

COMMONWEALTH BANK
O F • A R L I N G T O N

Bonnie McCreight
Assistant Vice President

RECORDATION NO. 14571 Filed 1425

January 7, 1985

FEB 14 1985 -3 05 PM

INTERSTATE COMMERCE COMMISSION

Secretary of Interstate
Commerce Commission
Washington, D. C. 20423

To The Secretary:

Please file this Security Agreement by and between Commonwealth Bank of Arlington, whose address is 4200 South Cooper Street, Arlington, Texas 76015 and William W. Saunders, whose address is 725 N. Fielder, Arlington, Texas 76012.

The Security Agreement covers the railroad cars described as follows:

2,000 cubic feet capacity open top hopper car. 100 ton roller bearing trucks manufactured in accordance with Portec, Inc., job number 1931, built in accordance with Portec, Inc., specification H-100-780717 Revision 7. The car bears the following number : TRAX 2083.

In addition, we also have an assignment of a lease agreement by and between William W. Saunders and Lease Investment Corporation.

After this Security Agreement is filed, please send a duplicate copy in the enclosed self-addressed envelope.

Sincerely,



Bonnie McCreight
Assistant Vice President

BPM:sk
enclosure

Interstate Commerce Commission
Washington, D.C. 20423

2/14/85

OFFICE OF THE SECRETARY

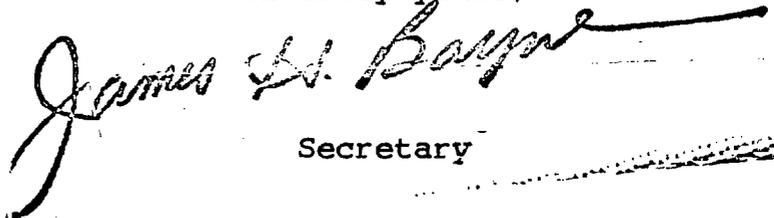
Bonnie Mc Creight

Assist. Vice President)
Commonwealth-Bank Of Arlington
South Cooper At Pleasant Ridge
P.O.Box 15007
Arlington, Texas 76015

Dear Sir:

The enclosed document (s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 2/14/85 at 3:05pm and assigned re-
recording number (s). 14571

Sincerely yours,


Secretary

Enclosure(s)

COMMONWEALTH BANK - ARLINGTON

SECURITY AGREEMENT
EQUIPMENT AND CONSUMER GOODS

RECORDATION NO. 14571 Filed 1425

FEB 14 1985 - 3 05 PM

WILLIAM W. SAUNDERS
(Name)

INTERSTATE COMMERCE COMMISSION

725 N. FIELDER ARLINGTON TARRANT TEXAS 76012
(No. and Street) (City) (County) (State) (Zip Code)

hereinafter called "Debtor," and Commonwealth Bank - Arlington, P.O. Box 15007, Arlington, Tarrant County, Texas, hereinafter called "Secured Party," agree as follows:

Section 1. Creation of Security Interest.

Debtor hereby grants to Secured Party a security interest in the Collateral described in Section II of this Security Agreement to secure performance and payment of all obligations and indebtedness of Debtor to Secured Party of whatever kind and whenever or however created or incurred.

Section II. Collateral.

The Collateral of this Security Agreement is rail car

of the following description:
2,000 cubic feet capacity open top hopper car. 100 ton roller bearing trucks manufactured in accordance with Portec, Inc., job number 1931, built in accordance with Portec, Inc., specification H-100-780717 Revision 7. The car bears the following number: TRAX 2083.

Assignment of lease between William W. Saunders and Lease Investment Corporation. now owned or hereafter acquired by Debtor, and all additions and accessions thereto, and proceeds thereof. The inclusion of proceeds in this Security Agreement does not authorize Debtor to sell, dispose of or otherwise use the Collateral in any manner not specifically authorized by this agreement.

Section III. Payment Obligations of Debtor.

(1) Debtor shall pay to Secured Party any sum or sums due or which may become due pursuant to any promissory note or notes, other instrument or agreement evidencing an indebtedness or obligation of Debtor to Secured Party, now or hereafter executed by Debtor, in accordance with the terms of such promissory note or notes, instrument or agreement, and the terms of this Security Agreement.

(2) Debtor shall pay to Secured Party on demand all expenses and expenditures, including reasonable attorneys' fees and other legal expenses incurred or paid by Secured Party in exercising or protecting its interests, rights and remedies under this Security Agreement, plus interest thereon at the rate of ten percent (10%) per annum.

(3) Debtor shall pay immediately, without notice, the entire unpaid indebtedness of Debtor to Secured Party, whether created or incurred pursuant to this Security Agreement or otherwise, upon Debtor's default under Section V of this Security Agreement.

Section IV. Debtor's Representations, Warranties and Agreements.

Debtor represents, warrants and agrees that:

(1) All information supplied and statements made by Debtor in any financial, credit or accounting statement or application for credit prior to, contemporaneously with or subsequent to the execution of this Security Agreement are and shall be true, correct, complete, valid and genuine.

(2) No Financing Statement covering the Collateral or its proceeds is on file in any public office; except for the security interest granted in this Security Agreement, there is no lien, security interest or encumbrance in or on the Collateral and Debtor is the owner of the Collateral.

(3) Debtor's location is (No. and Street)

(City) (County) (State)
(Debtor's location is: (a) Debtor's place of business if it has only one; (b) Debtor's chief executive office if it has more than one place of business; or (c) Debtor's residence if it has no place of business.)

(4) Debtor will promptly notify Secured Party in writing of any addition, change and/or discontinuance of (a) its address as shown at the beginning of the Secured Agreement; (b) its location as set forth in the Security Agreement; and (c) its name, its identity or corporate structure. If certificates of title are outstanding with respect to any of the Collateral, Debtor will cause the interest of Secured Party to be properly noted thereon.

(5) If the Collateral is to be wholly or partly affixed to real estate or other goods, a description of the real estate or other goods is as follows:

and the name of the record owner of such real estate or other goods is
Said real estate is not subject to any construction mortgage. If the Collateral is wholly or partly affixed to real estate or installed in or affixed on other goods, Debtor will, on demand of Secured Party furnish the latter with a disclaimer or disclaimers, signed by all persons having an interest in the real estate or other goods, of any interest in the Collateral which is prior to Secured Party's interest. Unless the blank spaces in this paragraph are filled in when this Security Agreement is executed, the Collateral will not be affixed to any real estate or other goods so as to become fixtures on such real estate or accessions to other goods.

(6) The Collateral is and shall remain in Debtor's possession or control at all times at Debtor's risk of loss and be kept at

(No. and Street) (City) (County) (State)
where Secured Party may inspect it at any time. Except for its temporary removal in connection with its ordinary use, Debtor shall not remove the Collateral from the above address without obtaining prior written consent from Secured Party.

TERMS AND CONDITIONS CONTINUED ON THE REVERSE SIDE

EXECUTED this 7th day of January, 1985

It is agreed and understood that in the event of a default by Debtor, as herein defined, Secured Party may enter upon any premises on which the Collateral or any part thereof may be situated, take possession and remove the same therefrom by any lawful means, either judicial or nonjudicial, including, without limitation, nonjudicial retaking of the Collateral by the Secured Party from the possession of Debtor and judicial sequestration of the Collateral without notice and without hearing whether or not Debtor is about to remove Collateral beyond the jurisdiction of the court in which any judicial proceeding could be brought, or conceal or destroy said Collateral, or whether or not Collateral is of a type which diminishes rapidly in value. As a part of the consideration for this contract and as an inducement to Secured Party to extend the credit evidenced hereby, Debtor, with full knowledge and understanding of the consequences of his act, hereby expressly waives any and all rights to notice, legal process, and hearing, judicial or nonjudicial, prior to such judicial or nonjudicial retaking.

William W. Saunders
William W. Saunders

DEBTOR

Bonnie McCreight
Bonnie McCreight

BONNIE McCREIGHT
Notary in and for the State of Texas
My commission expires 2-13-1988

- (7) The Collateral will be used primarily for:
- Personal, family or household purposes.
 - Farming operations.
 - Business use, unless Secured Party consents in writing to another use.
 - And; in addition, is being acquired with the proceeds of the note of Debtor to Secured Party which Secured Party may disburse directly to the Seller of the Collateral. (Strike any inapplicable statement.)
- (8) The Collateral will not be misused or abused, wasted or allowed to deteriorate, except for the ordinary wear and tear of its intended primary use, and will not be used in violation of any statute or ordinance.
- (9) Debtor will have and maintain insurance at all times with respect to all Collateral against risks of fire, theft and such other risks as Secured Party may require, including standard extended coverage, and in the case of motor vehicles, including collision coverage. Such insurance policies shall contain such terms, be in a form, for a period and be written by companies satisfactory to Secured Party. Such insurance policies shall also contain a standard mortgagee's endorsement providing for payment of any loss to Secured Party. All policies of insurance shall provide for ten 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. Secured Party may act as attorney for Debtor in obtaining, adjusting, setting 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.
- (10) The Collateral will not be sold, transferred or disposed of by Debtor or be subjected to any unpaid charge, including rent and taxes, or to any subsequent interest of a third person created or suffered by Debtor voluntarily or involuntarily, unless Secured Party consents in advance in writing to such sale, transfer, disposition, charge, or subsequent interest.
- (11) Debtor will sign and execute alone or with Secured Party any Financing Statement or other document or procure any document, and pay all connected costs, necessary to protect the security interest under this Security Agreement against the rights or interests of third persons.
- (12) Debtor will, at its own expense, do, make, procure, execute and deliver all acts, things, writing and assurances as Secured Party may at any time request to protect, assure or enforce its interests, rights and remedies created by, provided in/or emanating from this Security Agreement
- (13) Debtor will not lend, rent, lease or otherwise dispose of the Collateral or any interest therein except as authorized in this Security Agreement or in writing by Secured Party, and Debtor shall keep the Collateral, including the proceeds from any disposition thereof, free from unpaid charges, including taxes, and from liens, encumbrances, and security interests other than that of Secured Party.
- (14) 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 mail addressed to the address of Debtor shown at the beginning of this agreement.

Section V. Events of Default.

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

- Debtor's failure to pay when due any indebtedness secured by this Security Agreement, either principal or interest.
- Default by Debtor in the punctual performance of any of the obligations, covenants, terms or provisions contained or referred to in this Security Agreement or in any note secured hereby.
- Any warranty, representation, or statement contained in this Security Agreement, or made or furnished to Secured Party by or on behalf of Debtor in connection with this Security Agreement or to induce Secured Party to make a loan to Debtor proves to have been false in any respect when made or furnished.
- Loss, theft, substantial damage, destruction, sale or encumbrance of or to any of the Collateral, or the making of any levy, seizure or attachment thereof or thereon.
- Debtor's death, dissolution, termination of existence, insolvency or business failure; the appointment of a receiver of all or any part of the property of Debtor; an assignment for the benefit of creditors of Debtor; the calling of a meeting of creditors of Debtor; or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Debtor or any guarantor or surety for Debtor.
- Any statement of the financial condition of Debtor or of any guarantor, surety or endorser of any liability of Debtor to Secured Party submitted to Secured Party by Debtor or any such guarantor, surety or endorser proves to be false.
- The Collateral becomes, in the judgment of Secured Party, unsatisfactory or insufficient in character or value.
- Any guarantor, surety or endorser for Debtor defaults in any obligation or liability to Secured Party.

Section VI. Secured Party's Rights and Remedies.

A. Rights Exclusive of Default.

- This Security Agreement, Secured Party's rights hereunder or the indebtedness hereby secured may be assigned from time to time, and in any such case the Assignee shall be entitled to all of the rights, privileges and remedies granted in this Security Agreement to Secured Party, and Debtor will assert no claims or defenses he may have against Secured Party against the Assignee, except those granted in this Security Agreement.
- Secured Party may enter upon Debtor's premises at any reasonable time to inspect the Collateral and Debtor's books and records pertaining to the Collateral, and Debtor shall assist Secured Party in making any such inspection.
- Secured Party may execute, sign, endorse, transfer or deliver in the name of Debtor notes, checks, drafts or other instruments for the payment of money and receipts, certificates of origin, applications for certificates of title or any other documents necessary to evidence, perfect or realize upon the security interest and obligations created by this Security Agreement.
- At its option, Secured Party may discharge taxes, liens or security interests or other encumbrances at any time levied or placed on the Collateral, may pay for insurance on the Collateral and may pay for the maintenance and preservation of the Collateral. Debtor agrees to reimburse Secured Party on demand for any payment made, or expense incurred by Secured Party pursuant to the foregoing authorization, plus interest thereon at the rate of ten percent (10%) per annum.

B. Rights in Event of Default.

- 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 at any time thereafter, Secured Party may declare all obligations secured hereby immediately due and payable and shall have the rights and remedies of a Secured Party under the Uniform Commercial Code of Texas, and in addition thereto and cumulative thereof, the following rights: the right to sell, lease, or otherwise dispose of any or all of the Collateral and the right to take possession of the Collateral, and for that purpose Secured Party may enter upon any premises on which the Collateral or any part thereof may be situated and remove the same therefrom; Secured Party may require Debtor to assemble the Collateral and make it available to Secured Party at a place to be designated by Secured Party which is reasonably convenient to both parties; unless the Collateral is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, Secured Party will send Debtor reasonable notice of the time and place of any public sale thereof or of the time after which any private sale or other disposition thereof is to be made. The requirement of sending 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 five days before the time of sale or disposition. Expenses of retaking, holding, preparing for sale, selling or the like shall include Secured Party's reasonable attorneys' fees and legal expenses, and Debtor agrees to pay such expenses, plus interest thereon, at the rate of ten percent (10%) per annum. Debtor shall remain liable for any deficiency.
- 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.
- The remedies of Secured Party hereunder are cumulative, and the exercise of any one or more of the remedies provided for herein shall not be construed as a waiver of any of the other remedies of Secured Party.

Section VII. Additional Agreements.

- The term "Debtor" as used in this instrument shall be construed as singular or plural to correspond with the number of persons executing this instrument as Debtor. The pronouns used in this instrument are in the masculine gender but shall be construed as feminine or neuter as occasion may require. "Secured Party" and "Debtor" as used in this instrument include the heirs, executors or administrators, successors, representatives, receivers, trustees and assigns of those parties.
- If more than one person executes this instrument as Debtor, their obligations under this instrument shall be joint and several.
- The section headings appearing in this instrument have been inserted for convenience only and shall be given no substantive meaning or significance whatever in construing the terms and provisions of this instrument. Terms used in this instrument which are defined in the Texas Uniform Commercial Code are used with the meanings as therein defined.
- The law governing this secured transaction shall be that of the State of Texas in force at the date of this instrument.