

Allied Fairbanks Bank

P. O. BOX 40366, HOUSTON, TEXAS 77040

12331
RECORDATION NO. Filed 1425

October 14, 1980

OCT 21 1980 -2 10 PM

12331
RECORDATION NO. Filed 1425

Interstate Commerce Commission
12th and Constitution Avenue, N.W.
Washington, D.C. 20423

OCT 21 1980 -2 10 PM

INTERSTATE COMMERCE COMMISSION

Attention: Railroad Documentation

No. 2-295AC16
Date OCT 21 1980
Fee \$ 100.00 50
ICC Washington, D. C.

Gentlemen:

Pursuant to the provisions of Chapter X of the Regulations of the Interstate Commerce Commission, 49 C.F.R., Section 1116.4, the following letter is hereby submitted.

The names and addresses of the parties of the transaction are as follows:

Mortgagor (Debtor):	D. L. Magee 1307 Valley Glen Dr. Houston, Texas 77077
Mortgagee (Secured Party):	Allied Fairbanks Bank P. O. Box 40366 Houston, Texas 77040 Attention: Dan W. Brent Vice President

A general description of the railroad equipment is as follows:

One (1) 100 ton truck covered hopper car DOT L-153, No. RRRX 1056.

The owner of the aforementioned hopper car is D. L. Magee.

Enclosed are three executed counterparts of the security agreement as required by ICC Rules and a check for \$Not to exceed \$100.00 to cover the filing fee.

The original document should be returned to Allied Fairbanks Bank, P. O. Box 40366, Houston, Texas 77040, Attention: Mr. Dan W. Brent, Vice President.

Please call the undersigned collect if you have any questions regarding this letter.

Sincerely,

Dan W. Brent
Dan W. Brent
Vice President

DWB/jdg
enclosures

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12331
RECORDATION NO. _____ FILED 1985

ALLIED FAIRBANKS BANK
SECURITY AGREEMENT

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INTERSTATE COMMERCE COMMISSION

D. L. MAGEE, 1307 Valley Glen Dr., Houston, Texas 77077 (hereinafter called "Debtor"), for value received, the receipt and sufficiency of which are hereby acknowledged, hereby grants to Allied Fairbanks Bank, P. O. Box 40366, Houston, Texas 77040 (hereinafter called "Secured Party"), the security interest and lien hereinafter set forth and agrees with Secured Party as follows:

I.

SECURITY INTEREST

Debtor hereby grants to Secured Party a security interest in and lien upon and agrees that Secured Party has and shall continue to have a security interest in and lien upon the following property, (all of such property hereinafter sometimes called "Collateral"), to-wit: One (1) 100 ton truck covered hopper car DOT L-153 No. RRRX 1056, together with any and all additions, accessions, and attachments thereto and substitutions therefor, all proceeds (hereinafter defined) thereof and therefrom, and all monies, income, benefits and products thereof attributable, or accruing thereto. The term "proceeds" shall have the same meaning as used Chapter Nine of the Uniform Commercial Code as now or hereafter adopted in the State of Texas and shall include (without limitation) all accounts, general intangibles, instruments, documents, monies, securities, insurance, chattel paper, income, and other benefits or rights of whatever kind or nature arising from, attributable to or accruing from any and all sales, leases or other dispositions of any or all of the Collateral.

The security interest and lien granted hereby is to secure the payment of (i) that certain promissory note in the original principal sum of \$25,000.00, together with any and all extensions, rearrangements and renewals thereof, executed by or in behalf of Debtor and payable to the order of Secured Party in the manner as therein provided; and (ii) any and all other indebtedness and liabilities whatsoever of the Debtor to Secured Party, whether direct or indirect, absolute or contingent, due or to become due, whether now existing or hereafter arising and howsoever evidenced or acquired, and whether joint or several (all of which are hereinafter sometimes called the "Obligations").

DEBTOR ACKNOWLEDGES THAT THE SECURITY INTEREST AND LIEN HEREBY GRANTED SHALL SECURE ALL FUTURE ADVANCES AS WELL AS ANY AND ALL OTHER OBLIGATIONS AND LIABILITIES OF DEBTOR TO SECURED PARTY WHETHER NOR IN EXISTENCE OR HEREAFTER ARISING.

II.

REPRESENTATIONS, WARRANTIES AND COVENANTS OF DEBTOR

(a) Except for the security interest and lien granted hereby, the Debtor is, and as to the Collateral acquired after the date hereof which is included within the security interest and lien specified in Section I hereof, upon funding of the loan secured hereby, Debtor will be, the owner of all such Collateral free from any and all adverse claims, security interests or encumbrances.

(b) There is no financing statement or other document constituting notice of a security interest in or lien upon the Collateral now on file in any public office covering any part of the Collateral, and so long as any amount remains unpaid on any Obligations of the Debtor to Secured Party, Debtor will not execute and there will not be on file in any public office any such financing statement or statements or other document constituting notice of a security interest in or lien upon the Collateral except the financing statement and other documents filed or to be filed in respect to the security interest hereby granted.

(c) Subject to any limitation stated therein or in connection therewith, all information furnished to Secured Party concerning the Collateral and proceeds thereof, or otherwise, for the purpose of obtaining credit or an extension of credit, is, or will be at the time the same is furnished, accurate and correct in all material respects.

(d) The Collateral will be used by the Debtor primarily for business use.

(e) The Collateral is inventory leased or held for lease by Debtor and is of the type normally used in more than one jurisdiction.

(f) The only place of business of Debtor is at the address designated at the beginning of this Agreement.

III.

OTHER COVENANTS AND AGREEMENTS OF DEBTOR

(a) The term "account" as used herein shall have the same meaning as set forth in the Uniform Commercial Code in effect in the State of Texas as of the date of execution hereof, and as set forth in any amendment to the Uniform Commercial Code to become effective in the State of Texas after the date of execution hereof, and shall include all accounts, notes, drafts, acceptances, instruments, documents, general intangibles and chattel paper in which at any time or from time to time Secured Party has or is intended to have a security interest or lien pursuant to Section I hereof. As of the time any account becomes subject to such security interest or lien, Debtor shall be deemed to have warranted as to each and all of such accounts (i) that each account and all papers and documents relating thereto are genuine and in all respects what they purport to be, (ii) that each account is valid and subsisting and arises out of a bona fide sale or lease of goods sold or leased and delivered to, or out of and for services theretofore actually rendered by the Debtor to, the account debtor named in the account, (iii) that the amount of the account represented as owing is the correct amount actually and unconditionally owing except for normal cash discounts and is not subject to any set-offs, credits, deductions or counter-charges, (iv) that the Debtor is the owner thereof free and clear of all liens, encumbrances and security interests of any and every nature whatsoever.

(b) Debtor will furnish Secured Party, as soon as possible, but not in any event within 30 days after the end of each calendar quarter an aging and listing of all accounts for such quarter, together with a listing of the locations of the Collateral and the names and addresses of the lessees of the Collateral, all certified by Debtor.

(c) Debtor shall immediately notify Secured Party of any event causing loss or depreciation in value other than resulting from fair wear and tear of the Collateral and the amount of such loss or depreciation.

(d) Debtor will promptly notify Secured Party in writing of any addition to, change in or discontinuance of his place of business as shown in this agreement and the location of the office where he keeps his records.

(e) Until default, Debtor may use the inventory in any lawful manner not inconsistent with this agreement or with the terms or conditions of any policy of insurance covering the Collateral and may also lease and rent (without option to purchase) that part of the Collateral consisting of inventory provided that all of such leases and rentals are in the ordinary course of business. Debtor may not sell the Collateral, or any part thereof, without the express written consent of Secured Party. Until default, Debtor may also use and consume any raw materials or supplies, the use and consumption of which are necessary in order to carry on Debtor's business.

(f) Debtor agrees to execute and deliver such financing statement or statements and other documents, or amendments thereof or supplements thereto, or other instruments as Secured Party may from time to time require in order to comply with the Uniform Commercial Code as now or hereafter adopted in the State of Texas (or other applicable state law of the jurisdiction where any of the Collateral is located) and the laws of the United States of America and to preserve and protect the security interest and lien herein granted.

(g) Secured Party may, at its option, whether before or after default, but without obligation to the Debtor, discharge taxes, liens or security interests or other encumbrances at any time levied or placed upon the Collateral, and may place and pay for insurance thereof, or pay for the repair, improvement, maintenance and preservation of the Collateral and pay any filing or recording fees necessary to preserve and protect the Secured Party pursuant to the foregoing authorization, and such amount shall constitute additional Obligations of the Debtor which shall be secured by and entitled to the benefits of this Security Agreement.

(h) Secured Party shall have the right at any time, in its own name or in the name of Debtor, whether before or after default by Debtor, to notify any and all account debtors, lessees, and parties to any agreement affecting or covering the Collateral to make payment thereof directly to Secured Party and to demand, collect, receive, receipt for, sue for, compound for and give acquittal for, any and all amounts due or to become due on the accounts and to endorse the name of the Debtor on all instruments and commercial paper given in payment or part payment thereof, and in its discretion to file any claim or take any other action or proceeding which Secured Party may deem necessary or appropriate to protect and preserve and realize upon the security

interest and lien of Secured Party in and on the Collateral; but to the extent Secured Party does not so elect, Debtor shall continue to collect the accounts. In the event Secured Party so elects and notifies Debtor, all proceeds of collection of accounts received by the Debtor shall be forthwith accounted for and transmitted to Secured Party in the form as received by Debtor and shall not be commingled with any funds of the Debtor. All such remittances described above shall be applied and credited by Bank first to the satisfaction of accrued interest on the Obligations which is past due; then to the discharge of any expenses or damages for which Secured Party may be entitled to receive reimbursement for under the terms of the Obligations or this agreement, or otherwise; and lastly to the payment and prepayment of principal on the earliest maturing installment of the Obligations; provided, however, that to the extent not so credited or applied, such remittances shall be paid over to the Debtor.

(i) Debtor shall at all reasonable times allow Secured Party by or through any of its officers, agents, attorneys or accountants, to examine or inspect the Collateral wherever located and to examine, inspect and make extracts from Debtor's books and records. Debtor shall do, make, execute and deliver all such additional and further acts, things, deeds, insurances, instruments as Secured Party may reasonably require, to more completely vest in and assure to Secured Party its rights hereunder and in or to the Collateral.

(j) Debtor shall have and maintain insurance at all times with respect to all tangible Collateral covered hereby insuring against risks of fire (including so-called extended coverage), theft and other risks as Secured Party may reasonably require, containing such terms, in such form and amounts and written by such companies as may be reasonably satisfactory to Secured Party, all of such insurance to contain loss payable clauses in favor of Secured Party as its interest may appear. All policies of insurance shall provide for ten (10) days written minimum cancellation notice to Secured Party and, at request of Secured Party, shall be delivered to and held by it. Secured Party is hereby authorized to act as attorney for Debtor in obtaining, adjusting, settling and cancelling such insurance and endorsing any drafts or instruments. Secured Party shall be authorized to apply the proceeds from any insurance to the Obligations secured hereby whether or not such Obligations are then due and payable.

(k) Debtor will keep and maintain the Collateral in good condition and will make replacements in kind, or by chattels of substantially equal value and service, and all replacements shall be covered by the security interest and lien herein granted to Secured Party, and will endeavor to maintain such Collateral at its present worth, ordinary wear and tear alone excepted.

(l) Any and all deposits or other sums now held or hereafter at any time credited by or due from Secured Party to Debtor shall at all times constitute additional security for the Obligations and may be set off against any of the Obligations at any time whether or not such are then due or other security held by Secured Party is considered by Secured Party to be adequate. Any and all instruments, documents, policies and certificates of insurance, securities, goods, accounts, choses in action, chattel paper, general intangibles, cash, property and the proceeds thereof owned by Debtor or in which Debtor has an interest which are at any time in possession or control of Secured Party or in transit by mail or carrier to or from Secured Party or in the possession of a third party acting for Secured Party's benefit, without regard to whether Secured Party receives the same in pledge, for safekeeping, as agent for collection or transmission or otherwise, shall constitute additional security for Obligations of Debtor and may be applied at any time toward Obligations which are then due whether by acceleration or otherwise.

(m) If Secured Party should in good faith 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 collateral may be oral, by telegram, or United States mail addressed to Debtor and shall not affect any other subsequent right of Secured Party to exercise the same. Debtor agrees that Secured Party shall have no duty or obligation to collect any account or enforce any general intangible, or to take any other action to preserve or protect the Collateral; however, should Secured Party elect to collect or enforce any general intangible or account, Debtor releases Secured Party from any claim or claims for loss or damage arising from any act or omission in connection with such collection or enforcement.

IV.

DEFAULT AND REMEDIES

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

- (i) failure of Debtor to pay when due any interest on or any principal or installment of principal of any of the Obligations of Debtor to Secured Party;
- (ii) the occurrence of any event which under the terms of any evidence of indebtedness, indenture, loan agreement, security agreement or similar instrument permits the acceleration of maturity of any indebtedness of Debtor to Secured Party, or to others than Secured Party and such default shall have continued for 15 days;
- (iii) any representation or warranty made by Debtor herein or made in any statement or certificate furnished to Secured Party by the Debtor pursuant hereto or in connection with any loan or loans proves incorrect in any material respect as of the date of the making or issuance thereof;
- (iv) default occurs in the observance or performance by Debtor of any covenant of this agreement and such default shall have continued for 15 days;
- (v) the death, dissolution, termination of existence, insolvency or business failure of the Debtor, or the application for the appointment of a receiver of any part of the property of the Debtor, or the commencement by or against the Debtor of any proceeding under any bankruptcy, arrangement, reorganization, insolvency or similar law for the relief of debtors, or by or against any guarantor or surety for the Debtor, or upon the service of any warrant, attachment, levy or similar process in relation to a tax lien or assessment against the Collateral; or
- (vi) the Collateral becomes, in the good faith judgment of Secured Party, unsatisfactory or insufficient in character or value, and Secured Party shall have given Debtor 15 days' prior written notice.

(b) Upon the occurrence of an Event of Default, or if Secured Party deems payment of Debtor's Obligations to Secured Party to be insecure and Secured Party shall have given Debtor 15 days prior written notice, and at any time thereafter, Secured Party, may, at its option, without notice or demand, to the Debtor, declare all of the Obligations secured hereby immediately due and payable and Secured Party thereupon shall have the rights and remedies of a secured party under the Uniform Commercial Code as adopted in the State of Texas, including without limitation, the right to sell, lease or otherwise dispose of any or all of

the Collateral and to apply the proceeds thereof toward payment of any costs and expenses and attorney's fees and legal expenses thereby incurred by the Secured Party and toward payment of the Obligations in such order or manner as the Secured Party may elect. Secured Party shall have the right to take immediate possession of the Collateral, with or without process of law, and for that purpose Secured Party may require Debtor to assemble the Collateral and make it available to Secured Party at a place to be designated by the Secured Party which is reasonably convenient to both parties. Unless the Collateral is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, Secured Party will send Debtor reasonable notice of the time and place of any public sale thereof or of the time after which any public sale or other disposition thereof is to be made. The requirement of sending a reasonable notice shall be met if such notice is mailed, postage prepaid, to Debtor at the address designated at the beginning of this Security Agreement at least ten days before the time of the sale or disposition. Expenses of retaking, holding, repairing, improving, maintaining, preparing for sale, selling or the like shall include Secured Party's reasonable attorneys' fees and legal expenses, plus interest thereon at a rate per annum at all times equal to the highest rate permitted by applicable law of the State of Texas to be contracted for by, charged to or received from Debtor, and shall constitute additional Obligations of Debtor which shall be due on demand and which shall be secured by and entitled to the benefits of this Security Agreement. If the proceeds of any sale or other lawful disposition by Secured Party of the Collateral following its retaking, are insufficient to pay the expenses of retaking, repairing, holding, preparing the Collateral for sale, selling it and the like, to satisfy the Obligations of Debtor to Secured Party, then Debtor agrees to pay any deficiency, but Debtor shall be entitled to any surplus if one results after lawful application of all of such proceeds.

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

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

V.

GENERAL

(a) Any provision hereof found to be invalid under the law of the State of Texas, the United States of America or any other state having jurisdiction shall be invalid only with respect to the offending provision. All words used herein shall be construed to be of such gender or number as the circumstance require. If this Security Agreement is executed by more than one Debtor, the obligation of all such Debtors shall be joint and several. This agreement shall be binding upon the heirs, personal representatives, successors, or assigns of the parties hereto, but shall inure to the benefit of successor or assigns of the Secured Party only. The law of the State of Texas shall apply to this agreement and its construction and interpretation.

(b) Any carbon, photographic or other reproduction of any financing statement signed by Debtor is sufficient as a financing statement for all purposes, including, without limitation, filing in any state pursuant to the provisions of the Uniform Commercial Code.

(c) Debtor agrees to pay in full all reasonable expenses, including reasonable legal expenses and attorney's fees, of the Secured Party have been or may be incurred by the Secured Party in connection with the preparation of this agreement, the Obligations secured hereby, the collection of any of the Obligations secured hereby, the enforcement of any of Debtor's obligations hereunder and under any document executed in connection with the granting of security for the payment of any of the Obligations secured hereby, and the recording and filing and re-recording and re-filing of any such document.

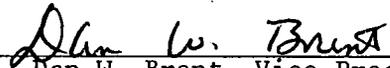
(d) The security interest hereby granted and all the terms and provisions hereof shall be deemed a continuing security agreement and shall continue in full force and effect, and all the terms and provisions hereof shall remain effective as between the parties, until payment of the indebtedness secured hereby.

SIGNED in multiple original counterparts and delivered on October 14, 1980.


D. L. MAGEE

- DEBTOR -

ALLIED FAIRBANKS BANK

By: 
Dan W. Brent, Vice President

- SECURED PARTY -

THE STATE OF TEXAS §
 §
COUNTY OF HARRIS §

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared D. L. MAGEE, 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.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 14 th day of October, 1980.


Notary Public in and for
Harris County, Texas

