



MBank Lincoln Centre
A Momentum Bank

No. **6-022A021**
Date **JAN 22 1986**
Fee \$ **10.00**

John F. Ammons
Senior Vice President

January __, 1986

ICC Washington, D. C.

James H. Bayne, Secretary
Interstate Commerce Commission
Washington, D.C. 20423

14884
RECORDATION NO. _____ Filed 1475

JAN 22 1986 3 25 PM

Re: Documents for Recordation

INTERSTATE COMMERCE COMMISSION

Dear Secretary:

I have enclosed an original and one counterpart of the document described below, to be recorded pursuant to 49 U.S.C. § 11303. That document is a Security Agreement, a primary document, dated December 30, 1985.

We request that this assignment be cross indexed with:

Trinity Railcar Management Company
P.O. Box 10587
Dallas, Texas 75207

which company may have a continuing interest in the equipment covered by the document in the form of a management agreement which is not involved in this particular assignment.

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

Pledgor: Robert R. Wallace
30 1/2 Highland Park Village, Suite 12
Dallas, Texas 75205

Pledgee: MBank Lincoln Centre, N.A.
5400 LBJ Freeway, Suite 150
Dallas, Texas 75240

A description of the equipment covered by the document is as follows:

Nineteen 23,500 gallon capacity 100 ton railroad tank cars bearing the numbers RTMX 2572, RTMX 2573, RTMX 2574, RTMX 2575, RTMX 2576, RTMX 2577, RTMX 2578, RTMX 2579, RTMX 2580, RTMX 2581, RTMX 2582, RTMX 2583, RTMX 2585, RTMX 2586, RTMX 2587, RTMX 2588, RTMX 2589, RTMX 2590 and RTMX 2593, which cars, without limiting the scope of the liens taken, were allegedly purchased from Richmond Tank Car Company as evidenced by bill of sale dated August 10, 1977;

MOTOR VEHICLE TITLE DIVISION
 JAN 22 3 21 PM '86
 RECEIVED
 TITLE DIVISION

Mr. James H. Bayne
January __, 1986
Page Two

Five 23,500 gallon nominal capacity general purpose railroad tank cars, class DOT111A100W3, exterior coiled and insulated, 100 ton roller bearing trucks bearing the numbers RTMX 12113, RTMX 12115, RTMX 12116, RTMX 12117 and RTMX 12118, which cars, without limiting the scope of the liens taken, were allegedly purchased from C. A. Rundell, Jr. as evidenced by bill of sale dated January 27, 1983; and

Eleven 4,750 cubic foot capacity, 100 ton covered hopper railroad cars bearing the numbers PLMX 11081, PLMX 11155, PLMX 11156, PLMX 11157, PLMX 11158, PLMX 11159, PLMX 11160, PLMX 11161, PLMX 11162, PLMX 11163 and PLMX 11164.

A fee of \$10.00 for filing a primary document is enclosed. Please return the original and any extra copies not needed by the Commission for recordation to our attorney, Russell A. Fink, Hughes & Luce, 1300 Two Lincoln Centre, Dallas, Texas 75240, telephone number 214/386-7000.

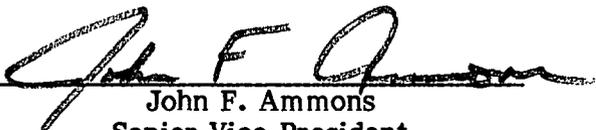
A short summary of the document to appear in the index follows:

Security Agreement between Robert L. Wallace, as pledgor, and MBank Lincoln Centre, N.A., 5400 LBJ Freeway, Suite 150, Dallas, Texas 75240, as pledgee, dated December 30, 1985 and covering twenty-four 23,500 gallon capacity, 100 ton railroad tank cars and eleven 4,750 cubic foot capacity, 100 ton covered hopper railroad cars.

Should you have any questions, please contact our above listed attorney.

Very truly yours,

MBANK LINCOLN CENTRE, N.A.

By: 
John F. Ammons
Senior Vice President

MBank-LINCOLN CENTRE, N.A. SECURITY AGREEMENT

Date: December 19, 1985

THIS SECURITY AGREEMENT made and entered into by and between MERCANTILE BANK LINCOLN CENTRE, N.A., 5400 L.B.J. Freeway, Suite 150, Dallas, Texas 75240 ("Bank") and Robert R. Wallace ("Pledgor"), of 5420 LBJ Freeway, LB. 22 Dallas, Texas 75240

RECORDATION NO. 14881

JAN 22 1986 3 22 PM

(Residence Address — street, county, state; if mailing address different, insert both addresses)

INTERSTATE COMMERCE COMMISSION

as follows:

1. **Indebtedness.** The Security Interest (defined below) is herein created to secure all obligations and indebtedness to Bank, direct or indirect, now existing or hereafter arising, of whatsoever kind or character, whenever or however created or incurred, of Hidden Oaks Partners, Ltd.

5420 LBJ Freeway, LB 22, Dallas, Texas 75240 (Name)
5420 LBJ Freeway, LB 22, Dallas, Texas 75240 (Mailing Address)

or any one of them (collectively, the "Indebtedness").

2. **Agreement and Collateral.** For value received, Pledgor hereby grants to Bank a security interest ("Security Interest") in the following described property, together with the additional property described in paragraph 3.F hereof ("Collateral"), to-wit:

(If Collateral is now or hereafter to become fixtures, crops, oil, gas or other minerals, or timber, describe land concerned and record owner thereof.)

Tank and Hopper Cars as described in the attached exhibit.

* The collateral will secure any and all debt currently with MBank Lincoln Centre, N.A. and any debt incurred thereafter on behalf of Foundation Properties, Inc., Glen Arbor Partners, Ltd, Robert R. Wallace, and Hidden Oaks Partners, Ltd.

This agreement shall cover any and all renewals of loan dated December 19, 1985, in the amount of \$2,500,000.00 and all entities associated with the individual and company throughout the terms of debt stated in each contract designated by account with MBank Lincoln Centre, N.A.

The Collateral is (mark the blank(s) preceding all statements applicable to this Agreement)

- goods to be used for personal, family or household purposes (consumer goods).
- inventory.
- goods to be used primarily in business operations (equipment) other than farming.
- equipment used in farming operations, or farm products or accounts thereof.
- accounts and the records of Collateral are kept at

(full address, if other than above)

being acquired by or for Pledgor with the proceeds advanced by Bank.

to be kept at (full address, if other than above)

or will become fixtures.

3. Pledgor's Warranties, Covenants and Further Agreements.

A. **Title.** Except for the Security Interest, Pledgor has, or on acquisition will have, fee simple title to the Collateral free from any lien, security interest, encumbrance or claim (except liens for current taxes not due) and Pledgor will, during the term of this Agreement, at Pledgor's cost, keep the Collateral free from other liens, security interests, encumbrances or claims, and defend any action which may affect the Security Interest or Pledgor's title to the Collateral. This Agreement and any account, instrument or document which is, or shall be, included in the Collateral is, and shall be, genuine and legally enforceable and free from any setoff, counterclaim or defense. No notice of bankruptcy or insolvency of an account debtor has been received by Pledgor.

B. **Perfection.** No financing statement covering the Collateral or any part or proceeds thereof is on file in any public office and, at Bank's request, Pledgor will join in executing all financing statements and other instruments deemed necessary by Bank to perfect the Security Interest and to assist Bank in complying with Federal Assignment of Claims Act and will pay all costs thereof. If the Collateral is of such nature that possession by Bank is necessary to perfect Bank's Security Interest in such Collateral, Pledgor has delivered such Collateral to Bank simultaneously herewith, or agrees to deliver such Collateral to Bank as soon hereafter as is reasonably practicable, accompanied by all proper instruments of transfer and assignment duly executed.

C. **Assignment.** Notwithstanding any other provision hereof, Pledgor will not process, sell, lease or otherwise dispose of all or part of the Collateral, except inventory, identified as such herein, in the ordinary course of business. Bank may assign or transfer all or part of its rights in, and obligations, if any, under the Indebtedness, the Collateral and this Agreement.

D. **Insurance.** Pledgor will insure the Collateral with companies acceptable to Bank against such casualties and in such amounts as Bank shall require with a clause in favor of Pledgor and Bank as their interests may appear, and Bank is hereby authorized to collect sums which may become due under any of said policies and apply same to the Indebtedness. All policies of insurance shall provide for written notice to Bank at least ten (10) days prior to cancellation. Risk of loss not covered by insurance is in Pledgor.

E. **Maintenance.** Pledgor will preserve the Collateral, keep same in good order and repair (at Pledgor's own risk of loss), and will not waste, destroy, lose, allow to deteriorate (other than ordinary wear and tear), or materially modify the Collateral, or release any party liable thereon. Pledgor will not exercise, or cause to be exercised, any voting rights with regard to the Collateral, without the prior written consent of Bank, if the direct or indirect effect of such vote results in a material change to the Collateral or the corporation, partnership, other entity or property in which the Collateral evidences a legal or beneficial interest. Pledgor will not allow the Collateral to be used in violation of any statute or ordinance. Bank, or its agents, will have the right to examine, audit, inspect and copy, as the case may be, the Collateral and any books or records pertaining thereto (which Pledgor agrees to keep in an accurate and complete form, reflecting the assignment, if any, of accounts hereunder) at any time. Pledgor shall furnish reports, data and financial statements, including audits by independent public accountants, in respect of the Collateral and Pledgor's business and financial condition, as Bank may require. Pledgor will pay promptly when due all taxes and assessments on the Collateral or for its use and operation and all costs, expenses and insurance premiums necessary to preserve, protect, maintain and collect the Collateral. Bank may, at its option, discharge such costs, expenses, and premiums for the repair, maintenance, and preservation of the Collateral, and all sums so expended shall be part of the Indebtedness.

F. **Additional Property.** The Collateral includes all proceeds, increases, substitutions, products, offspring, accessions and attachments thereof, including, without limitation, all securities, subscription rights, dividends, or other property or benefits which Pledgor is entitled to receive on account of the Collateral; equipment, tools, parts and accessories used in connection therewith; and goods covered by chattel paper, accounts or other items of the Collateral. The Collateral also includes all money or property of Pledgor in Bank's possession, held for or owed to Pledgor, Bank being granted herein the right to set off such money and property against the Indebtedness. If livestock is included, the Collateral also covers Pledgor's related feed, water privileges, equipment used in feeding and handling the livestock, and rights in contracts and leases on lands used for pasture and grazing purposes. For purposes of this Agreement, the references to the terms "account" or "accounts" shall be deemed to include chattel paper as well as accounts, when applicable. Pledgor will immediately deliver all additional property to Bank upon receipt by Pledgor, with proper instruments of transfer and assignment, if possession by Bank is necessary to perfect Bank's security interest or if otherwise required pursuant to this Agreement. The Collateral does not include any additional or after acquired property that is consumer goods, except accessions and property acquired within ten days after Bank gives value.

G. **Change of Location.** Pledgor covenants and agrees that without Bank's prior written consent, Pledgor will not change the location (as shown hereon) of the Collateral (other than inventory in the ordinary course of business) or the records pertaining to the Collateral.

H. Delivery of Receipts to Bank. Upon Bank's demand, Pledgor will, upon receipt of any remittance in payment of or for the Collateral, immediately deposit all of same properly endorsed in a special bank account maintained with Bank over which Bank alone has power of withdrawal. The funds in said bank account shall be held by Bank as security for the Indebtedness. Bank may, from time to time, apply all or part of said collected funds against the Indebtedness. Pledgor will inform Bank immediately of the rejection of goods, delay in delivery or performance, or claims made, in regard to any account or document assigned to Bank; keep returned goods segregated from Pledgor's other property, and hold such goods as trustee for Bank; and pay Bank the unpaid portion of any assigned account (1) if such account is not paid promptly after its maturity; (2) if purchaser does not accept the goods or services; or (3) if Bank shall at any time reject the account as unsatisfactory.

I. Disposition of Inventory. At any time the disposition of inventory assigned hereunder gives rise to an account or other proceeds, Pledgor shall immediately notify Bank of said disposition and assign said proceeds to Bank. The amount shown as to each account on Pledgor's books will be the true and undisputed amount owing and unpaid thereon.

J. Notice of Changes. Pledgor will immediately notify Bank of any change occurring in or to the Collateral, of a change in Pledgor's residence, or in any fact or circumstance warranted or represented by Pledgor to Bank, or if any event of default occurs.

4. Rights of Bank. Pledgor hereby appoints Bank as Pledgor's attorney-in-fact to do any act which Pledgor is obligated by this Agreement to do, to exercise all rights, voting and otherwise, of Pledgor in the Collateral, and to do all things deemed necessary by Bank to perfect the Security Interest and preserve, collect, enforce and protect the Collateral and any insurance proceeds hereunder, all at Pledgor's cost and without any obligation on Bank so to act, including, but not limited to, transferring title into the name of Bank, or its nominee, or receipting for, settling, or otherwise realizing upon the Collateral. Bank may, in its discretion, require Pledgor to give possession or control of the Collateral to Bank; endorse as Pledgor's agent any instruments, documents or accounts in the Collateral; contact account debtors directly to verify or collect accounts; take control of the Collateral or proceeds thereof, including, among others, stock or cash dividends or stock splits, and use cash proceeds to reduce any part of the Indebtedness; require Pledgor to use its best efforts to cause the issuer of the Collateral to register any or all of the Collateral under applicable securities laws, at the expense of Pledgor or such issuer; require additional Collateral; reject as unsatisfactory any property hereafter offered by Pledgor as Collateral; designate, from time to time, a certain percentage of the Collateral as the loan value and require Pledgor to maintain the Indebtedness at or below such figure. Bank shall not be liable for any act or omission on the part of Bank, its officers, agents or employees, except willful misconduct nor shall Bank be responsible for depreciation in value of the Collateral or for preservation of rights against prior parties. The foregoing rights and powers of Bank may be exercised before or after default and shall be in addition to, and not a limitation upon, any rights and powers of Bank given herein or by law, custom or otherwise.

5. Events of Default. Pledgor shall be in default under this Agreement upon the happening of any of the following events or conditions:

A. Default in the timely payment or performance of any obligation, covenant or agreement contained herein, secured hereby or otherwise made or owed to Bank;

B. Any warranty, representation or statement made to Bank by or in behalf of Pledgor proves to have been false in any material respect when made;

C. Any event which results in the acceleration of the maturity of the indebtedness of Pledgor to others under any indenture, agreement or undertaking;

D. Substantial change in any fact warranted or represented in this Agreement;

E. Sale, loss, theft, destruction, encumbrance or unauthorized transfer of any Collateral, or substantial damage thereto;

F. Any time Bank believes that the prospect of payment of all or part of the Indebtedness or performance of this Agreement is impaired;

G. On Pledgor's death, incapacity, dissolution, merger or consolidation, termination of existence, insolvency, business failure, appointment of a receiver for any part of the Collateral, commission of an act of bankruptcy, assignment for the benefit of creditors or the commencement of any proceeding under any bankruptcy or insolvency law by or against Pledgor or any entity of which Pledgor is a partner or principal or any maker, guarantor, or other person liable upon or for any Indebtedness or Collateral;

H. Modification of any account which constitutes part of the Collateral;

I. Levy on, seizure, or attachment of all or part of the Collateral;

J. Judgment against Pledgor which remains unpaid for thirty (30) days.

For the purposes of this paragraph 5, the term "Pledgor" shall be defined to include both the Pledgor and each of the person(s) and party(ies) named in paragraph 1 above.

6. Remedies of Bank upon Default. When an event of default occurs, and at any time thereafter, Bank may declare all or a part of the Indebtedness immediately due and payable and may proceed to enforce payment of same and to exercise any and all of the rights and remedies provided by the Uniform Commercial Code ("Code"), as well as all other rights and remedies possessed by Bank under this Agreement or otherwise at law or in equity. Pledgor understands that sales of the Collateral hereunder may be restricted by securities laws and that private sales of the Collateral or sales in other transactions exempt from registration may be necessary, which sales Pledgor recognizes as commercially reasonable. Bank may also require Pledgor to assemble the Collateral and make it available to Bank at any place to be designated by Bank which is reasonably convenient to both parties. For purposes of the notice requirements of the Code, Bank and Pledgor agree that notice given at least five (5) calendar days prior to the related action hereunder is reasonable. Bank shall be entitled to immediate possession of the Collateral and all books and records evidencing same and shall have authority to enter upon any premises, upon which said items may be situated, and remove same therefrom. Expenses of retaking, holding, preparing for sale, selling, or the like, shall include, without limitation, Bank's reasonable attorneys' fees and all such expenses shall be recovered by Bank before applying the proceeds from the disposition of the Collateral toward the Indebtedness. To the extent allowed by the Code, Bank may use its discretion in applying the proceeds of any disposition of the Collateral and Pledgor will remain liable for any deficiency remaining after such disposition. All rights and remedies of Bank hereunder are cumulative and may be exercised singly or concurrently. The exercise of any right or remedy will not be a waiver of any other.

7. General.

A. Waiver by Bank. No waiver by Bank of any right hereunder or of any default by Pledgor shall be binding upon Bank unless in writing executed by Bank. Failure or delay by Bank to exercise any right hereunder or waiver of any default of Pledgor shall not operate as a waiver of any other right, of further exercise of such right, or of any further default.

B. Parties Bound. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, executors, administrators, legal representatives, successors, receivers, trustees and assigns where permitted by this Agreement. All representations and warranties and agreements of Pledgor are joint and several if Pledgor is more than one. This Agreement shall constitute a continuing agreement, applying to all future as well as existing transactions, such future transactions being contemplated by Pledgor and Bank.

C. Texas Law to Apply. This Agreement shall be construed in accordance with the Code (the definitions of which apply herein) and other applicable laws of the State of Texas and any proceeding hereunder shall be in Dallas County, Texas.

D. Notice. Notice shall be deemed given or sent when mailed postage prepaid to Pledgor's address given above or to Pledgor's most recent address as shown by notice of change on file with Bank.

E. Modification. This Agreement shall not be amended in any way except by a written agreement signed by the parties hereto.

F. Severability. The unenforceability of any provision of this Agreement shall not affect the enforceability or validity of any other provision hereof.

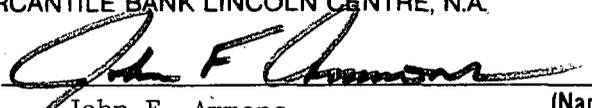
G. Construction. If there is any conflict between the provisions hereof and the provisions of the Indebtedness, the latter shall control. The captions herein are for convenience of reference only and not for definition or interpretation.

H. Waiver of Pledgor. Pledgor hereby waives presentment, demand, notice of dishonor, protest, and notice of protest, and all other notices with respect to collection, or acceleration of maturity, of the Collateral and Indebtedness.

I. Additional Terms. All annexes and schedules attached hereto, if any, are hereby made a part hereof.

SECURED PARTY:

MERCANTILE BANK LINCOLN CENTRE, N.A.

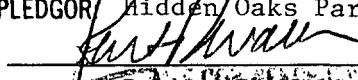
BY:  (Name)

John F. Ammons

(Name)

(Title)

PLEDGOR: Hidden Oaks Partners, Ltd.


Robert Wallace


Robert Wallace