement and each supplement or amendment hereto to be duly filed and recorded with the Interstate Commerce Commission in accordance with Section 20c of the Interstate Commerce Act. The Debtor will do, execute, acknowledge, deliver, file, register and record all and every further acts, deeds, conveyances, transfers and assurances necessary or proper for the better assuring, conveying, assigning and confirming unto the Secured Party all of the Mortgaged Property or property intended so to be, whether now owned or hereafter acquired.

1.3. The Debtor will promptly pay the indebtedness hereby secured as and when the same or any part thereof becomes due (whether by lapse of time, acceleration, demand or otherwise) and will not prepay any part or all of said indebtedness except as herein permitted.

1.4. Subject to the rights of the Lessees, the Debtor will cause the Cars and each and every part thereof to be maintained, preserved and kept in safe and good repair, working order and condition, and will from time to time make or cause to be made all necessary and proper repairs, renewals, and replacements so that the value and efficiency of such property shall not be impaired.

1.5. The Debtor will from time to time duly pay and discharge or cause to be paid and discharged all taxes, assessments and governmental charges lawfully imposed upon or against the Mortgaged Property or any part thereof, and will not suffer to exist any mechanics', laborers', statutory or other lien on the Mortgaged Property or any part thereof; provided, however, that nothing herein contained shall be deemed to require the Debtor to pay any tax, assessment, charge or lien, or any claim or demand of mechanics, laborers or others, prior to the due date thereof, or to require the Debtor to pay or discharge any tax, assessment, lien, claim or charge (whether or not due or delinquent) the validity or amount of which is being contested in good faith by appropriate proceedings and which has been adequately reserved against; provided, however, that the Debtor will payor discharge such tax, assessments, lien, claim or charge if seizure of the Mortgaged Property is imminent.

1.6. The Debtor will at its own expense duly comply with and perform all the covenants and obligations of the Debtor under the Leases and will at its own expense seek to

cause the Lessees to comply with and observe all the terms and conditions of the Leases and, without limiting the foregoing, at the request of the Secured Party, the Debtor will at its own expense take such action with respect to the enforcement of the Leases, and the duties and obligations of the Lessees thereunder, as the Secured Party may from time to time direct. Notwithstanding anything to the contrary in this Security Agreement contained, so long as Debtor is not in default hereunder, Debtor shall have the right, without Secured Party's prior consent, to amend, modify and terminate any of the Leases and to settle, adjust, compound and compromise any claims of the Debtor against any of the Lessees thereunder, provided, however, that any such agreement shall be made by the Debtor in good faith with consideration to the Second Party's position in an arm's length transaction with the Lessee involved. The Secured Party shall have the right to receive all rentals and other sums due and to become due under the Leases, provided that unless and until an event of default under Section 3 hereof has occurred and is continuing, all rentals and other sums from time to time payable on account of the Leases shall be payable to the Debtor. Debtor at its sole cost and expense will appear and defend every action or proceeding arising under, growing out of or in any manner connected with the obligations, duties or liabilities of Debtor as lessor under the Leases.

1.7. The Debtor shall not, without the prior written consent of Secured Party, consent to the creation or existence of any mortgage, security interest or other lien other than the lien hereof on the Leases, the rentals due thereunder or any of the Cars.

1.8. So long as any indebtedness under the Note remains unpaid, the Debtor will deliver or cause to be delivered to Secured Party, as soon as available, and in any event within 90 days after the end of each fiscal year, copies, in comparative form with the preceding fiscal year, of the consolidated balance sheet of Evans Transportation Company ("ETC") as at the end of such fiscal year, and of the consolidated statement of income and surplus of ETC for such fiscal year. Such consolidated balance sheets and consolidated statements of income and surplus shall be prepared in reasonable detail, in accordance with generally accepted accounting principles, and shall be accompanied by a report and opinion of independent certified public accountants of nationally recognized standing selected by ETC, which report and opinion shall be based upon an examination made in accordance with generally accepted auditing standards. Together with each delivery of the financial state-

ments hereinabove required, Debtor will deliver to Secure Party an officer's certificate stating that to such officer's knowledge there exists no default under this Security Agreement or the Note, or if such default exists, stating the nature thereof, the period of existence thereof and what action, if any, the Debtor proposes to take with respect thereto. Within 10 business days after the Debtor has learned of an occurrence of an event of default or an event which with the passage of time or giving of notice or both would constitute an event of default, the Debtor will give written notice signed by its President, any Vice President, the Treasurer or any Assistant Treasurer containing a description of such event, and, if it be continuing, a statement of what action, if any, has been taken to remedy such event, and within 10 business days after the Debtor has learned of litigation against any guarantor of the Note (the "Guarantor"), the Debtor or any of their subsidiaries which, if decided against any Guarantor, the Debtor or such subsidiary, would have a material adverse effect on the consolidated business operations of any Guarantor or the Debtor, the Debtor will deliver to Secured Party a detailed statement by a responsible officer of the Debtor of the steps being taken by such guarantor, the Debtor or the appropriate subsidiary in connection with such litigation.

1.9 If the Debtor shall fail to observe and perform any of the covenants set forth in this Section 1, the Secured Party may, but shall not be obligated to, advance sums to, and may, perform the same, and all advances made by the Secured Party shall, with interest thereon at a rate of 10-1/2% per annum, constitute part of the indebtedness hereby secured and shall be payable forthwith; but no such act or expenditure by the Secured Party shall relieve the Debtor from the consequence of any default.

1.10. It shall be lawful for the Debtor to retain possession of the Mortgaged Property, and at its own expense to keep and use the same, until an event of default as hereinafter defined shall occur hereunder.

1.11. Debtor shall from time to time do all such acts and execute all such instruments of further assurance as it shall be necessary so to do or execute for the purpose of fully carrying out and effectuating this Security Agreement and the intent hereof including, but not be way of limitation promptly filing with the Interstate Commerce Commission of an amendment hereto with respect to any lease which at any time is added to or substituted for any lease which is part of the Mortgaged Property.

1.12. The Debtor will permit Secured Party to examine its books and records with respect to the Mortgaged Property during regular business hours upon reasonable notice to the Debtor.

SECTION 2. Application of Proceeds of Lease and Certain Prepayments:

2.1 Without regard to whether an event of default under Section 3 hereof has occurred and is continuing, the Debtor agrees that it will either pay over to Secured Party all monies ("settlement monies") paid to it pursuant to any Lease as settlement for the loss, theft, destruction or damage beyond economical repair of any Car or Cars leased thereunder or make a substitution therefor, all as follows: commencing with the first settlement relating to any Car covered by any Lease, Debtor will retain and accumulate the settlement monies received from a settlement or succeeding settlements under such Lease until such time as the Debtor has accumulated an amount in excess of $200,000 at which time either all such settlement monies then held by the Debtor will be applied against the indebtedness due under the Note as hereinafter provided or Debtor shall subject to the lien of the Security Agreement Substitute Cars (as hereinafter defined) of a Value (as hereinafter defined) not less than the settlement monies. The foregoing procedure for accumulating and paying over settlement monies in excess of $200,000 or substituting Cars may be repeated from time to time as Cars are lost, stolen, destroyed or damaged beyond economical repair. The Secured Party shall apply each payment of settlement monies on the next succeeding date on which interest is payable to the prepayment of principal of the Note. Such prepayment of principal shall be applied in inverse order of principal installments coming due on the Note. From and after the date hereof the Debtor shall promptly transmit to the Secured Party any notice or information it receives concerning loss, theft, destruction or damage beyond economical repair to Cars covered by the Leases requiring settlement payment under the Leases. With respect to all Cars for which the Secured Party has received settlement monies paid to the Debtor as required by the Leases, the Secured Party shall execute and deliver to the Debtor, if requested, a release of the lien of this Security Agreement with respect to such Car or Cars.

2.2. At any time and from time to time so long as the Debtor is not in default hereunder, the Debtor shall have the right to obtain a release from the lien of the Security Agreement covering those of the Cars the Debtor shall designate in writing to the Secured Party (the "Released Cars"), provided that the Debtor shall prior to or contemporaneously with such release deliver to the Secured Party the following documents:

(a) An executed, recorded amendment to this Security Agreement pursuant to which the Debtor grants a security interest in standard guage railroad equipment (other than passenger cars or work equipment) (the "Substitute Cars") which (i) were manufactured not earlier than January 1, 1978, (ii) are under lease and (iii) have a Value in the aggregate not less than the Value in the aggregate of the Released Cars;

(b) A photocopy of the lease or leases under which the Substitute Cars are leased; and

(c) An opinion of counsel of the Debtor covering the title to the Substitute Cars and the lien of the Security Agreement with respect thereto, in substantially the form and substance set forth in Exhibit D to the Loan Agreement dated as of July 1, 1978 (the "Loan Agreement") among the Debtor, the Secured Party and the Guarantors of the Note, providing for the making of the loan evidenced by the Note.

As used in Section 2, the term "Value" shall mean the actual cost to Debtor (less any car manufacturer's profit if the Cars in question were manufactured by ETC) of Released Cars or of the Substitute Cars therefor, as the case may be, all as certified by the president, any vice president, the treasurer or any assistant treasurer of the Debtor.

2.3 In the event that on or prior to March 31, 1979 (a) all of the Cars have not been delivered to the Lessees thereof and (b) the Secured Party shall not have received (i) from the Debtor, a certificate updating its representation st forth in Section 1.1 hereof with respect to all of the Cars and (ii) from Messrs. Rosenthal and Schanfield, counsel to the Debtor, an opinion covering all of the Cars in substantially the form set forth in Exhibit D to the Loan Agreement, the Secured Party may, by not less than 10 days prior written notice to the Debtor, require the Debtor to make, on May 1, 1979, a partial prepayment of principal on the Note in an amount equal to the difference between $13,000,000 and 85% of the Value of the Cars de-

livered to the Lessees thereof on or prior to March 31, 1979. Interest on the amount so prepaid will be due and payable on the June 15, 1979 interest payment date.

2.4. On or after December 15, 1980, the Debtor may at any time and from time to time prepay the Note, in whole or in part; provided, however, that any partial prepayment of the Note shall be in the inverse order of the installments coming due thereunder and shall be in an aggregate amount of $100,000 or a multiple thereof. Any prepayment in full of the Note shall include accrued interest thereon. Accrued interest to the date of prepayment of any partial prepayment of the Note shall be payable on the next succeeding interest payment date. Any such prepayment shall be subject to a premium on the full amount of such prepayment as follows:

Period	Premium
On or after December 15, 1980 but prior to December 15, 1981	3%
On or after December 15, 1981 but prior to December 15, 1982	2%
On or after December 15, 1982 but prior to December 15, 1983	1%
On or after December 15, 1983	None

SECTION 3. Defaults and Remedies:

3.1. The term "event of default" for the purpose hereof shall mean any one or more of the following:

(a) Default in the payment of interest on the Note, and the continuance of such default for five days after such payment is due;

(b) Default in the payment of any installment of principal of the Note at maturity, whether by acceleration or otherwise, and the continuance of such default for five days after such payment is due;

(c) Default in the due observance or performance of any other covenant, condition or agreement required to be observed or performed by the Debtor in the Note or this Security Agreement or by any Guarantor under any guaranty of the Note and continuance of such default for a period of 30 days after notice thereof has been given to the Debtor or such Guarantor, as the case may be;

(d) Any representation or warranty made by the Debtor or any Guarantor to the Secured Party in writing in the Loan Agreement or this Security Agreement or in any statement or certificate furnished by the Debtor or Guarantor to the Secured Party or in connection with the making or securing of any loan evidenced by the Note proves untrue in any material respect as of the date of the issuance or making thereof;

(e) The Debtor or a Guarantor becomes insolvent or bankrupt or admits in writing its inability to pay its debts as they mature or makes an assignment for the benefit of creditors or applies or consents to the appointment of a trustee or receiver for the Debtor or a Guarantor or for the major part of the property of any of such parties;

(f) A trustee or receiver is appointed for the debtor or a guarantor or for the major part of the property of any of such parties;

(g) the Guaranty (as defined in the Loan Agreement) shall fail to remain in full force and effect with regard to either Guarantor or either Guarantor or any agent or trustee on behalf of such Guarantor shall contest or question the legal validity or enforceability of the Guaranty as to either Guarantor; and

(h) bankruptcy, reorganization, arrangement, insolvency, or liquidation proceedings, or other proceedings for relief under any bankruptcy law or similar law for the relief of debtors, are instituted by or against the Debtor or a Guarantor (and if instituted against the Debtor or a Guarantor are not dismissed or stayed within 60 days of the date of filing of such proceedings).

3.2. When any such event of default has happened and is continuing, the Secured Party may exercise any one or more or all, and in any order, of the remedies hereinafter set forth, it being expressly understood that no remedy herein conferred is intended to be exclusive of any other remedy or remedies; but each and every remedy shall be cumulative and shall be in addition to every other remedy given herein or now or hereafter existing at law or in equity or by statute:

(a) The Secured Party may, upon the occurrence of a default under Section 3.1(a), (b), (c), (d) or (g), by notice in writing to the Debtor, declare the entire unpaid balance of said Note to be

immediately due and payable, and thereupon all such unpaid balance, together with all accrued interest thereon, shall be and become immediately due and payable; provided, however, that upon the occurrence of a default under Section 3.1(e), (f) or (h), the entire unpaid balance of the Note, together with all accrued interest thereon, shall be and become immediately due and payable without notice by the Secured Party;

(b) Subject always to then existing rights, if any, of the Lessees under the Leases, the Secured Party, personally or by agents or attorneys, shall have the right (subject to compliance with any applicable mandatory legal requirements) to take immediate possession of the Mortgaged Property, or any portion thereof, and for that purpose may pursue the same wherever it may be found, and may enter any of the premises of the Debtor, with or without notice, demand, process of law or legal procedure, and search for, take possession of, remove, keep, assemble and store the same, or use and operate the same until sold; it being understood, without limiting the foregoing, that the Secured Party may, and is hereby given the right and authority to, keep and store said Mortgaged Property, or any part thereof at the expense of the Debtor, on the premises of the Debtor, and that the Secured Party shall not thereby be deemed to have surrendered, or to have failed to take, possession of such Mortgaged Property;

(c) Subject always to then existing rights, if any, of the Lessees under the Leases, the Secured Party may, if at the time such action may be lawful and always subject to compliance with any mandatory legal requirements, either with or without taking possession, and either before or after taking possession, and without instituting any legal proceedings whatsoever, and having first given notice of such sale by registered mail to the Debtor once at least 10 days prior to the date of such sale, and any other notice which may be required by law, sell and dispose of said Mortgaged Property, or any part thereof, at public auction or private sale to the highest bidder, in one lot as an entirety or in separate lots, and either for cash or on credit and on such terms as the Secured Party may determine, and at any place (whether or not it be the location of the Mortgaged Property or any part thereof) designated in the notice above referred to. Any such sale or sales may be adjourned from time to time by announcement at the time and

place appointed for such sale or sales, or for any such adjourned sale or sales, without further published notice; and the Secured Party or the holder or holders of the Note, or of any interest therein, may bid and become the purchaser at any such sale;

(d) The Secured Party may proceed to protect and enforce this Security Agreement and the Note by suit or suits or proceedings in equity, at law or in bankruptcy or reorganization proceedings, and whether for the specific performance or any covenant or agreement herein contained or in execution or aid of any power herein granted, or for foreclosure hereunder, or for the appointment of a receiver or receivers for the Mortgaged Property or any part thereof, or for the recovery of judgment for the indebtedness hereby secured, or for the enforcement of any other proper legal or equitable remedy available under applicable law;

(e) The Secured Party may proceed to exercise in respect of the Leases and the property covered thereby and the duties, obligations and liabilities of the Lessees thereunder all rights, privileges and remedies in said Leases or by applicable law permitted or provided to be exercised by the Debtor, including but not limited to the right to receive and collect all rent and other monies due or to become due thereunder and may exercise all such rights and remedies either in the name of the Secured Party or in the name of the Debtor for the use and benefit of the Secured Party; and

(f) The Secured Party may sell the rentals reserved under the Leases, and all right, title and interest of the Secured Party with respect thereto, at public auction to the highest bidder and either for cash or on credit, the Secured Party to give the Debtor 10 days' prior written notice of the time and place of holding any such sale, and provided always that the Secured Party shall also comply with any applicable mandatory legal requirements in connection with such sale.

3.3. If the Secured Party shall be receiving or shall have received monies under the Leases pursuant hereto, it may from time to time, but no less frequently than on the next succeeding date on which interest or any installment payment of principal is payable, apply such monies against the sums payable on the Note as principal and/or as interest, as the case may be, on such date, or if proceedings have been commenced for the sale of the Mortgaged Property then all sums so received and the purchase money proceeds

and avails of any sale of the Mortgaged Property or any part thereof, and the proceeds and avails of any other remedy hereunder, or other realization of the security hereby given, and the proceeds of any sale pursuant to subparagraph Section 3.2(f) hereof, shall be applied:

(a) First, to the payment of the cost and expenses of the sale, proceeding or other realization, including all costs and expenses and charges for pursuing, searching for, removing, keeping, storing, advertising and selling such Mortgaged Property or, as the case may be, said rentals and the reasonable fees and expenses of the attorneys and agents of the Secured Party in connection therewith, and to the payment of all taxes, assessments or similar liens on the Mortgaged Property which may at that time be superior to the lien of this Security Agreement (unless such sale or other realization is subject to any such superior lien);

(b) Second, to the payment of all advances made hereunder by the Secured Party pursuant to Section 1.9 hereof, together with all interest therefor;

(c) Third, to the payment of the whole amount remaining unpaid on the Note, both for principal and interest, and to the payment of any other indebtedness of the Debtor hereunder or secured hereby, so far as such proceeds may reach; and

(d) Fourth, to the payment of the surplus, if any, to the Debtor or to whomsoever may be lawfully entitled to receive the same, or as a court of competent jurisdiction may direct.

The Secured Party shall not be liable for interest on any sums held by it pursuant to this Section 3.3. If there be a deficiency the Debtor shall remain liable therefor and shall forthwith pay the amount of any such deficiency to the Secured Party, together, to the extent permitted by applicable law, with interest thereon at the default rate specified in the Note.

3.4. Any sale or sales pursuant to the provisions hereof, whether under the power of sale granted hereby or pursuant to any legal procedings, shall operate to divest the Debtor of all right, title, interest, claim and demand whatsoever, either at law or in equity, of, in and to the Mortgaged Property so sold, and shall be free and clear of any and all rights of redemption by, through or under the Debtor, the Debtor hereby covenanting and agreeing that it will not at any time insist upon or plead, or take the bene-

fit or advantage of or from, any law now or hereafter in force providing for a valuation of appraisement of the Mortgaged Property prior to any sale or sales thereof or providing for any right to redeem the Mortgaged Property or any part thereof. The receipt by the Secured Party, or by any person authorized under any judicial proceeding to make any such sale, shall be a sufficient discharge to any purchaser of the Mortgaged Property, or of any part thereof, sold as aforesaid; and no such purchaser shall be bound to see to the application of such purchase money, or be bound to inquire as to the authorization, necessity or propriety of any such sale. In the event at any such sale the holder or holders of the Note is or are the successful purchaser or purchasers, such holder or holders of said Note shall be entitled, for the purpose of making settlement or payment, to use and apply said Note by crediting thereon the amount apportionable and applicable thereto out of the net proceeds of such sale.

SECTION 4. Miscellaneous.

4.1. Any notice provided for hereby or by any applicable law to be given hereunder by either party hereto to the other shall be in writing and shall be deemed to have been given when delivered personally or when deposited in the United States mail, registered, postage prepaid, or in the case of telegraphic notice, when delivered to the telegraph company, addressed to such party as provided in Section 4.6 hereof.

4.2 The failure or delay of the Secured Party to insist in any one or more instances upon the performance of any of the terms, covenants or conditions of this Security Agreement, or to exercise any right, remedy or privilege herein conferred, shall not impair, or be construed as thereafter waiving, any such covenants, remedies, conditions, or provisions; but every such term, condition and covenant shall continue and remain in full force and effect. Nor shall the giving, taking or enforcement of any other or additional security, collateral or guaranty for the payment of the indebtedness secured under this Security Agreement operate to prejudice, waive or affect the security of this Security Agreement or any rights, powers or remedies hereunder; nor shall the Secured Party be required to first look to, enforce or exhaust such other or additional security, collateral or guaranties.

4.3. 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.

4.4. The Debtor agrees to pay all costs and expenses in connection with this transaction and the preparation, execution, delivery and recording of any documents in connection therewith, including the fees of special counsel to Secured Party.

4.5. No modification or waiver of any provisions of this Security Agreement or the Guaranty, nor consent to any departure therefrom, shall in any event be effective unless the same shall be in writing and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice to or demand on the Debtor in any case shall entitle it to any other or further notice or demand on account of the continuance of the same circumstances.

4.6. All notices, requests and demands required or permitted to be given pursuant to this Security Agreement or by any applicable law shall be given to or made upon the respective parties hereto as follows:

if to the Debtor:	2200 East Devon Avenue Des Plaines, Illinois 60018 Attention: Paul R. Leak, Vice President
if to the Secured Party:	20 Pine Street New York, New York 10005 Attention: Paul Fitzgerald Vice President

or, as to each party, at such other address as shall be designated by such party in a written or telegraphic notice to the other party.

4.7. The Debtor agrees to pay, and save the Secured Party harmless from all liability for, any stamp or other taxes which may be payable with respect to the execution or delivery of this Security Agreement or the issuance of the Note, which obligation of the Debtor shall survive the termination of this Agreement.

4.8. This Security Agreement shall be construed in accordance with and shall be governed by the laws of the State of Illinois.

4.9. This Security Agreement and the covenants and agreements herein contained shall be binding upon the Debtor and the Secured Party and their respective successors and assigns, and shall inure to the benefit of the Debtor and the Secured Party and the successors and assigns of the Secured Party, whether so expressed or not.

IN WITNESS WHEREOF, the Debtor has caused its corporate name to be hereunto subscribed and its corporate seal to be hereunto affixed by its officers thereunto duly authorized all as of the day, month and year first above written.

UNITED STATES RAILWAY LEASING COMPANY

BY: _____
Vice President

(Corporate Seal)

ATTEST: _____
Assistant Secretary

ACCEPTED:

CHEMICAL BANK

BY: _____
Vice President

(Corporate Seal)

ATTEST: _____
Assistant Secretary

STATE OF ILLINOIS)
) SS
COUNTY OF C O O K)

On this 1st day of Nov., 1978, before me personally appeared Paul R. Lee, to me personally known, who being by me duly sworn, says that he is a Vice President of UNITED STATES RAILWAY LEASING COMPANY, an Illinois corporation, 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.

Janice Purdy
Notary Public

(NOTARIAL SEAL)

My Commission Expires April 22, 1981

My Commission expires:

STATE OF NEW YORK)
) SS
COUNTY OF NEW YORK)

On this 8th day of November, 1978, before me personally appeared Paul Fitzgerald, to me personally known, who being by me duly sworn say that he is a Vice President of CHEMICAL BANK, that the seal affixed to the foregoing instrument is the corporate seal of said association, that said instrument was signed and sealed on behalf of said association 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 association.

Sophie LaDue
Notary Public

(NOTARIAL SEAL)

SOPHIE LA DUE
Notary Public, State of New York
No. 30-7401525
Qualified in Nassau County
Commission Expires March 30, 1980

My Commission expires:

SCHEDULE I

DESCRIPTION OF EQUIPMENT AND LEASES

TYPE OF EQUIPMENT	No. of Cars	Car Reporting Marks (Both Inclusive)	Lessee	Date of Lease	Schedule No.	Lease Term (Yrs)
50'6" 70 ton XM Box Cars	300	ROCK 300700-300999	William M. Gibbons, Trustee of the Property of the Chicago Rock Island and Pacific Railroad Company, Debtor	11-29-77	Sch. No. 1 dated 11-29-77	15¼
50'6" 70 ton XF Box Cars	200	ROCK 300500-300699				