TEXAS COMMERCE BANK - INWOOD

NATIONAL ASSOCIATION

6510 West Little York
at North Houston - Rosslyn
P.O. Box 38200
Houston, Texas 77238
(713) 466-3884

February 13, 1986

2/19/86
10.00

14905
RECORDATION NO. Filed 1425

FEB 19 1986 · 10 05 AM
INTERSTATE COMMERCE COMMISSION

Interstate Commerce Commission
12th & Constitution AVe. Northwest
Washington, D.C. 20423

ATTN: Mildred Lee, Room 2303

RE: Security Agreement - Equipment

Please file the Security Agreement-Equipment on one (1) 23,500 gallon nominal capacity rail car DOT111A100W3 GLNX3580.

The party's name and address:
Bob E. Atnip
1300 Post Oak Blvd, Suite 960
Houston, TX 77056

The bank's address:
Texas Commerce Bank-Inwood
P.O. Box 38200
Houston, TX 77238-8200
713-466-3884
Dave Martin

Sincerely,

Janet Lane

Janet Lane
Note Dept.

encls.

Texas Commerce Bank
Inwood

RECORDATION NO. 14905 FILED 1425

FEB 19 1986 -10 05 AM

INTERSTATE COMMERCE COMMISSION

SECURITY AGREEMENT -- EQUIPMENT

BOB E. ATNIP, 9519 Arcade, Spring, Montgomery County, Texas 77379 hereinafter called "Debtor", and Texas Commerce Bank-Inwood, National Association, 6510 West Little York, Houston, Harris County, Texas 77238, hereinafter called "Secured Party", agree as follows:

Section I. Creation of Security Interest.

In order to secure the prompt and unconditional payment of the indebtedness herein referred to and the performance of the obligations, covenants, agreements and undertakings of Debtor herein described, Debtor hereby grants to Secured Party a security interest in one (1) 23,500 gallon nominal capacity rail car , more particularly described as type DOT111A100W3, roller bearing trucks bearing the following number : GLNX 3580 , all accessions and appurtenances thereto, and all renewals and replacements of and substitutions for any of the foregoing (hereinafter collectively called the "Collateral") and all products and proceeds of the Collateral (including, without limitation, all insurance and all claims for insurance effected or held for the benefit of Debtor or Secured Party in respect of the Collateral), together with all contract rights, accounts and general intangibles of Debtor relating to or arising out of the lease of the Collateral. The inclusion of proceeds does not authorize Debtor to sell, dispose of or otherwise use the Collateral in any manner not authorized herein.

Section II. Secured Indebtedness.

This Agreement is made to secure and enforce the payment and performance of all debts, obligations and liabilities of every kind and character of Debtor now or hereafter existing in favor of Secured Party, including, without limitation, that certain promissory note ("Note") of even date herewith, in the original principal sum of $ 18,500.00, executed by Debtor, payable to the order of Secured Party, as the same may be amended, restated or modified from time to time, whether such debts, obligations or liabilities evidenced by the Note be direct or indirect, primary or secondary, joint or several, fixed or contingent, and whether originally payable to Secured Party or to a third party and subsequently acquired by Secured Party and whether such debts, obligations or liabilities are evidenced by note, open account, overdraft, application for letter of credit, indorsement, surety agreement, guaranty or otherwise, it being contemplated that Debtor may hereafter become indebted to Secured Party in further sum or sums, and all modifications, renewals or extensions of or substitutions for, any of the foregoing. All such indebtedness is hereinafter sometimes called the "secured indebtedness" or the "indebtedness secured hereby".

Section III. Representations and Warranties.

Debtor represents, warrants and covenants that Debtor is now in a solvent condition; that no bankruptcy or insolvency proceedings are pending or contemplated by or against Debtor; that all information, reports, statements and other data furnished by Debtor to Secured Party prior to, contemporaneously with or subsequent to the execution of this Agreement or in connection with the indebtedness secured hereby are and shall be true and correct and do not and will not omit to state any fact or circumstance necessary to make the statements contained therein not misleading; that Debtor is the lawful owner of good

and marketable title to the Collateral and has good right and authority to grant a security interest in the Collateral; that the Collateral is free and clear from all security interests and encumbrances except the security interest evidenced hereby; that there is no financing statement (or similar statement or instrument of registration under the laws of any jurisdiction) covering the Collateral or its proceeds on file in any public office; that the Collateral and the intended use thereof by Debtor comply with all applicable laws, rules and regulations; that the Collateral is free from damage caused by fire or other casualty; that this Agreement constitutes the legal, valid and binding obligation of Debtor enforceable against Debtor in accordance with its terms; that the execution, delivery and performance of this Agreement do not and will not contravene or violate any provision of any law, rule, regulation, order, writ, judgment, injunction, decree, determination or award presently in effect and applicable to Debtor or Debtor's or result in a breach of or constitute a default (with or without the giving of notice or the lapse of time or both) under any indenture or any loan, credit or other agreement to which Debtor is a party or by which Debtor may be bound or affected; that the execution, delivery and performance of this Agreement do not require the consent or approval of any person, including, without limitation, any regulatory body or governmental authority; that Debtor will warrant and forever defend the title to the Collateral and its proceeds against the claims of all persons whomsoever claiming or to claim the same or any part thereof; that the location of Debtor is the address set forth at the beginning of this Agreement and in this regard, Debtor's location is defined to mean (i) Debtor's place of business if Debtor has only one such place of business; (ii) Debtor's chief executive office if Debtor has more than one place of business; or (iii) Debtor's residence if Debtor has no place of business; that all of Debtor's books and records with regard to its accounts, contract rights, general intangibles and leases which are a part of the Collateral are maintained and kept at the address of Debtor set forth in this Agreement; that Debtor has never changed its name, whether by amendment of its organizational documents or otherwise; that no part of the Collateral is covered by a certificate of title or subject to any certificate of title law; and that no part of the Collateral consists or will consist of consumer goods, farm products, timber, minerals and the like (including oil and gas) or accounts resulting from the sale thereof.

Section IV. Covenants.

4.1. So long as the indebtedness secured hereby or any part thereof remains unpaid, Debtor covenants and agrees with Secured Party as follows:

(a) Debtor shall make prompt payment, as the same becomes due, of all indebtedness secured hereby in accordance with the terms and provisions of the agreements evidencing such indebtedness.

(b) Debtor will cause the Collateral to be maintained and operated in a good and workmanlike manner and in accordance with all applicable laws and rules, regulations and orders promulgated by all duly constituted authorities. Debtor will not use, or allow the use of, the Collateral in any manner which constitutes a public or private nuisance or which makes void, voidable or cancellable, or increases the premium of, any insurance then in force with respect thereto. Debtor will not do or suffer to be done any act whereby the value of any part of the Collateral may be lessened. Debtor will allow Secured Party or its authorized representative to inspect the Collateral and

Debtor's books and records pertaining thereto and Debtor will assist Secured Party or said representative in whatever way necessary to make such inspection. If Debtor receives notice from any federal, state or other governmental entity that the Collateral is not in compliance with any applicable law, rule, regulation or order, Debtor will promptly furnish a copy of such notice to Secured Party.

(c) Debtor will cause all debts and liabilities of any character, including without limitation all debts and liabilities for labor, material and equipment, incurred in the installation, maintenance and operation of the Collateral to be promptly paid.

(d) Debtor will cause to be paid prior to delinquency all taxes and assessments heretofore or hereafter levied or assessed against the Collateral, or any part thereof, or against the Secured Party for or on account of the indebtedness secured hereby or the interest created by this Agreement and will furnish Secured Party with receipts showing payment of such taxes and assessments at least ten (10) days prior to the applicable default date therefor.

(e) Debtor will keep the Collateral in good order, repair and operating condition, causing all necessary repairs, renewals, replacements, additions and improvements to be promptly made, and will not allow the Collateral to be misused, abused or wasted or to deteriorate, except for the ordinary wear and tear of its intended primary use. Debtor will promptly replace all worn-out or obsolete fixtures or personal property covered by this Agreement with fixtures or personal property comparable to the replaced fixtures or personal property when new.

(f) Debtor will keep the Collateral insured in an amount equal to the full insurable value thereof against loss or damage by fire, theft, collision and other hazards as may be required by Secured Party by policies of fire, extended coverage and other insurance in such company or companies, in such amounts, upon such terms and provisions, and with such indorsements, all as may be acceptable to Secured Party. Such insurance policies shall also contain a standard mortgagee's indorsement providing for payment of any loss to Secured Party. All policies of insurance shall provide for ten (10) days' written minimum cancellation notice to Secured Party. All drafts or instruments of any kind evidencing payment under any such insurance policies which come into the possession of Debtor shall be immediately delivered to Secured Party. No such policies shall be payable to any party other than Secured Party and Debtor. Debtor shall furnish Secured Party with certificates or other evidence satisfactory to Secured Party of compliance with the foregoing insurance provisions. Duplicate originals of all policies, verifications, binders and cover notes covering any of the Collateral shall be delivered to the Secured Party upon demand. 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.

(g) If the validity or priority of this Agreement or of any rights, titles, security interests or other interests created or evidenced hereby shall be attacked, endangered or questioned or if any legal proceedings are instituted with respect thereto, Debtor will give prompt written notice thereof to Secured Party and at Debtor's own cost and expense will diligently endeavor to cure any defect that may be developed or

claimed, and will take all necessary and proper steps for the defense of such legal proceedings, and Secured Party (whether or not named as a party to legal proceedings with respect thereto) is hereby authorized and empowered to take such additional steps as in its judgment and discretion may be necessary or proper for the defense of any such legal proceedings or the protection of the validity or priority of this Agreement and the rights, titles, security interests and other interests created or evidenced hereby, and all expenses so incurred of every kind and character shall be a demand obligation owing by Debtor and the party incurring such expenses shall be subrogated to all rights of the person receiving such payment.

(h) Debtor will, on request of Secured Party, (i) promptly correct any defect, error or omission which may be discovered in the contents of this Agreement or in any other instrument executed in connection herewith or in the execution or acknowledgment thereof; (ii) execute, acknowledge, deliver and record or file such further instruments (including without limitation further security agreements, financing statements, and continuation statements) and do such further acts as may be necessary, desirable or proper to carry out more effectively the purposes of this Agreement and such other instruments and to subject to the security interests hereof and thereof any property intended by the terms hereof and thereof to be covered hereby and thereby including specifically, but without limitation, any renewals, additions, substitutions, replacements, or appurtenances to the then Collateral; and (iii) execute, acknowledge, deliver, procure and record or file any document or instrument (including specifically any financing statement) deemed advisable by Secured Party to protect the security interest hereunder against the rights or interests of third persons, and Debtor will pay all costs connected with any of the foregoing.

(i) Notwithstanding the security interest in proceeds granted herein, except for those leases contemplated in those two (2) Management Agreements dated May 1, 1985 and May 3, 1985 by and between Debtor and GLNX Corporation, Debtor will not sell, lease, exchange, lend, rent, assign, transfer or otherwise dispose of all or any part of the Collateral or any interest therein or permit the title to the Collateral, or any interest therein, to be vested in any other party, in any manner whatsoever, by operation of law or otherwise, without the prior written consent of Secured Party.

(j) Debtor will pay all appraisal fees, filing fees, taxes, brokerage fees and commissions, Uniform Commercial Code search fees, escrow fees, attorney's fees, and all other costs and expenses of every character incurred by Debtor or Secured Party in connection with the secured indebtedness, and will reimburse Secured Party for all such costs and expenses incurred by it. Debtor shall pay all expenses and reimburse Secured Party for any expenditures, including attorney's fees and legal expenses, incurred or expended in connection with Secured Party's exercise of any of its rights and remedies hereunder or Secured Party's protection of the Collateral and its security interest therein. Any amount to be paid hereunder by Debtor to Secured Party shall be a demand obligation owing by Debtor to Secured Party and shall bear interest from date of expenditure until paid at the same rate as is provided in the Note for interest on past due principal (herein called the "Past Due Rate").

(k) Debtor shall account fully and faithfully for and, if Secured Party so elects, shall promptly pay or turn over to Secured Party the proceeds in whatever form received from disposition in any manner of any of the Collateral, whether the indebtedness secured hereby is mature or not, the order and method of application to be in the sole discretion of Secured Party, except as otherwise specifically authorized herein.

Debtor shall at all times keep the Collateral and its proceeds separate and distinct from other property of Debtor and shall keep accurate and complete records of the Collateral and its proceeds.

(l) The Collateral will be used in the business of Debtor and shall remain in Debtor's possession or control at all times at Debtor's risk of loss at Debtor's location as stated herein and at such other places as Debtor may specify in writing to Secured Party.

(m) Debtor will not change its address, location, name or identity structure without notifying Secured Party of such change in writing at least thirty (30) days prior to the effective date of such change and unless Debtor shall have taken such action, satisfactory to Secured Party, to have caused the security interest of Secured Party in the Collateral to be at all times fully perfected and in full force and effect.

(n) Debtor shall furnish Secured Party all such information as Secured Party may request with respect to the Collateral.

(o) 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 or should Secured Party deem payment of Debtor's obligations to Secured Party to be insecure, 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 Postal Service addressed to the address of Debtor shown in this Agreement.

4.2. Debtor agrees that, if Debtor fails to perform any act or to take any action which hereunder Debtor is required to perform or take, or to pay any money which hereunder Debtor is required to pay, Secured Party, in Debtor's name or in its own name, may but shall not be obligated to perform or cause to be performed such act or take such action or pay such money, and any expenses so incurred by Secured Party, and any money so paid by Secured Party, shall be a demand obligation owing by Debtor to Secured Party and Secured Party, upon making such payment, shall be subrogated to all of the rights of the person, corporation or body politic receiving such payment. Any amounts due and owing by Debtor to Secured Party pursuant to this Agreement shall bear interest from the date such amount becomes due until paid at the Past Due Rate and shall be a part of the secured indebtedness and shall be secured by this Agreement and by any other instrument securing the secured indebtedness.

Section V. Events of Default.

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

(a) Debtor shall fail to pay or prepay any principal of or interest on the Note or any other indebtedness secured hereby as and when due; or

(b) Debtor shall fail to pay at maturity, or within any applicable period of grace, any principal of or interest on any other obligation or shall fail to observe or perform any term, covenant or agreement contained in any agreement or obligation by which Debtor is bound for such a period of time as would accelerate, or would permit the holder thereof, or of any

obligation issued thereunder, to accelerate, the maturity thereof, or of any such obligation; or

(c) Debtor shall be in default under or in violation of any law, statute, ordinance, decree, requirement, order, judgment, rule or regulation (or interpretation of any of the foregoing) of the United States of America, any State of the United States or any political subdivision of any of the foregoing, or of any agency, department, commission, board, bureau or court having jurisdiction over Debtor or its assets or property; or

(d) Any representation or warranty made in connection with the execution and delivery of this Agreement, the note evidencing the indebtedness secured hereby or any other instrument now or hereafter securing the indebtedness secured hereby or in any certificate furnished in connection with such indebtedness shall prove to have been incorrect, false or misleading on the date as of which made; or

(e) Default shall occur in the punctual and complete performance of any covenant of Debtor or any other person contained in, the note evidencing the indebtedness secured hereby, this Agreement or in any other instrument now or hereafter securing or guaranteeing the indebtedness secured hereby; or

(f) Final judgment or judgments in the aggregate for the payment of money in excess of $100,000.00 shall be rendered against Debtor and the same shall remain undischarged for a period of thirty (30) days during which execution shall not be effectively stayed; or

(g) Debtor or any other person shall claim, or any court shall find or rule, that Secured Party does not have a valid lien on any security which may have been provided by Debtor or such other person for the indebtedness secured hereby; or

(h) The sale, encumbrance or abandonment (except as otherwise expressly permitted by this Agreement or the Loan Agreement) of any property now or hereafter covered by this Agreement or any other instrument now or hereafter securing the indebtedness secured hereby; or the making of any levy, seizure or attachment thereof or thereon; or the loss, theft, substantial damage or destruction of any of any such property; or

(i) The occurrence of an Event of Default under any other instrument now or hereafter securing or guaranteeing the indebtedness secured hereby; or

(j) Debtor shall make a general assignment for the benefit of creditors or shall petition or apply to any tribunal for the appointment of a trustee, custodian, receiver or liquidator of all or any substantial part of its business, estate or assets or shall commence any proceeding under any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or hereafter in effect; or

(k) Any such petition or application shall be filed or any such proceeding shall be commenced against Debtor and Debtor by any act or omission shall indicate approval thereof, consent thereto or acquiescence therein, or an order shall be entered appointing a trustee, custodian, receiver or liquidator of all or any substantial part of the assets of Debtor or granting relief

to Debtor or approving the petition in any such proceeding, and such order shall remain in effect for more than thirty (30) days; or

(l) Debtor shall fail generally to pay its debts as they become due, or suffer any writ of attachment or execution or any similar process to be issued or levied against it or substantially all of its property which is not released, stayed, bonded or vacated within thirty (30) days after its issue or levy; or

(m) The death of Debtor or the sale, conveyance, lease or other disposition of a substantial part of the assets of Debtor; or

(n) A material adverse change shall occur in the assets, liabilities, financial condition, business, operations, affairs or circumstances of Debtor; or

(o) Debtor shall have concealed, removed, or permitted to be concealed or removed, any part of its property, with intent to hinder, delay or defraud its creditors or any of them, or made or suffered a transfer of any of its property which may be fraudulent under any bankruptcy, fraudulent conveyance or similar law; or shall have made any transfer of its property to or for the benefit of a creditor at a time when other creditors similarly situated have not been paid; or shall have suffered or permitted, while insolvent, any creditor to obtain a lien upon any of its property through legal proceedings or distraint which is not vacated within thirty (30) days from the date thereof; or

(p) Secured Party shall reasonably and in good faith deem repayment of the secured indebtedness to be insecure.

Section VI. Remedies in Event of Default.

6.1. Upon the occurrence of an Event of Default or if Secured Party shall deem payment of Debtor's obligations to Secured Party to be insecure, and at any time thereafter, Secured Party shall have the option of declaring, without notice to any person, all indebtedness secured hereby, principal and accrued interest, to be immediately due and payable.

6.2. Upon the occurrence of an Event of Default or if Secured Party shall deem payment of Debtor's obligations to Secured Party to be insecure, and at any time thereafter, Secured Party is authorized to take possession of the Collateral and of all books, records and accounts relating thereto and to exercise without interference from Debtor any and all rights which Debtor has with respect to the management, possession, operation, protection or preservation of the Collateral, including the right to rent the same for the account of Debtor and to deduct from such rents all costs, expenses and liabilities of every character incurred by Secured Party in collecting such rents and in managing, operating, maintaining, protecting or preserving the Collateral and to apply the remainder of such rents on the indebtedness secured hereby in such manner as Secured Party may elect. All such costs, expenses and liabilities incurred by Secured Party in collecting such rents, in managing, operating, maintaining, protecting or preserving such properties, if not paid out of rents as hereinabove provided, shall constitute a demand obligation owing by Debtor and shall bear interest from the date of expenditure until paid at the Past Due Rate, all of which shall constitute a portion of the secured indebtedness. If necessary to obtain the possession provided for above, Secured Party may invoke any and all legal remedies to dispossess Debtor, including specifically one or more actions for forcible entry and

detainer. In connection with any action taken by Secured Party pursuant to this paragraph, Secured Party shall not be liable for any loss sustained by Debtor resulting from any failure to let the Collateral, or any part thereof, or from other act or omission of the Secured Party in managing the Collateral unless such loss is caused by the willful misconduct and bad faith of Secured Party, nor shall Secured Party be obligated to perform or discharge any obligation, duty, or liability under any lease agreement covering the Collateral or any part thereof or under or by reason of this instrument or the exercise of rights or remedies hereunder.

6.3. Upon the occurrence of an Event of Default or if Secured Party shall deem payment of Debtor's obligations to Secured Party to be insecure, and at any time thereafter, Secured Party shall have all the rights of a secured party after default under the Uniform Commercial Code of Texas and in conjunction with, in addition to or in substitution for those rights and remedies:

(a) Secured Party may enter upon Debtor's premises to take possession of, assemble and collect the Collateral or to render it unusable; and

(b) Secured Party may require Debtor to assemble the Collateral and make it available at a place Secured Party designates which is mutually convenient to allow Secured Party to take possession or dispose of the Collateral; and

(c) written notice mailed to Debtor as provided herein ten (10) days prior to the date of public sale of the Collateral or prior to the date after which private sale of the Collateral will be made shall constitute reasonable notice; and

(d) it shall not be necessary that the Secured Party take possession of the Collateral or any part thereof prior to the time that any sale pursuant to the provisions of this paragraph is conducted and it shall not be necessary that the Collateral or any part thereof be present at the location of such sale; and

(e) prior to application of proceeds of disposition of the Collateral to the secured indebtedness, such proceeds shall be applied to the reasonable expenses of retaking, holding, preparing for sale or lease, selling, leasing and the like and the attorneys' fees and legal expenses incurred by Secured Party, Debtor to remain liable for any deficiency; and

(f) the sale by Secured Party of less than the whole of the Collateral shall not exhaust the rights of Secured Party hereunder, and Secured Party is specifically empowered to make successive sale or sales hereunder until the whole of the Collateral shall be sold; and, if the proceeds of such sale of less than the whole of the Collateral shall be less than the aggregate of the indebtedness secured hereby, this Agreement and the security interest created hereby shall remain in full force and effect as to the unsold portion of the Collateral just as though no sale had been made; and

(g) in the event any sale hereunder is not completed or is defective in the opinion of Secured Party, such sale shall not exhaust the rights of Secured Party hereunder and Secured Party shall have the right to cause a subsequent sale or sales to be made hereunder; and

(h) any and all statements of fact or other recitals made in any bill of sale or assignment or other instrument evidencing any foreclosure sale hereunder as to nonpayment of the indebtedness or as to the occurrence of any default, or as to Secured Party having declared all of such indebtedness to be due and payable, or as to notice of time, place and terms of sale and the properties to be sold having been duly given, as to any other act or thing having been duly done by Secured Party, shall be taken as prima facie evidence of the truth of the facts so stated and recited; and

(i) Secured Party may appoint or delegate any one or more persons as agent to perform any act or acts necessary or incident to any sale held by Secured Party, including the sending of notices and the conduct of sale, but in the name and on behalf of Secured Party.

6.4. All remedies herein expressly provided for are cumulative of any and all other remedies existing at law or in equity and are cumulative of any and all other remedies provided for in any other instrument securing the payment of the secured indebtedness, or any part thereof, or otherwise benefiting Secured Party, and the resort to any remedy provided for hereunder or under any such other instrument or provided for by law shall not prevent the concurrent or subsequent employment of any other appropriate remedy or remedies.

6.5. Secured Party may resort to any security given by this Agreement or to any other security now existing or hereafter given to secure the payment of the secured indebtedness, in whole or in part, and in such portions and in such order as may seem best to Secured Party in its sole and uncontrolled discretion, and any such action shall not in anywise be considered as a waiver of any of the rights, benefits or security interests evidenced by this Agreement.

6.6. To the full extent Debtor may do so, Debtor agrees that Debtor will not at any time insist upon, plead, claim or take the benefit or advantage of any law nor or hereafter in force providing for any appraisement, valuation, stay, extension or redemption, and Debtor, for Debtor, Debtor's heirs, devisees, executors, administrators, personal representatives, successors, receivers, trustees and assigns, and for any and all persons ever claiming any interest in the Collateral, to the extent permitted by law, hereby waives and releases all rights of redemption, valuation, appraisement, stay of execution, notice of intention to mature or declare due the whole of the secured indebtedness, and all rights to a marshaling of the assets of Debtor, including the Collateral, or to a sale in inverse order of alienation in the event of foreclosure of the security interest hereby created.

Section VII. Additional Agreements.

7.1. If all of the secured indebtedness be paid as the same becomes due and payable and if all of the covenants, warranties, undertakings and agreements made in this Agreement are kept and performed, then and in that event only, all rights under this Agreement shall terminate and the Collateral shall become wholly clear of the security interest evidenced hereby, and such security interest shall be released by Secured Party in due form at Debtor's cost.

7.2. Secured Party may waive any default without waiving any other prior or subsequent default. Secured Party may remedy any default without waiving the default remedied. The failure by Secured Party to exercise any right, power or remedy upon any

default shall not be construed as a waiver of such default or as a waiver of the right to exercise any such right, power or remedy at a later date. No single or partial exercise by Secured Party of any right, power or remedy hereunder shall exhaust the same or shall preclude any other or further exercise thereof, and every such right, power or remedy hereunder may be exercised at any time and from time to time. No modification or waiver of any provision hereof nor consent to any departure by Debtor therefrom shall in any event be effective unless the same shall be in writing and signed by Secured Party and then such waiver or consent shall be effective only in the specific instances, for the purpose for which given and to the extent therein specified. No notice to nor demand on Debtor in any case shall of itself entitle Debtor to any other or further notice of demand in similar or other circumstances. Acceptance by Secured Party of any payment in an amount less than the amount then due on any secured indebtedness shall be deemed an acceptance on account only and shall not in any way affect the existence of a default hereunder.

7.3. Secured Party may at any time and from time to time in writing (a) waive compliance by Debtor with any covenant herein made by Debtor to the extent and in the manner specified in such writing; (b) consent to Debtor's doing any act which hereunder Debtor is prohibited from doing, or consent to Debtor's failing to do any act which hereunder Debtor is required to do, to the extent and in the manner specified in such writing; or (c) release any part of the Collateral, or any interest therein, from the security interest of this Agreement; or (d) release any party liable, either directly or indirectly, for the secured indebtedness or for any covenant herein or in any other instrument now or hereafter securing the payment of the secured indebtedness, without impairing or releasing the liability of any other party. No such act shall in any way impair the rights of Secured Party hereunder except to the extent specifically agreed to by Secured Party in such writing.

7.4. The security interest and other rights of Secured Party hereunder shall not be impaired by any indulgence, moratorium or release granted by Secured Party, including but not limited to (a) any renewal, extension or modification which Secured Party may grant with respect to any secured indebtedness, (b) any surrender, compromise, release, renewal, extension, exchange or substitution which Secured Party may grant in respect of any item of the Collateral, or any part thereof or any interest therein, or (c) any release or indulgence granted to any indorser, guarantor or surety of any secured indebtedness.

7.5. Secured Party may call at Debtor's place or places of business at intervals to be determined by Secured Party and, without hindrance or delay, inspect, audit, check and make extracts from and copies of the books, records, journals, orders, receipts, correspondence and other data relating to the Collateral or to any transaction between Debtor and Secured Party, and Debtor shall assist Secured Party in making any such inspection.

7.6. A carbon, photographic or other reproduction of this Agreement or of any financing statement relating to this Agreement shall be sufficient as a financing statement.

7.7. Debtor will cause all financing statements and continuation statements relating hereto to be recorded, filed, re-recorded and refiled in such manner and in such places as Secured Party shall request and will pay all such recording, filing, re-recording and refiling taxes, fees and other charges.

7.8. In the event the ownership of the Collateral or any part thereof becomes vested in a person other than Debtor, Secured Party may, without notice to Debtor, deal with such successor or successors in interest with reference to this Agreement and to the indebtedness secured hereby in the same manner as with Debtor, without in any way vitiating or discharging Debtor's liability hereunder or upon the indebtedness secured hereby. No sale of the Collateral, and no forbearance on the part of Secured Party and no extension of the time for the payment of the indebtedness secured hereby given by Secured Party shall operate to release, discharge, modify, change or affect, in whole or in part, the liability of Debtor hereunder for the payment of the indebtedness secured hereby or the liability of any other person hereunder for the payment of the indebtedness secured hereby, except as agreed to in writing by Secured Party.

7.9. To the extent that proceeds of the secured indebtedness are used to pay indebtedness secured by any outstanding lien, security interest, charge or prior encumbrance against the Collateral, such proceeds have been advanced by Secured Party at Debtor's request and Secured Party shall be subrogated to any and all rights, security interests and liens owned by any owner or holder of such outstanding liens, security interests, charges or encumbrances, irrespective of whether said liens, security interests, charges or encumbrances are released.

7.10. If any part of the secured indebtedness cannot be lawfully secured by this Agreement or if any part of the Collateral cannot be lawfully subject to the security interest hereof to the full extent of such indebtedness, then all payments made shall be applied on said indebtedness first in discharge of that portion thereof which is unsecured by this Agreement.

7.11. Secured Party may assign this Agreement so that the assignee shall be entitled to the rights and remedies of Secured Party hereunder and in the event of such assignment, Debtor will assert no claims or defenses it may have against the assignee except those granted in this Agreement.

7.12. Any notice, request, demand or other communication required or permitted hereunder shall be given in writing by delivering same in person to the intended addressee, or by United States Postal Service, postage prepaid, registered or certified mail, return receipt requested, or by prepaid telegram (provided that such telegram is confirmed by mail in the manner previously described), sent to the intended addressee at the address shown herein, or to such different address as the addressee shall have designated by written notice sent in accordance herewith and actually received by the other party at least ten (10) days in advance of the date upon which such change of address shall be effective.

7.13. This Agreement shall be binding upon Debtor, and the heirs, devisees, administrators, executives, personal representatives, successors, receivers, trustees and assigns of Debtor, including all successors in interest of Debtor in and to all or any part of the Collateral, and shall inure to the benefit of Secured Party and the successors and assigns of Secured Party.

7.14. Whenever possible each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law. A determination that any provision of this Agreement is unenforceable or invalid shall not affect the enforceability or validity of any other provision, and any determination that the application of any provision of this Agreement to any person or circumstance is illegal or unenforce-

able shall not affect the enforceability or validity of such provision as it may apply to any other persons or circumstances.

7.15. Secured Party may, by any employee or employees it designates, execute, sign, indorse, transfer or deliver in the name of Debtor notes, checks, drafts or other instruments for the payment of money and receipts or any other documents necessary to evidence, perfect and realize upon the security interests and obligations of this Agreement.

7.16. The term "Debtor" as used in this Agreement shall be construed as singular or plural to correspond with the number of persons executing this Agreement as Debtor. The pronouns used in this Agreement are in the masculine and neuter genders but shall be construed as feminine, masculine or neuter as occasion may require. "Secured Party" and "Debtor" as used in this Agreement include the heirs, devisees, executors, administrators, personal representatives, successors, receivers, trustees and assigns of those parties.

7.17. The section headings appearing in this Agreement have been inserted for convenience only and shall be given no substantive meaning or significance whatever in construing the terms and provisions of this Agreement. Terms used in this Agreement which are defined in the Texas Uniform Commercial Code are used with the meanings as therein defined.

7.18. This Agreement shall be governed by and construed in accordance with the laws of the State of Texas and the United States of America.

EXECUTED as of the 17th day of January, 1986.

Bob E. Atnip
BOB E. ATNIP

"DEBTOR"

TEXAS COMMERCE BANK-INWOOD,
NATIONAL ASSOCIATION

By: Dave Martin
Name: Dave Martin
Title: Executive Vice President

"SECURED PARTY"

THE STATE OF TEXAS

COUNTY OF HARRIS

This instrument was acknowledged before me this 17th day of January, 1986 by Bob E. Atnip.

Janet Lane

Notary public in and for the State of TEXAS

JANET LANE
Notary Public, State of Texas
My Commission Expires 12-6-89.

Printed Name:_____

My Commission expires:_____

THE STATE OF TEXAS

COUNTY OF HARRIS

This instrument was acknowledged before me this 17th day of January, 1986, by Dave Martin, Executive Vice President of Texas Commerce Bank-Inwood National Association, a national banking association, on behalf of said banking association.

Janet Lane

Notary public in and for the State of TEXAS

JANET LANE
Notary Public, State of Texas
My Commission Expires 12-6-89.

Printed Name:_____

My Commission expires:_____