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RECORDED NO. **14632** FILED 1425

APR 22 1985 - 10 40 AM

INTERSTATE COMMERCE COMMISSION

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April 22, 1985

*NOT ADMITTED IN NEW YORK

Mr. James H. Bayne
Secretary
Interstate Commerce Commission
Washington, D.C.

Dear Mr. Bayne:

I have enclosed six (6) originals of the document described below, to be recorded pursuant to Section 11303 of Title 49 of the U.S. Code.

New Number
This document is a Security Agreement, a primary document, dated as of April 1, 1985.

Please cross-index this Security Agreement under Recordation No. 14631.

The names and addresses of the parties to this document are as follows:

No.	Debtor:	Steiner Financial Corporation
Date <u>APR 22 1985</u>		One Market Plaza, Suite 2400
Fee \$ <u>20.00</u>		San Francisco, California 94105
ICC Washington, D.C.	Secured Party:	Liberty Life Insurance Company
		2000 Wade Hampton Boulevard
		Greenville, South Carolina 29615

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28. WA 98 01 72

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Countersignature
A. H. Hanson

follows: A description of the equipment covered by the document

Forty-One (41) screened bi-level auto racks manufactured by Thrall Car Manufacturing Company bearing Missouri-Kansas-Texas Railroad Company road numbers T-1 through T-41, inclusive, attached respectively to Trailer Train Company flatcars bearing Trailer Train Company road numbers TTGX 254131, TTGX 254055, TTGX 255205, TTGX 254041, TTGX 256190, TTGX 254087, TTGX 255554, TTGX 254016, TTGX 253902, TTGX 253887, TTGX 255182, TTGX 255283, TTGX 254371, TTGX 255560, TTGX 254385, TTGX 254265, TTGX 254403, TTGX 254453, TTGX 254121, TTGX 254779, TTGX 254083, TTGX 255393, TTGX 255212, TTGX 253985, TTGX 254607, TTGX 253928, TTGX 253925, TTGX 255158, TTGX 254178, TTGX 254459, TTGX 253918, TTGX 255235, TTGX 254255, TTGX 255413, TTGX 254170, TTGX 256228, TTGX 255450, TTGX 255338, TTGX 256146, TTGX 255262, and TTGX 254045.

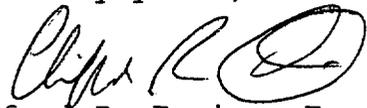
follows: A short summary of the document to appear in the index

Covers 41 auto racks:T-1 through T-41.

A total fee of \$20 is enclosed, \$10 of which is to cover the filing fee for this document and \$10 to cover the cross-indexing under Recordation No. 14631.

Please return to bearer the stamped counterparts not needed by the Commission for its files.

Very truly yours,



Clifford R. Ennico, Esq.

14632
RECORDATION NO. Filed 1425

APR 22 1985 -10 40 AM

INTERSTATE COMMERCE COMMISSION

SECURITY AGREEMENT

Dated as of April 1, 1985

From

STEINER FINANCIAL CORPORATION

DEBTOR

To

LIBERTY LIFE INSURANCE COMPANY

SECURED PARTY

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Attachments to Security Agreement:

Schedule 1 - Description of Equipment

SECURITY AGREEMENT

THIS SECURITY AGREEMENT dated as of April 1, 1985 (the "Security Agreement") is from STEINER FINANCIAL CORPORATION, a Utah corporation (the "Debtor"), Debtor's address being One Market Plaza, Steuart Street Tower, Suite 2400, San Francisco, California 94105, and LIBERTY LIFE INSURANCE COMPANY, a South Carolina corporation (the "Secured Party"), Secured Party's address being 2000 Wade Hampton Boulevard, Greenfield, South Carolina 29615.

R E C I T A L S:

A. The Debtor has entered into a Participation Agreement dated as of the date hereof (the "Participation Agreement") with the Secured Party and Missouri-Kansas-Texas Railroad Company, a Delaware corporation (the "Lessee") providing for the commitment of the Lender to purchase on the Closing Date therein provided not later than May 1, 1985, the 13.75% Secured Notes, (the "Notes") of the Debtor in an aggregate principal amount not to exceed \$774,154.00. Each Note is to be dated the Closing Date, to bear interest from such date at the rate of 13.75% per annum (computed on the basis of a 360-day year of twelve 30-day months), prior to maturity, to be payable as follows: payments of interest only on May 1, 1985, June 1, 1985 and July 1, 1985, followed by forty (40) consecutive quarterly installments, including both principal and interest, payable in accordance with the amortization schedule set forth as Schedule I to each such Note, with the first such installment to be paid on August 1, 1985, and the balance of such installments to be paid on the first day of each November, February, May and August thereafter, to and including May 1, 1995, provided that in any event and notwithstanding the amortization schedule set forth as Schedule I to each such Note, such final payment made on the Notes shall be in an amount sufficient to discharge the accrued interest on, premium, if any, and unpaid principal amount of, the Notes; and to be otherwise substantially in the form attached to the Participation Agreement as Exhibit A-1 or A-2, as appropriate. The liability of the Debtor with respect to the Notes, this Security Agreement and the Participation Agreement is limited as provided in Section 6 of the Participation Agreement.

B. The Notes and all principal thereof, premium, if any, and interest thereon and all additional amounts and other sums at any time due and owing from or required to be paid by the Debtor to the Secured Party under the terms of the Notes, this

Security Agreement or the Participation Agreement are hereinafter sometimes referred to as "indebtedness hereby secured".

C. All of the requirements of law relating to the transactions contemplated hereby have been fully complied with and all other acts and things necessary to make this Security Agreement a valid, binding and legal instrument for the security of the Notes have been done and performed.

D. The capitalized or quoted terms used herein and not defined shall have the respective meanings set forth in Section 1.1 of the Participation Agreement.

SECTION 1. GRANT OF SECURITY INTEREST.

The Debtor, in consideration of the premises and of the sum of Ten Dollars received by the Debtor from the Secured Party and other good and valuable consideration, the receipt and sufficiency whereof is hereby acknowledged, and in order to secure the payment of the principal of, premium, if any, and interest on the Notes according to their tenor and effect, and to secure the payment of all other indebtedness hereby secured and the performance and observance of all of the Debtor's covenants and conditions in the Notes, in this Security Agreement and in the Participation Agreement contained, running in favor of the Secured Party, does hereby convey, warrant, mortgage, assign, pledge and grant to the Secured Party, its successors and assigns, a first and prior perfected security interest in all and singular of the Debtor's right, title and interest in and to the properties, rights, interests and privileges described in Sections 1.1 and 1.2 hereof, subject to those limitations set forth in Section 1.3 hereof excluding the Excepted Rights in Collateral as defined in Section 1.5 hereof (all of which properties hereby mortgaged, assigned and pledged or intended so to be are hereinafter collectively referred to as the "Collateral").

1.1. Equipment Collateral. Collateral includes the equipment described in Schedule 1 attached hereto and made a part hereof (collectively the "Equipment" and individually an "Item" or "Item of Equipment") constituting the Equipment leased and delivered under that certain Lease of Railroad Equipment dated as of March 1, 1985, and as amended from time to time (the "Lease") between the Debtor, as lessor, and the Lessee, as lessee; together with all accessories, equipment, parts and appurtenances appertaining or attached to any of the Equipment hereinabove described, whether now owned or hereafter acquired, except such thereof as remain the property of the Lessee under the Lease, and all substitutions, renewals or replacements of and additions, improvements, accessions and accumulations to any and all of said Equipment, except such thereof as remain the property of the Lessee under the Lease, together with all the rents, issues, income, profits, proceeds and avails therefrom.

1.2. Rental Collateral. Collateral also includes the Lease and all right, title, interest, claims and demands of the Debtor as lessor in, to and under the Lease, including all extensions of the term of the Lease, together with all rights, powers, privileges, options and other benefits of the Debtor as lessor under the Lease, including, without limitation:

(1) the immediate and continuing right to receive and collect all rental payable pursuant to Section 3 of the Lease ("Rent"), payments of Casualty Value if any, insurance proceeds, condemnation awards and other payments, tenders and security now or hereafter payable or receivable by the Lessor under the Lease pursuant thereto, except those sums reserved as Excepted Rights in Collateral under Section 1.5 hereof;

(2) the right to make all waivers and agreements and to enter into any amendments relating to the Lease or any provision thereof, except with regard to the right of the Debtor to receive those sums reserved as Excepted Rights in Collateral under Section 1.5 hereof; and

(3) subject to Section 6 of the Participation Agreement, the right to take such action upon the occurrence of an Event of Default under the Lease or an event which, with the lapse of time or the giving of notice, or both, would constitute an Event of Default under the Lease, including the commencement, conduct and consummation of such legal, administrative or other proceedings, as shall be permitted by the Lease or by law, and to do any and all other things whatsoever which the Debtor or any lessor is or may be entitled to do under the Lease;

it being the intent and purpose hereof that the assignment and transfer to the Secured Party of said rights, powers, privileges, options and other benefits shall be effective and operative immediately and shall continue in full force and effect, and the Secured Party shall have the right to collect and receive all Rent and payments of Casualty Value if any, and other sums for application in accordance with the provisions of Section 4 hereof at all times during the period from and after the date of this Security Agreement until the indebtedness hereby secured has been fully paid and discharged.

1.3. Limitations to Security Interest. The security interest granted by this Section 1 is subject to (a) the interest of the Lessee as lessee under the Lease so long as no Event of Default under the Lease, or any event which with the lapse of time or the giving of notice, or both, would constitute such an Event of Default shall have occurred and be continuing, and the Secured Party shall have continued to receive all Rent and other sums payable pursuant to the Lease, and (b) the lien of current

taxes and assessments not in default (but only if such taxes are entitled to priority as a matter of law), or, if delinquent, the validity of which is being contested in good faith (collectively, "Permitted Encumbrances").

1.4. Duration of Security Interest. The Secured Party, its successors and assigns shall have and hold the Collateral forever; provided, that such security interest is granted upon the express condition that if the Debtor shall pay or cause to be paid all the indebtedness hereby secured pertaining to the Debtor and all covenants and agreements of the Debtor herein and in the Participation Agreement and in the Notes contained, then these presents and the estate hereby granted and conveyed shall cease and this Security Agreement shall terminate; otherwise to remain in full force and effect.

1.5. Excepted Rights in Collateral. There are expressly excepted and reserved from the security interest and operation of this Security Agreement the following described properties, rights, interests and privileges (hereinafter and hereinbefore sometimes referred to collectively as the "Excepted Rights in Collateral") and nothing herein or in any other agreement contained shall constitute an assignment of said Excepted Rights in Collateral to the Secured Party:

(a) all payments of any indemnity under Section 7 or 13 of the Lease, which by the terms thereof are payable to the Debtor for its own account;

(b) all rights of the Debtor under the Lease to demand, collect, sue for or otherwise obtain all amounts from the Lessee due the Debtor on account of any such indemnities or payments pursuant to Section 7 or 13 of the Lease, which by the terms thereof are enforceable by the Debtor for its own account; and

(c) any insurance proceeds payable under the property damage and general public liability policies required to be maintained by the Lessee pursuant to Section 8 of the Lease which by the terms of such policies or the terms of the Lease are payable directly to the Debtor for its own account.

SECTION 2. COVENANTS AND WARRANTIES OF THE DEBTOR.

The Debtor represents, covenants, warrants and agrees as follows:

2.1. Debtor's Duties. The Debtor covenants and agrees to perform, abide by and to be governed and restricted by each and all of the terms, provisions, restrictions, covenants and agreements of the Debtor set forth in the Participation Agreement

and in each and every supplement thereto or amendment thereof which may at any time or from time to time be executed and delivered by the parties thereto or their successors and assigns, to the same extent as though each and all of said terms, provisions, restrictions, covenants and agreements were fully set out herein and as though any amendment or supplement to the Participation Agreement were fully set out in an amendment or supplement to this Security Agreement. The Debtor undertakes to perform only such duties as are expressly and specifically set forth for the Debtor herein and in the other Operative Agreements and no implied obligations or covenants shall be read into this Security Agreement or any other Operative Agreement against the Debtor.

2.2. Warranty of Title. The Debtor has the right, power and authority to grant a security interest in the Collateral to the Secured Party for the uses and purposes herein set forth; and the Debtor will warrant and defend the title to the Collateral against all claims and demands of persons whomsoever lawfully claiming, excepting only this Security Agreement and Permitted Encumbrances. The Debtor also agrees that it will, at its own cost and expense promptly take such action as may be necessary to duly discharge any liens and encumbrances on the Collateral which result from claims against the Debtor not related to the ownership of the Equipment or any transactions pursuant to the Operative Agreements. Without limiting the generality of the foregoing, there is no financing statement or other filed or recorded instrument in which the Debtor is named and which the Debtor has signed, as debtor or mortgagor, now on file in any public office covering any of the Collateral excepting the financing statements or other instruments filed or to be filed in respect of and for the security interest provided for herein.

2.3. Further Assurances. The Debtor will, at no expense to the Secured Party, do, execute, acknowledge and deliver all and every further acts, deeds, conveyances, transfers and assurances necessary or proper for the perfection of the security interest being herein provided for in the Collateral, whether now owned or hereafter acquired. Without limiting the generality of the foregoing but in furtherance of the security interest herein granted in the Rent and other sums due and to become due under the Lease, the Debtor covenants and agrees that it will notify the Lessee of the assignment hereunder and direct the Lessee to make all payments of Rent and other sums due and to become due under the Lease directly to the Secured Party or as the Secured Party may direct in writing.

2.4. After-Acquired Property. Any and all property described or referred to in Section 1 hereof which is hereafter acquired shall ipso facto, and without any further conveyance, assignment or act on the part of the Debtor or the Secured Party,

become and be subject to the security interest herein granted as fully and completely as though specifically described herein, but nothing in this Section 2.4 contained shall be deemed to modify or change the obligation of the Debtor under Section 2.3 hereof.

2.5. Recordation and Filing. The Debtor will cause this Security Agreement and all supplements or amendments hereto, the Lease and all supplements or amendments thereto, and all financing and continuation statements and similar notices required by applicable law, at all time to be kept, recorded, deposited and filed at no expense to the Secured Party in such manner and in such place as the Secured Party may reasonably request or as may be required by law in order to fully preserve and protect the rights of the Secured Party hereunder, and will at no expense to the Secured Party furnish to the Secured Party promptly after the execution and delivery of this Security Agreement an opinion of counsel stating that in the opinion of such counsel, this Security Agreement has been properly recorded or deposited or filed for record so as to make effective of record the security interest intended to be created hereby.

2.6. Modifications of the Lease. The Debtor will not:

(a) declare a default or exercise the remedies of the lessor under, or terminate, modify or accept a surrender of, or offer or agree to any termination, modification or surrender of, the Lease (except as otherwise expressly provided herein) or consent to the creation or existence of any security interest or other lien to secure the payment of indebtedness upon the leasehold estate created by the Lease or any part thereof;

(b) except in respect of Excepted Rights in Collateral, receive or collect any Rent under the Lease prior to the date for payment thereof provided for by the Lease or assign, transfer or hypothecate (other than to the Secured Party hereunder) any Rent payment then due or to accrue in the future under the Lease in respect of the Equipment; or

(c) sell, mortgage, transfer, assign or hypothecate (other than to the Secured Party hereunder) its interest in the Equipment or any part thereof or in any amount to be received by it from the use or disposition of the Equipment.

2.7. Power of Attorney. The Debtor does hereby irrevocably constitute and appoint the Secured Party its true and lawful attorney with full power of substitution, for it and in its name, place and stead, to ask, demand, collect, receive, receipt for, sue for, compound and give acquittance for any and all Rent, income and other sums which are assigned under Sections 1.1 and 1.2 hereof with full power to settle, adjust or compromise any claim thereunder as fully as the Debtor could itself do, and

to endorse the name of the Debtor on all commercial paper given in payment or in part payment thereof, and in its discretion to file any claim or take any other action or proceedings, either in its own name or in the name of the Debtor or otherwise, which the Secured Party may deem necessary or appropriate to protect and preserve the right, title and interest of the Secured Party in and to such Rent and other sums and the security intended to be afforded hereby (except with respect to the Excepted Rights in Collateral unless an Event of Default under Section 5.1(b) hereof shall have occurred and be continuing); provided, that so long as no Event of Default under the Lease shall have occurred and be continuing, no settlements, adjustments or compromise of any claim and no modification of any provision of the Lease or amendment to the Lease, shall be made by the Secured Party without the consent of the Debtor.

2.8. Notice of Default. The Debtor further covenants and agrees that it will give the Secured Party prompt written notice of any event or condition constituting an Event of Default under the Lease if a responsible officer of the Debtor has actual knowledge of such event or condition. For purposes of this Section 2.8. a "responsible officer" shall mean, with respect to the subject matter of any covenant, agreement or obligation of the Debtor in this Security Agreement contained, any corporate officer of the Debtor who, in the normal performance of his operational responsibilities, would have knowledge of such event or condition and the requirements of this Security Agreement with respect thereto.

2.9. Other Encumbrances. The Debtor will not directly or indirectly, incur, create, assume or permit to exist any mortgage, pledge, lien, security interest or other encumbrance of any nature whatsoever on any Item of Equipment, except for Permitted Encumbrances, unless the Secured Party shall have consented thereto in writing.

SECTION 3. POSSESSION, USE AND RELEASE OF PROPERTY.

3.1. Possession of Collateral. So long as no Event of Default as defined in Section 5 hereof has occurred and is continuing, the Debtor shall be suffered and permitted to remain in full possession, enjoyment and control of the Equipment and to manage, operate and use the same and each part thereof with the rights and franchises appertaining thereto, provided, that the possession, enjoyment, control and use of the Equipment shall at all times be subject to the observance and performance of the terms of this Security Agreement. It is expressly understood that the use and possession of the Equipment by the Lessee under and subject to the Lease shall not constitute a violation of this Section 3.1.

3.2. Release of Property. So long as no Event of Default under the Lease has occurred and is continuing, the Secured Party shall execute a release in respect of any Item of Equipment designated by the Lessee for settlement pursuant to Section 8 of the Lease upon receipt from the Lessee of written notice designating the Item of Equipment in respect of which the Lease will terminate and the receipt from the Lessee of all sums payable for such Item of Equipment in compliance with Section 8 of the Lease.

3.3. Protection of Purchaser. No purchaser in good faith of property purporting to be released hereunder shall be bound to ascertain the authority of the Secured Party to execute the release, or to inquire as to any facts required by the provisions hereof for the exercise of such authority; nor shall any purchaser, in good faith, of any item or unit of the Collateral be under obligation to ascertain or inquire into the conditions upon which any such sale is hereby authorized.

SECTION 4. APPLICATION OF ASSIGNED RENTALS AND CERTAIN OTHER MONEYS RECEIVED BY THE SECURED PARTY.

4.1. Application of Rents and Other Payments. As more fully set forth in Section 1.2 hereof the Debtor has hereby granted to the Secured Party a security interest in the Rent, issues, profits, income and other sums due and to become due under the Lease in respect of the Equipment as security for the Notes (except with respect to Excepted Rights in Collateral). So long as no Event of Default as defined in Section 5 hereof has occurred and is continuing:

(a) The amounts from time to time received by the Secured Party which constitute payment by the Lessee under the Lease of the installments of Rent shall be applied first, to the payment of the installments of principal of, premium, if any, and interest (and in each case first to interest and premium, if any, and then to principal) on the Notes which have matured or will mature on or before the due date of the installments of Rent which are received by the Secured Party, and then the balance, if any, of such amounts shall be paid promptly to or upon the order of the Debtor;

(b) The amounts from time to time received by the Secured Party which constitute settlement by the Lessee of the Casualty Value for any Item of Equipment (the "Section 8 Item") pursuant to Section 13 of the Lease, shall be applied promptly by the Secured Party as follows:

(i) First, to the payment of an amount equal to the accrued and unpaid interest on that portion of any Note to be prepaid pursuant to the following subparagraph;

(ii) Second, an amount equal to the Loan Value (as hereinafter defined) of each such Section 8 Item shall be applied to the prepayment, without premium, of each Note secured by such Section 8 Item (a "Designated Note") so that each of the remaining installments of such Designated Note shall be reduced in the proportion that the aggregate principal amount of such prepayment bears to the aggregate unpaid principal amount of all Designated Notes then outstanding immediately prior to such prepayment; and

(iii) Third, the balance, if any, of such amounts held by the Secured Party after making the applications provided for by the preceding subparagraphs (i) and (ii) shall be released to or upon the order of the Debtor promptly following payment of the amounts provided in the preceding clauses (i) and (ii).

For purposes of this Section 4.1(b), the "Loan Value" in respect of any Section 8 Item shall be an amount equal to the product of (A) a fraction, the numerator of which is an amount equal to the Total Invoice Cost of such Section 8 Item and the denominator of which is the aggregate Total Invoice Cost of all Items of Equipment in respect of which the Notes issued in respect of such Section 8 Item were issued (including the Total Invoice Cost of such Section 8 Item), times (B) the unpaid aggregate principal amount of the Notes immediately prior to the prepayment provided for in this Section 4.1(b) (after giving effect to all payments of installments of principal made or to be made on the date of prepayment provided for in this Section 4.1(b));

(c) Amounts to be paid to the Debtor pursuant to this Section 4.1 shall be paid forthwith by check of the Secured Party mailed to the office of the Debtor at the address set forth in Section 6.3 hereof.

4.2. Multiple Notes. If more than one Note (in the case of a payment pursuant to Section 4.1(a) hereof) or Designated Note (in the case of a payment pursuant to Section 4.1(b) hereof) is outstanding at the time any such application is made, such application shall be made on all outstanding Notes or Designated Notes, as the case may be, ratably in accordance with the aggregate principal amount remaining unpaid thereon.

4.3. Default. If an Event of Default referred to in Section 5 hereof has occurred and is continuing, all amounts received by the Secured Party pursuant to Section 1.2 hereof

shall be applied in the manner provided for in Section 5 in respect of proceeds and avails of the Collateral.

SECTION 5. DEFAULTS AND OTHER PROVISIONS.

5.1. Events of Default. The term "Event of Default" for all purposes of this Security Agreement shall mean one or more of the following:

(a) Default in payment of an installment of the principal of, premium, if any, or interest on, any Note when and as the same shall become due and payable, whether at the due date thereof or at the date fixed for prepayment or by acceleration or otherwise;

(b) Subject to Section 5.3 hereof, an Event of Default under the Lease shall have occurred and be continuing under the Lease, except in respect of default in payment or performance with regard to any Excepted Rights in Collateral (an "Excepted Rights Default"), provided, that if an Excepted Rights Default shall have occurred and be continuing, the Debtor shall give the Secured Party prompt notice of the occurrence of such Excepted Rights Default and further provided, that if, in the reasonable judgment of the Debtor communicated to the Secured Party in writing, the Debtor determines that it must exercise any of its rights and remedies under the Lease against any of the Collateral, such Excepted Rights Default shall also be deemed an Event of Default hereunder;

(c) Default on the part of the Debtor in the due observance or performance of any covenant or agreement (other than pursuant to subsection (a) or (b) hereof) to be observed or performed by the Debtor under this Security Agreement or the Participation Agreement, and such default shall continue unremedied for ten days after written notice from the Secured Party to the Debtor specifying the default and demanding the same to be remedied;

(d) Any representation or warranty on the part of the Debtor made herein or in the Participation Agreement or in any report, certificate, financial or other statement furnished in connection with this Security Agreement, the Lease or the Participation Agreement, or the transactions contemplated therein, shall prove to have been false or misleading in any material respect when made;

(e) Any claim, lien or charge (other than Permitted Encumbrances) shall be asserted against or levied or imposed upon the Equipment which is prior to or on a parity with the security interest granted hereunder, and such claim, lien or charge shall not be discharged or removed within 60 calendar

days after written notice from the Secured Party to the Debtor and the Lessee demanding the discharge or removal thereof;

(f) The Debtor shall (1) be generally not paying its debts as they become due, (2) file, or consent to the filing against it of a petition for relief under any bankruptcy or insolvency laws, (3) make an assignment for the benefit of creditors, (4) consent to the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator, or other official with similar powers over the Debtor or a substantial part of its property, or (5) take corporate action for the purpose of any of the foregoing; or

(g) A court having jurisdiction over the Debtor or its property shall enter a decree or order in respect of the Debtor or such property in an involuntary case under any bankruptcy or insolvency law, or shall appoint a receiver, liquidator, assignee, custodian, trustee, sequestrator, or other official with similar powers over the Debtor or any such property, or shall order the winding-up or liquidation of the affairs of the Debtor, and such order or decree shall continue in effect for a period of 60 consecutive days; or

(h) the Debtor shall fail to make any payment due on any indebtedness or any event shall occur or any condition shall exist in respect of any indebtedness under any agreement for the repayment of borrowed money in the amount of \$100,000 or more, the effect of which is to permit any holder of indebtedness under such agreement or trustee for the holders thereof to cause such indebtedness or portion thereof to become due prior to its stated maturity or its regularly scheduled dates of payment, unless such indebtedness shall be nonrecourse to the Debtor and such failure, event, or condition shall not be due to any act or failure to act on the part of the Debtor, or unless such failure, event or condition shall be waived in writing by such holder or such trustee.

5.2. Secured Party's Rights. The Debtor agrees that when any Event of Default as defined in Section 5.1 has occurred and is continuing, but subject to Section 5.3 hereof and Section 6 of the Participation Agreement, the Secured Party shall have the rights, options, duties and remedies of a secured party, and the Debtor shall have the rights and duties of a debtor, under the Uniform Commercial Code of the State of New York (regardless of whether such Code or a law similar thereto has been enacted in a jurisdiction wherein the rights or remedies are asserted) and without limiting the foregoing, the Secured Party may exercise any one or more or all, and in any order, of the remedies herein-after 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 by notice in writing to the Debtor declare the entire unpaid balance of the Notes 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;

(b) Subject to the rights of the Lessee under the Lease, provided no Event of Default thereunder has occurred and is continuing, the Secured Party shall have the right subject to compliance with any applicable mandatory legal requirements to take immediate possession of the Collateral, 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, if this can be done without breach of the peace, and search for, take possession of, remove, keep and store the same, or use and operate or lease the same until sold;

(c) Subject to the rights of the Lessee under the Lease, provided no Event of Default thereunder has occurred and is continuing and the Secured Party continues to receive all Rent and other sums payable pursuant to the Lease, the Secured Party may, if at the time such action may be lawful and 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 and the Lessee once at least ten (10) days prior to the date of such sale, and any other notice which may be required by law, sell and dispose of the Collateral, or any part thereof, at public auction to the highest bidder or, unless prohibited under applicable law, at private sale, 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 Collateral or any part thereof) designated in the notice above referred to; provided that any such sale shall be held in a commercially reasonable manner. 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 Debtor may bid and become the purchaser at any such sale;

(d) Subject to the rights of the Lessee under the Lease, provided no Event of Default thereunder has occurred and is continuing, the Secured Party may proceed to protect and enforce its rights under this Security Agreement, the Participation Agreement and the Notes by suit or suits or proceedings in equity, at law or in bankruptcy, and whether

for the specific performance of 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 Collateral or any part thereof, or subject to the provisions of Section 6 of the Participation Agreement, 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; and

(e) Subject to the rights of the Lessee under the Lease, provided no Event of Default thereunder has occurred and is continuing, the Secured Party may proceed to exercise all rights, privileges and remedies of the Debtor under the Lease, 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.

5.3. Certain Rights of the Debtor on the Occurrence of an Event of Default Under the Lease. Except as hereinafter provided, if an Event of Default under the Lease and any default or Event of Default hereunder arising therefrom shall have occurred and be continuing (including, without limitation, any resulting default or Event of Default under Section 5.1(a) hereof), the Secured Party shall give the Debtor not less than fifteen (15) business days' prior written notice of the date (the "Enforcement Date") on which the Secured Party will exercise any remedy or remedies pursuant to Section 5.2 hereof. If an Event of Default under the Lease shall have occurred and be continuing, the Debtor shall have the following rights hereunder:

(a) In the event of the occurrence of an Event of Default under the Lease arising under Section 14.1(1) thereof and any default or Event of Default hereunder arising therefrom, the Debtor may, prior to the Enforcement Date, pay to the Secured Party an amount equal to any principal, premium, if any, and interest (including interest, if any, on overdue payments of principal, premium, if any, and interest, to the extent permitted by applicable law) then due and payable on the Notes, which payment shall, for all purposes of this Security Agreement, be deemed to have cured such default or Event of Default; provided, that the Debtor may not exercise such right in respect of more than two (2) consecutive defaults under Section 14.1(1) of the Lease or in any event more than a total of four (4) times throughout the term of the Lease.

(b) Except as hereinafter in this Section 5.3(b) provided, the Debtor shall not, by exercising the right to cure any such default or Event of Default, obtain any lien, charge or encumbrance of any kind on any of the Collateral for or on account of costs or expenses incurred in connection

with the exercise of such right nor shall any claims of the Debtor against the Lessee or any other party for the repayment of such costs or expenses impair the prior right and security interest of the Secured Party in and to the Collateral. In the event the Debtor pays in full the amount of principal, premium, if any, and interest then due and payable of or on the Notes pursuant to Section 5.3(a) hereof, the Debtor shall be subrogated to the rights of the Secured Party in respect of the Rent under the Lease which was overdue at the time of such payment and interest payable by the Lessee on account of its being overdue, and therefore, if no other default or Event of Default hereunder shall have occurred and be continuing and if all principal, premium, if any, and interest payments due of or on the Notes have been paid at the time of receipt by the Secured Party of such Rent under the Lease, the Debtor shall be entitled to receive such Rent and such interest upon receipt thereof by the Secured Party; provided that (i) in the event the principal of, premium, if any and interest on the Notes shall have become due and payable pursuant to Section 5.2(a) hereof, such subrogation shall, until principal of, premium, if any and interest on all Notes shall have been paid in full, be subordinate to the rights of the Secured Party in respect of such payment of Rent and such interest on such overdue Rent prior to receipt by the Debtor of any amount pursuant to such subrogation, and (ii) the Debtor shall not be entitled to seek to recover any such payment (or any payment in lieu thereof) except pursuant to the foregoing right of subrogation.

(c) Whether or not the Debtor shall then have the right to cure an Event of Default under the Lease pursuant to Section 5.3(a) above, if an Event of Default shall have occurred and be continuing and the unpaid balance of the Notes shall have been declared due and payable pursuant to Section 5.2(a) hereof, before the sale or taking of the Equipment in accordance with the provisions of Section 5.2 hereof, the Debtor may at its option prepay the Notes, without premium or penalty, by payment of the entire unpaid principal amount thereof and all other indebtedness hereby secured, together with accrued interest thereon, including interest on overdue amounts, to the date of prepayment. In the event of such a prepayment of the Notes, the Secured Party shall forthwith transfer all of its right, title and interest in and to the Collateral under this Security Agreement to the Debtor and the Debtor shall assume all such right, title and interest.

5.4. Acceleration Clause. In case of any sale of the Collateral, or of any part thereof, pursuant to any judgment or decree of any court or otherwise in connection with the enforcement of any of the terms of this Security Agreement, the principal of the Notes, if not previously due, and the premium if any

and interest accrued thereon and all other indebtedness hereby secured, shall at once become and be immediately due and payable; also in the case of any such sale, any purchaser, for the purpose of making settlement for or payment of the purchase price, shall be entitled to turn in and use, as a credit on the purchase price, an amount of the Notes (including all claims for interest matured and unpaid thereon) owned by such purchaser equal to the pro rata portion of the net proceeds of such sale to which such purchaser is entitled on account of all Notes owned by such purchaser.

5.5. Waiver by Debtor. To the extent permitted by law, the Debtor covenants that it will not at any time insist upon or plead, or in any manner whatever claim or take any benefit or advantage of, any stay or extension law now or at any time hereafter in force, nor claim, take, or insist upon any benefit or advantage of or from any law now or hereafter in force providing for the valuation or appraisal of the Collateral or any part thereof prior to any sale or sales thereof to be made pursuant to any provision herein contained, or to the decree, judgment or order of any court of competent jurisdiction; nor, after such sale or sales, claim or exercise any right under any statute now or hereafter made or enacted by any state or otherwise to redeem the property so sold or any part thereof, and, to the full extent legally permitted, hereby expressly waives for itself and on behalf of each and every person, except decree or judgment creditors of the Debtor acquiring any interest in or title to the Collateral or any part thereof subsequent to the date of this Security Agreement, all benefit and advantage of any such law or laws, and covenants that it will not invoke or utilize any such law or laws or otherwise hinder, delay or impede the execution of any power herein granted and delegated to the Secured Party, but will suffer and permit the execution of every such power as though no such power, law or laws had been made or enacted.

5.6. Effect of Sale. Any sale, whether under any power of sale hereby given or by virtue of judicial proceedings, shall operate to divest all right, title, interest, claim and demand whatsoever, either at law or in equity, of the Debtor in and to the property sold, shall be a perpetual bar, both at law and in equity, against the Debtor, its successors and assigns, and against any and all persons claiming the property sold or any part thereof under, by or through the Debtor, its successors or assigns (subject, however, to the then existing rights, if any, of the Lessee under the Lease).

5.7. Application of Sale Proceeds. The proceeds and/or avails of any sale of the Collateral, or any part thereof, and the proceeds and the avails of any remedy hereunder shall be paid to and applied as follows:

(a) First, to the payment of costs and expenses of foreclosure or suit, if any, and of such sale, and of all proper expenses, liability and advances, including reasonable legal expenses and attorneys' fees, incurred or made hereunder by the Secured Party, and of all taxes, assessments or liens superior to the lien of these presents, except any taxes, assessments or other superior lien subject to which said sale may have been made;

(b) Second, to the payment to the Secured Party of the amount then owing or unpaid on the Notes for principal, premium, if any and interest, and in case such proceeds shall be insufficient to pay in full the whole amount so due, owing or unpaid upon the Notes, then ratably according to the aggregate of such principal and the accrued and unpaid interest and premium, if any, with application on each Note to be made, first, to the unpaid interest and premium, if any, thereon, and thereafter to the unpaid principal thereof; such application to be made upon presentation of the Notes, and the notation thereon of the payment, if partially paid, or the surrender and cancellation thereof, if fully paid; and

(c) Third, to the payment of the surplus, if any, to the Debtor, its successors and assigns, or to whosoever may be lawfully entitled to receive the same.

5.8. Discontinuance of Remedies. In case the Secured Party shall have proceeded to enforce any right under this Security Agreement by foreclosure, sale, entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely, then and in every such case the Debtor and the Secured Party shall be restored to their former position and rights hereunder with respect to the property subject to the security interest created under this Security Agreement.

5.9. Cumulative Remedies. No delay or omission of the Secured Party to exercise any right or power arising from any default on the part of the Debtor, shall exhaust or impair any such right or power or prevent its exercise during the continuance of such default. No waiver by the Secured Party of any such default, whether such waiver be full or partial, shall extend to or be taken to affect any subsequent default, or to impair the rights resulting therefrom except as may be otherwise provided herein. No remedy hereunder is intended to be exclusive of any other remedy but each and every remedy shall be cumulative and in addition to any and every other remedy given hereunder or otherwise existing; nor shall the giving, taking or enforcement of any other or additional security, collateral or guarantee for the payment of the indebtedness hereby secured operate to prejudice, waive or affect the security of this Security Agreement or any

rights, powers or remedies hereunder, nor shall the Secured Party or holder of any of the Notes be required to first look to, enforce or exhaust such other or additional security, collateral or guarantee.

SECTION 6. MISCELLANEOUS.

6.1. Successors and Assigns. Whenever any of the parties hereto is referred to, such reference shall be deemed to include the successors and assigns of such party; and all the covenants, promises and agreements in this Security Agreement contained by or on behalf of the Debtor or by or on behalf of the Secured Party, shall bind and inure to the benefit of the respective successors and assigns of such parties whether so expressed or not.

6.2. Partial Invalidity. The unenforceability or invalidity of any provision or provisions of this Security Agreement shall not render any other provision herein contained unenforceable or invalid.

6.3. Communications. All communications provided for herein shall be in writing and shall be deemed to have been given (unless otherwise required by the specific provisions hereof in respect of any matter) when delivered personally or five (5) days following deposit in the United States mail, certified, postage prepaid, addressed as follows:

If to the Debtor: Steiner Financial Corporation
One Market Plaza
Steuart Street Tower
Suite 2400
San Francisco, California 94105
Attention: President

With a copy to: Manwell & Wes
425 California Street, Suite 1301
San Francisco, California 94104
Attention: Edward J. Wes, Esq.

If to the Secured Party: Liberty Life Insurance Company
Post Office Box 789
Greenville, South Carolina 29602
Attention: Securities Department

If to any holder of Registered Notes: At its address for notices set forth in the Register

If to any holder of Order Notes: At the last address of such holder of which the Debtor has knowledge

or to any such party at such other address as such party may designate by notice duly given in accordance with this Section to the other parties. Duplicate copies of all notices delivered to the Debtor or the Secured Party hereunder will be delivered to the Lessee at its address set forth in Section 8.2 of the Participation Agreement.

6.4. Amendments. This Security Agreement may, from time to time and at any time, be amended or supplemented by an instrument or instruments in writing executed by the parties hereto.

6.5. Release. The Secured Party shall release this Security Agreement and the security interest granted hereby by proper instrument or instruments upon presentation of satisfactory evidence that all indebtedness hereby secured has been fully paid or discharged.

6.6. Governing Law. This Security Agreement and the Notes shall be construed in accordance with and governed by the laws of the State of California without regard to principles of conflict of laws, provided, however, that the parties shall be entitled to all rights conferred by 49 U.S.C. Section 11303, as amended, and such additional rights arising out of the filing, recording or deposit hereof, if any, and of any assignment hereof as shall be conferred by the laws of the several jurisdictions in which this Security Agreement shall be filed, recorded or deposited.

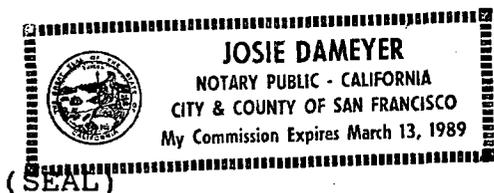
6.7. Counterparts. This Security Agreement may be executed, acknowledged and delivered in any number of counterparts, each of such counterparts constituting an original but all together only one Security Agreement.

6.8. Headings. Any headings or captions preceding the text of the several sections hereof are intended solely for convenience of reference and shall not constitute a part of this Security Agreement nor shall they affect its meaning, construction or effect.

6.9. Effective Date. Although this Security Agreement is dated as of the date first above written for convenience, the actual dates of execution hereof by the Debtor and the Secured Party are respectively the dates set forth in the acknowledgments hereto, and this Security Agreement shall be effective on the latest of such dates.

STATE OF CALIFORNIA)
) SS
COUNTY OF SAN FRANCISCO)

On this 19th day of April, 1985, before me personally appeared Paul C Kepler, to me personally known, who being by me duly sworn, says that he is the PRESIDENT of STEINER FINANCIAL CORPORATION, that one of the seals affixed to the foregoing instrument is the 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.



Josie Dameyer
Notary Public

My commission expires: 3-13-89

STATE OF SOUTH CAROLINA)
) SS
COUNTY OF _____)

On this _____ day of _____, 19____, before me personally appeared _____, to me personally known, who being by me duly sworn, says that he is the _____ of LIBERTY LIFE INSURANCE COMPANY, that one of the seals 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.

Notary Public

(SEAL)

My commission expires:

IN WITNESS WHEREOF, the Debtor and the Secured Party have caused this Security Agreement to be executed, as of the day and year first above written.

STEINER FINANCIAL CORPORATION

[CORPORATE SEAL]

By

Its _____

ATTEST:

Authorized Officer

LIBERTY LIFE INSURANCE COMPANY

By

Its

Douglas W. Kroske
Douglas W. Kroske

Assistant Vice President

[CORPORATE SEAL]

ATTEST:

Emelyn M. Angeletti
Authorized Officer

STATE OF CALIFORNIA)
) SS
COUNTY OF SAN FRANCISCO)

On this _____ day of _____, 19__, before me personally appeared _____, to me personally known, who being by me duly sworn, says that he is the _____ of STEINER FINANCIAL CORPORATION, that one of the seals affixed to the foregoing instrument is the 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.

Notary Public

(SEAL)

My commission expires:

STATE OF SOUTH CAROLINA)
) SS
COUNTY OF GREENVILLE)

On this 19th day of April, 1985, before me personally appeared Douglas W. Kroske, to me personally known, who being by me duly sworn, says that he is the Assistant Vice President of LIBERTY LIFE INSURANCE COMPANY, that one of the seals 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.

Sophia D. Vargas

Notary Public

(SEAL)

My commission expires: 11-18-92

Schedule I

Description of Equipment

Forty-One (41) fully Screened 89 foot, four inch bi-level auto racks, attached to the flatcars bearing the Lessee's road numbers set forth in Attachment 1 hereof and made a part hereof;

together with any and all additions, parts, attachments, improvements, accessions, substitutions and replacements to or for any of the above items of railroad equipment.

ATTACHMENT 1 to
Schedule I
to
Security Agreement

TRAILER TRAIN CAR NUMBER

AUTORACK ROAD NUMBER

TTGX 254131	T - 01
TTGX 254055	T - 02
TTGX 255205	T - 03
TTGX 254041	T - 04
TTGX 256190	T - 05
TTGX 254087	T - 06
TTGX 255554	T - 07
TTGX 254016	T - 08
TTGX 253902	T - 09
TTGX 253887	T - 10
TTGX 255182	T - 11
TTGX 255283	T - 12
TTGX 254371	T - 13
TTGX 255560	T - 14
TTGX 254385	T - 15
TTGX 254265	T - 16
TTGX 254403	T - 17
TTGX 254453	T - 18
TTGX 254121	T - 19
TTGX 254779	T - 20
TTGX 254083	T - 21
TTGX 255393	T - 22
TTGX 255212	T - 23
TTGX 253985	T - 24
TTGX 254607	T - 25
TTGX 253928	T - 26
TTGX 253925	T - 27
TTGX 255158	T - 28
TTGX 254178	T - 29
TTGX 254459	T - 30
TTGX 253918	T - 31
TTGX 255235	T - 32
TTGX 254255	T - 33
TTGX 255413	T - 34
TTGX 254170	T - 35
TTGX 256228	T - 36
TTGX 255450	T - 37
TTGX 255338	T - 38
TTGX 256146	T - 39
TTGX 255262	T - 40
TTGX 254045	T - 41