

REGISTRATION NO. 14828
FIND 1425
OCT 30 1985 3 20 PM
INTERSTATE COMMERCE COMMISSION

September 30, 1985

Secretary
Interstate Commerce Commission
Washington, D.C. 20430

Date 10/31/85
Fee \$ 10.00
ICC Washington, D.C.

Dear Secretary:

Enclosed are an original and two counterparts of the document described below, to be recorded pursuant to Section 11303 of Title 49 of the U.S. Code.

This document is a Security Agreement, a primary document, dated as of September 26, 1985.

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

DEBTOR: Charles C. Webb
4801 Woodway Drive, Suite 250 West
Houston, Texas 77056

SECURED PARTY: MBank Houston, National Association
910 Travis
Houston, Texas 77002

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

Two (2) 23,500 gallon nominal capacity tank cars, DOT111A100W3, exterior coiled and insulated, 100-ton roller bearing trucks bearing the respective identification numbers GLNX 3588 and GLNX 3589.

A recording fee of \$50.00 is enclosed in the form of a cashier's check payable to your order.

Secretary of the Interstate
Commerce Commission
September ~~30~~, 1985
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Please return the original and extra copies not needed
by the Commission for recordation to the person as follows:

Mr. Randall E. Schroeder
Assistant Vice President - Executive/Professional
MBank Houston, National Association
910 Travis
Houston, Texas 77002

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

SECURITY AGREEMENT: Security Agreement between MBank
Houston, National Association, as Secured Party, and
Charles C. Webb, as Debtor, dated as of September ~~24~~,
1985, and covering railway equipment generally de-
scribed below and any leases, management contracts or
other contracts in respect to such railway equipment,
said railway equipment more particularly described as
two (2) 23,500 gallon nominal capacity railroad tank
cars, DOT111A100W3, exterior coiled and insulated,
100-ton roller bearing trucks bearing the respective
identification numbers GLNX 3588 and GLNX 3589.

Very truly yours,


Randall E. Schroeder
Assistant Vice President

Enclosures

SECURITY AGREEMENT - EQUIPMENT
(Including Motor Vehicles)

FORM 12580 (8/84)

14828
REGISTRATION NO. _____ FILED 1428

OCT 30 1985 - 3 50 PM

Date: September 26, 1985

I. PARTIES, COLLATERAL, AND OBLIGATIONS

INTERSTATE COMMERCE COMMISSION

Charles C. Webb

("Debtor")

whose street address is 4801 Woodway Drive, Suite 250 West, Houston, Texas 77056

and whose mailing address is same as above

for valuable consideration, receipt of which is hereby acknowledged, hereby grants to MBank Houston, National Association,
a national banking association

("Secured Party")

whose address is 910 Travis, Houston, Texas 77002

and assignment of,
a security interest in the following property (hereinafter collectively called the "Collateral") (insert an "X" in the applicable box(es)):

- all equipment of Debtor, whether now owned or hereafter acquired (including, without limitation, those items, if any, that may be listed below):
 the equipment of Debtor described below:

Description of Equipment "Railway Equipment"	Manufacturer's Serial Number	Year Model	Model Number or Code	Manufacturer or Make (Trade Name)	New or Used
Two (2) 23,500 gallon nominal capacity tank cars, DO			1111A100W3,	exterior	
coiled and insulated, with 100-ton roller bearing trucks bearing the					
respective identifying numbers GLNX 3588 and GLNX 3589					

Other (Specify): All additions, accessions, substitutions, accounts, notes, drafts, acceptances, instruments, chattel paper, rights earned or yet to be earned under contracts of sale, lease or rendered services, or general intangibles, to, or, under in respect to any of the above Railway Equipment, whether any of the foregoing now or hereafter exist, including, without limitation, any and all Management Contracts with respect thereto between Debtor and GLNX Corporation, as now or hereafter amended or modified, and replacements and substitutions therefor,

all of which is hereafter called the ("Collateral")

together with (a) all increases, parts, fittings, accessories, special tools and accessions now or hereafter attached thereto or used in connection therewith, and any and all replacements of all or any part thereof and (b) all products and proceeds of any of the foregoing; provided, however, no provisions herein contained shall be construed as or deemed authority for Debtor to sell, exchange or otherwise dispose of the Collateral, or any portion thereof, without the prior written consent of Secured Party.

The security interest granted herein secures the payment and performance of all indebtedness, liabilities and obligations of Debtor to Secured Party (hereinafter collectively called the "Obligations"), whether joint or several, direct or indirect, absolute or contingent, due or to become due, now existing or hereafter arising, and all modifications, renewals, extensions, rearrangements, substitutions and replacements of the Obligations, and any of same, including, without limitation, the indebtedness evidenced by a promissory note dated 5-16-85 (hereinafter called the "Note"), executed by Debtor in the principal amount of \$ 62,603.65, payable to Secured Party, and including all costs and expenses, and attorneys' fees and legal expenses payable by Secured Party in connection herewith or therewith, and all in accordance with the terms of the Note and this Agreement. Unless otherwise agreed, all of the Obligations shall be payable at the offices of Secured Party at the address for Secured Party set forth above.

II. WARRANTIES, COVENANTS AND AGREEMENTS OF DEBTOR

Debtor warrants, covenants and agrees that:

1. (a) Except for the security interest granted hereby, Debtor is, and as to the Collateral acquired after the date hereof, will be, the owner and holder of all the Collateral free from any adverse claim, security interest, encumbrance, lien, charge or any other right, title or interest of any person other than Secured Party; Debtor has full power and lawful authority to sell, transfer and assign the Collateral to Secured Party and to grant to Secured Party a first, prior and valid security interest therein as herein provided; the execution and delivery and the performance hereof are not in contravention of any indenture, agreement or undertaking to which Debtor is a party or by which Debtor is bound; and Debtor will defend the Collateral against all claims and demands of all persons at any time claiming the same or any interest therein. All officers, agents and representatives acting for or on behalf of Debtor in connection with this Agreement or any aspect hereof, or entering into or executing this Agreement on behalf of Debtor, have been duly authorized thereto and therefor, and are fully empowered to act for and represent Debtor in connection with this Agreement and all matters related hereto.

(b) The Collateral is being used or acquired for use primarily for business, investment or other similar purposes, and not for personal, family or household purposes; and if an "X" is inserted here , the Collateral is being acquired with the proceeds of the loan provided for in and secured by this Agreement, and said proceeds will be used for no other purpose, and Debtor hereby authorizes Secured Party to disburse such proceeds or any part thereof directly to the seller of such Collateral as shown on Secured Party's records.

2. (a) Debtor has not heretofore signed any financing statement or security agreement which covers any property of Debtor of any kind, real or personal, tangible or intangible, or in which Debtor is named as or has signed as "debtor", and no such financing statement or security agreement is now on file in any public office (other than such financing statements and security agreements, if any, of which both written notice and true and correct copies have heretofore been given by Debtor to Secured Party).

(b) As long as any of the Obligations remain unperformed, or as long as any amount remains unpaid on any of the Obligations or on any other indebtedness or liabilities of Debtor to Secured Party, or as long as any credit from Secured Party to Debtor is in use by or available to Debtor, (i) Debtor will not enter into or execute any security agreement or any financing statement other than those security agreements and financing statements in favor of Secured Party hereunder, and further (ii) there will not be on file in any public office any financing statement or statements (or any documents or papers filed as such) other than financing statements in favor of Secured Party hereunder unless, and in any case subject to this sub-paragraph (b), the specific prior written consent and approval of Secured Party shall have been obtained.

(c) Debtor authorizes Secured Party to file, in jurisdictions where this authorization will be given effect, a financing statement signed only by Secured Party covering the Collateral. At the request of Secured Party, Debtor will join Secured Party in executing such documents as Secured Party may determine, from time to time, to be necessary or desirable under provisions of the Uniform Commercial Code as adopted and amended in the State of Texas (the "UCC"); without limiting the generality of the foregoing, Debtor agrees to join Secured Party, at Secured Party's request, in executing one or more financing statements in form satisfactory to Secured Party, and Debtor will pay the cost of filing or recording the same, or of filing or recording this Agreement, in all public offices at any time and from time to time, whenever filing or recording of any such financing statement or of this Agreement is deemed by Secured Party to be necessary or desirable. In connection with the foregoing, it is agreed and understood between the parties hereto (and Secured Party is hereby authorized to carry out and implement the following agreements and understandings and Debtor hereby agrees to pay the cost thereof) that Secured Party may, at any time or times, file as a financing statement any counterpart, copy or reproduction of this Agreement signed by Debtor if Secured Party shall elect so to file, and it is also agreed and understood that Secured Party may, if deemed necessary or desirable, file (or sign and file) as a financing statement any carbon copy of, or photographic or other reproduction of, this Agreement or of any financing statement executed in connection with this Agreement.

3. The Collateral shall remain in Debtor's possession and control at all times at Debtor's risk of loss, and is now kept and at all times shall be kept at the address(es) given in the blank below:

_____ ;
or if left blank, at the address first shown for Debtor at the beginning of this Agreement; if Debtor is using or will use all or any part of the advances made, obligations incurred or credit extended by Secured Party to acquire rights in, possession of, or use of the Collateral or any part thereof, then Debtor and Secured Party agree and understand that, within thirty (30) days after Debtor first receives possession of such Collateral, it will be brought to and kept at the address(es) given above in this paragraph (3), or if left blank, at the address first shown for Debtor at the beginning of this Agreement; and in any event, Debtor will promptly notify Secured Party of any change in any of such addresses and of any new addresses where the Collateral is or may be kept and of any other change in the above-identified location of all or any part of the Collateral, and Debtor will not move or remove the Collateral, or any part thereof, from the addresses and places described and specified above without the prior written consent of Secured Party.

4. If the Collateral is or includes goods that are mobile and are of a type normally used in more than one state or jurisdiction (such as motor vehicles, trailers, rolling stock, airplanes, shipping containers, road building and construction machinery, and commercial harvesting machinery and the like), and if such mobile goods are not covered by a certificate of title, or if the Collateral is or may include accounts or general intangibles, or if the Collateral is or may include chattel paper subject to a nonpossessory security interest in favor of Secured Party, then in any or all of such events, Debtor is located at the address given in the blank below:

_____ ;
or if left blank, at the address first shown for Debtor at the beginning of this Agreement, and such address is that of Debtor's only place of business; provided however, that if an "X" is inserted in the following box, then such address is that of Debtor's chief executive office (if Debtor has more than one place of business); and Debtor further covenants and agrees that Debtor will neither alter nor change, allow to be altered or changed, nor allow to become inaccurate in any manner, any of the information given above in this paragraph (4) without first notifying Secured Party in advance, in writing, of any such change or alteration in any of the information given above, including the location of Debtor and the description applicable to said location, and without further obtaining Secured Party's prior written consent to such change. Debtor further covenants and agrees that, if any certificates of title or similar documents (including, without limitation, any Manufacturer's Certificate or Importer's Certificate) are, at any time and pursuant to the laws of any jurisdiction, issued or outstanding with respect to the Collateral or any part thereof, Debtor will promptly advise Secured Party thereof and further will promptly cause the interest of Secured Party to be properly noted thereon, and if any certificates of title or similar documents are so issued or outstanding at the time this Agreement is executed by or on behalf of Debtor, then Debtor shall have caused the interest of Secured Party so to have been properly noted at or before the time of such execution; and Debtor further will promptly deliver to Secured Party any such certificates of title or similar documents issued or outstanding at any time with respect to such Collateral. If any instruments, chattel paper, money or monies, or documents are, at any time or times, included in the Collateral, whether as proceeds or otherwise, the same shall be received by Debtor in trust for Secured Party and Debtor will promptly deliver same to Secured Party upon receipt thereof by Debtor, and in any event, promptly upon demand therefor by Secured Party.

5. Debtor will not sell or offer to sell or otherwise transfer or encumber or dispose of the Collateral or any interest therein without the express, prior written consent of Secured Party; and Debtor will keep the Collateral free from any adverse lien, security interest, encumbrance, charge or claim.

6. If the Collateral is or is to be wholly or partially attached to real estate, a legal description of such real estate located in _____ County, _____ is as follows:

_____ ;
and the name(s) of the record owner(s) and lessee(s) thereof, if any, are _____ ;
and if the Collateral is attached to real estate prior to the perfection of the security interest granted hereby, Debtor will, upon demand by Secured Party, furnish to Secured Party a disclaimer or disclaimers (signed by all parties having an interest in the real estate) of any interest in the Collateral that is prior to Secured Party's interest. Unless the space above in this paragraph (6) is filled in at the time this Agreement is executed, Debtor warrants and covenants that (a) no part or item of the Collateral is or will be wholly or partially installed in or affixed to any other goods and (b) no part or item of the Collateral is or is to be so installed in or so affixed to, or otherwise is now or is to become so related to, any real estate that an interest in the Collateral or any part or item thereof would arise under the real estate law of the state in which such real estate is located.

7. (a) If the Collateral is or includes motor vehicles, Debtor will neither use, nor cause or permit, said motor vehicle(s) to be used for hire or for the transportation or concealment of liquor, narcotics or any other product or property in violation of any Federal or State statute, and will register, use, operate and control said motor vehicles(s) with reasonable skill, care and caution and in accordance with all statutes, laws, ordinances and regulations relating to the registration, use, operation and control of said motor vehicle(s). Debtor warrants that he has never been convicted of any violation of any Federal or State statute pertaining to the transportation or concealment of liquor or narcotics, or any other felony offense.

(b) Debtor will not use the Collateral nor permit the Collateral to be used in violation of any statute, ordinance or other law, and until the occurrence of an Event of Default (as defined in Section III), Debtor may have possession of the Collateral and use it in any lawful manner not inconsistent with this Agreement or any policy of insurance thereon or relating thereto.

8. The Collateral will not, at any time or times or to any extent, be or become inventory held for sale or lease by any person.

9. If at any time or times Secured Party shall be of the opinion that the aggregate market value of the Collateral has declined or may decline in value, or should any of the Collateral be deemed by Secured Party to be unsatisfactory or inadequate, or should any of the Collateral fail to conform to legal requirements or Secured Party shall deem payment of the Obligations to be insecure, then and in any such event, Secured Party may call for additional Collateral satisfactory to Secured Party, and Debtor promises to deliver such additional Collateral forthwith or make payments to Secured Party on account of the Obligations. The call for additional Collateral may be oral or by telegram or by United States Mail addressed either to the street or mailing address of Debtor shown at the beginning of this Agreement.

10. All information supplied and statements made by Debtor in any financial, credit or accounting statement or application for credit made or delivered to Secured Party by or on behalf of Debtor prior to, contemporaneously with or subsequent to the execution of this Agreement are and shall be true, correct, complete, valid and genuine.

11. Debtor will from time to time execute such further instruments and do such further acts and things as Secured Party may reasonably require by way of further assurance to Secured Party of the matters and things herein provided for or intended so to be.

12. If any taxes or governmental assessments of any kind or character shall be levied upon or against the Collateral or the Obligations, same shall be promptly paid before delinquency by Debtor, and if any of such taxes or governmental assessments are not paid by Debtor prior to delinquency thereof, Secured Party may at its option pay such taxes or assessments and any interest, costs or penalties in connection therewith, or any part thereof; and Secured Party shall be the sole judge of the legality or validity thereof and of the amount necessary to discharge same. In the event Secured Party shall pay any such taxes, assessments, interests, costs, penalties or expenses incident to or in connection with the Collateral or the Obligations, Debtor, upon demand by Secured Party, shall pay to Secured Party the full amount thereof with interest thereon at the maximum rate of interest allowed by applicable law from their respective dates of payment by Secured Party until repaid to Secured Party in full; and so long as Secured Party shall be entitled to any such payment, this Agreement shall operate as security therefor as fully and to the same extent as it operates as security for payment of the other Obligations, and for the enforcement of such repayment Secured Party shall have every right and remedy provided for enforcement of payment of the Obligations.

III. EVENTS OF DEFAULT

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

1. Default in the payment when due of the principal of or interest on the Note, or of any other of the Obligations; or
2. Default in the performance of any agreement or obligation of Debtor or of any maker, endorser, guarantor or surety of any liability or obligation of Debtor to the holder of any of the Obligations (Debtor and all endorsers, guarantors and sureties of any liability or obligation of Debtor to the holder of any of the Obligations are herein individually referred to as an "Obligor" and collectively referred to as the "Obligors"); or
3. Loss, theft, substantial damage, destruction, sale or any other deterioration or impairment of the Collateral or any part thereof or any decline or depreciation in the market value thereof (whether actual or reasonably anticipated) which, in the judgment of Secured Party, causes the Collateral to become unsatisfactory as to value or character; or
4. Any warranty, representation or statement made in this Agreement or made or furnished to Secured Party by or on behalf of any Obligor in connection with this Agreement or to induce Secured Party to make any loan to Debtor proves to have been false in any material respect when made or furnished; or any financial statement of any Obligor which has been or may be furnished to Secured Party by or on behalf of Debtor or any other Obligor shall prove to be false in any materially detrimental respect; or
5. The levy of any attachment, execution or other process against Debtor or any of the Collateral; or
6. Death, dissolution, termination of existence, insolvency or business failure of Debtor or any other Obligor, or the appointment of a receiver or other legal representative for any part of the property of, assignment for the benefit of creditors by, or the commencement of any proceedings under any bankruptcy or insolvency law by or against, Debtor or any other Obligor; or
7. Failure or refusal of Debtor to perform or observe any of the covenants, duties or agreements herein imposed upon or agreed to be performed or observed by Debtor; or
8. Any other circumstance that in the sole judgment of Secured Party impairs the prospect of payment of any of the Obligations in full when and as they become due.

IV. REMEDIES

Upon the occurrence of any of the Events of Default specified above, and at any time thereafter, at the option of the holder thereof, any or all of the Obligations shall become immediately due and payable without presentment or demand or any notice of any kind to Debtor or any other person obligated thereon, including, without limitation, notice of intent to accelerate and notice of actual acceleration, and Secured Party shall have and may exercise with reference to the Collateral and the Obligations any or all of the rights and remedies of a secured party under the UCC, and as otherwise granted herein or under any other law or under any other agreement executed by Debtor, including, without limitation, the right and power to sell, at public or private sale or sales, or otherwise dispose of, lease or otherwise utilize the Collateral and any part or parts thereof in any manner authorized or permitted under the UCC after default by a debtor, and to apply the proceeds thereof toward payment of any costs and expenses, attorneys' fees and legal expenses thereby incurred by Secured Party and toward payment of the Obligations in such order or manner as Secured Party may elect. Specifically and without limiting the foregoing, Secured Party may require Debtor to assemble the Collateral or any security therefor and make it available to Secured Party at a place to be designated by Secured Party which is reasonably convenient to both parties; and Secured Party shall have the right to take possession of all or any part of the Collateral or any security therefor and of all books, records, papers and documents of Debtor or in Debtor's possession or control relating to the Collateral which are not already in Secured Party's possession, and for such purpose may enter upon any premises upon which any of the Collateral or any security therefor or any of said books, records, papers and documents are situated and remove the same therefrom without any liability for trespass or damages thereby occasioned. To the extent permitted by law, Debtor expressly waives any notice of sale or other disposition of the Collateral and all other rights or remedies of Debtor or formalities prescribed by law relative to sale or disposition of the Collateral or exercise of any other right or remedy of Secured Party existing after default hereunder; and to the extent any such notice is required and cannot be waived, Debtor agrees that if such notice is sent as provided in Section V of this Agreement, at least ten (10) days before the time of such sale or disposition, such notice shall be deemed reasonable and shall fully satisfy any requirement for giving of said notice.

Secured Party is expressly granted the right, at its option, to transfer at any time to itself or to its nominee the Collateral, or any part thereof, and to receive the payments, collections, monies, income, proceeds or benefits attributable or accruing thereto and to hold the same as security for the Obligations or to apply it on the principal and interest or other amounts owing on any of the Obligations whether or not then due, in such order or manner as Secured Party may elect.

All rights to marshalling of assets of Debtor, including any such right with respect to the Collateral, are hereby waived by Debtor, and the right of Secured Party to take possession or control of the Collateral upon the occurrence of any Event of Default may be exercised without resort to any court proceeding or judicial process whatever and without any hearing whatever thereon.

All recitals in any instrument of assignment or any other instrument executed by Secured Party incident to the sale, lease, transfer, assignment or other disposition, lease or utilization of the Collateral or any part thereof hereunder shall be full proof of the matters stated therein and no other proof shall be requisite to establish full legal propriety of the sale or other action taken by Secured Party or of any fact, condition or thing incident thereto and all prerequisites of such sale or other action or of any fact, condition or thing incident thereto shall be presumed conclusively to have been performed or to have occurred.

V. GENERAL

This Agreement is in addition to all prior security agreements heretofore made by Debtor in favor of Secured Party and shall be deemed to relate back to the date of execution of such agreements and to be in furtherance of the intent of the parties at the date of such execution. To the extent of any inconsistencies among such agreements and this Agreement, this Agreement shall be deemed to be a modification, addition or amendment to and shall govern such prior agreements. This Agreement includes all amendments and supplements hereto, and all assignments, instruments, documents and other writings submitted by Debtor to Secured Party pursuant to this Agreement, but neither Debtor nor Secured Party shall be bound by any undertaking not expressed in writing. The execution and delivery of this Agreement shall in no manner impair or affect any other security (by endorsement or otherwise) for the payment or performance of the Obligations and no security taken hereafter as security for payment or performance of the Obligations, or any part thereof, shall impair in any manner or affect this Agreement, all such present and future additional security to be considered as cumulative security. Any of the Collateral may be released from this Agreement without altering, varying or diminishing in any way the force, effect, lien, security interest or charge of this Agreement as to the Collateral not expressly released, and this Agreement shall continue as a first and prior lien, security interest and charge on all of the Collateral not expressly released until all the Obligations have been paid or performed in full. Any future assignment or attempted assignment or transfer of the interest of Debtor in and to any of the Collateral shall not deprive Secured Party of the right to sell or otherwise dispose of or utilize all of the Collateral as above provided or necessitate the sale or disposition thereof in parcels or in severalty. This Agreement shall not be construed as relieving Debtor from full personal liability on the Obligations and any and all future and other indebtedness and for any deficiency thereon.

If the maturity of the Obligations shall be accelerated for any reason, the full amount of any interest then unearned which has been collected theretofore by or for Secured Party shall thereupon be credited against the Obligations. Notwithstanding any other provision in this Agreement or in the Obligations or any of them, Debtor shall never be liable for unearned interest on the Obligations, or on any of them, and shall further never be required to pay interest on the Obligations, or on any of them, at a rate in excess of the maximum percentage rate authorized and allowed by applicable law. To the extent permitted by applicable law, and only to that extent, the provisions of this paragraph shall have no application to a premium or bonus payable upon any voluntary anticipation of payment by Debtor on the Obligations or any part thereof. The intent of the parties being to conform and comply fully with all laws concerning usury applicable hereto or to the Obligations or any of them, any agreement concerning interest in any of the foregoing shall be subject to reduction to the amount allowed under the applicable laws with respect to usury, as now or hereafter construed by the courts with jurisdiction thereof, and any interest collected in excess of the amount authorized and permitted by such laws shall be refunded to the person paying the same, or credited against the Obligations.

In protecting, exercising or assuring its interests, rights and remedies under this Agreement, Secured Party may receive, open and dispose of mail addressed to Debtor and execute, sign and endorse negotiable and other instruments for the payment of money, documents of title and other evidences of payment, shipment or storage for any form of Collateral or proceeds on behalf of and in the name of Debtor; and Secured Party is hereby subrogated to all of Debtor's interests, rights and remedies in respect to the Collateral and all security now or hereafter existing with respect thereto and all guaranties and endorsements thereof and with respect thereto.

If any part of the Collateral consists of or affects tangible goods of the type which are customarily insured, by persons similarly situated to Debtor, against loss, casualty, fire damage, theft or other destruction or loss, and in any event upon request by Secured Party, Debtor agrees (at Debtor's expense) to take out and maintain, or to cause to be taken out and maintained, insurance as described above with respect to such goods, with Secured Party named as an assured under such insurance, and such insurance being payable to Secured Party and Debtor as their interests may appear, and to no other person or persons, without the prior written consent of Secured Party; and such insurance shall contain such terms, shall be in such form and for such periods, and shall be written by such companies, as may be satisfactory to Secured Party. All such policies of insurance shall provide that they are not cancellable as to Secured Party without at least ten (10) days' prior written notice having been given to Secured Party; and Debtor shall furnish to Secured Party the policy or policies evidencing such insurance, together with certificates or other evidence satisfactory to Secured Party of Debtor's compliance with the foregoing provisions concerning insurance and the payment of premiums. Secured Party may act, and is hereby authorized to act, as attorney for Debtor in obtaining, adjusting, settling and cancelling such insurance and endorsing any drafts drawn by insurers of the Collateral, but Secured Party shall not be obligated by this provision so to act; and if, at any time or times, Debtor shall fail to take out or maintain any insurance required under this Agreement, Secured Party may (but shall not be obligated to do so), without in anywise waiving such default by Debtor, take out or maintain such insurance, and all premiums and other costs paid by Secured Party incident thereto shall upon demand be repayable by Debtor to Secured Party with interest thereon from the date expenditure is made by Secured Party until repaid at the maximum interest rate permitted by applicable law, and shall be and become a part of the Obligations. Any funds or proceeds received by Debtor pursuant to policies of insurance required by this Agreement or otherwise obtained by the Debtor with respect to the Collateral shall be received and held by Debtor in trust for Secured Party, shall be paid into a separate deposit account, shall not be commingled with any other funds or accounts, and shall not be disbursed without the prior written consent of Secured Party.

Secured Party, at its sole election, may, at any time or times, render and send to Debtor a statement of account showing loans and advances made, all other charges, expenses and items chargeable to Debtor, payments made by Debtor against the Obligations, proceeds collected and applied to the Obligations, and other appropriate debits and credits, and the total of Debtor's indebtedness on the Obligations as of the effective date of such statement of account, and said statement of account shall be conclusively considered and deemed correct in all respects and accepted by and conclusively binding upon Debtor, except for specified exceptions which Debtor makes in writing and delivers to Secured Party within ten (10) days from the date upon which said statement of account is delivered to Debtor.

Any notice or demand to Debtor hereunder or in connection herewith may be given and shall conclusively be deemed and considered to have been given and received upon the deposit thereof in writing in the United States Mail, duly stamped and addressed to Debtor either at the street address first shown hereinabove or at the mailing address, if any, given for Debtor at the beginning of this Agreement (or at such other address as may have been designated most recently in writing by Debtor to Secured Party); but actual notice to Debtor, however given or received, shall always be effective.

Any deposit, deposit account, security, certificate of indebtedness or deposit or other sums at any time credited by or due from the holder of the Obligations to Debtor or any endorser, guarantor or surety of any of the Obligations and any securities or other property of Debtor or any endorser, guarantor or surety of any of the Obligations in the possession of the holder of the Obligations (regardless of whether such deposits, deposit accounts, securities, certificates or sums are part of the Collateral) may at all times be held and treated as additional and cumulative collateral security for the payment of the Obligations and Debtor grants to Secured Party a security interest in all such deposits, deposit accounts, securities, certificates, sums and other properties as additional and cumulative security for payment of the Obligations. The holder of the Obligations may apply or set-off such deposits, deposit accounts, securities, certificates, sums or other properties against the Obligations at any time in the case of Debtor, but only with respect to matured liabilities in the case of the endorsers, guarantors or sureties of any of the Obligations.

Secured Party may, at its option, whether or not the Obligations are due, demand, sue for, collect or make any compromise, settlement or adjustment it deems desirable with reference to the Collateral or any security therefor. Except as otherwise expressly provided herein, Secured Party shall not be obligated to take any steps necessary to preserve any rights in the Collateral or in any security therefor against other parties, which Debtor hereby assumes to do.

No delay or omission on the part of Secured Party in exercising any right hereunder shall operate as a waiver of any such right or any other right. A waiver on any one or more occasions shall not be construed as a bar to or waiver of any right or remedy on any future occasion. 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 an election or as a waiver of any of the other remedies of Secured Party provided for herein or existing by law or otherwise. All rights of Secured Party hereunder shall inure to the benefit of its successors and assigns; and all obligations of Debtor shall bind his heirs, executors or administrators, and his or its successors and assigns. If there be more than one Debtor, their obligations hereunder shall be joint and several.

In the event that certain of the Collateral is or may become "fixtures", as that term is defined in the UCC, on the real estate described herein, this Agreement, upon being filed for record in the real estate records of the county wherein such fixtures are situated, shall operate also as a financing statement filed as a fixture filing in accordance with Section 9.402(e) of the UCC upon such of the Collateral that is or may become fixtures.

Each term used in this Agreement, unless the context otherwise requires, and in all events subject to any express definitions set forth herein, shall be deemed to have the same meaning herein as that given each such term under the UCC. As used in this Agreement and when required by the context, each number (singular and plural) shall include all numbers, and each gender shall include all genders; and unless the context otherwise requires, the word "person" shall include "corporation, firm or association". This Agreement may be executed in several counterparts and by the parties hereto on separate counterparts, and each counterpart, when so executed and delivered, shall constitute an original instrument, and all such separate counterparts shall constitute but one and the same instrument.

The law governing this secured transaction shall be that of the State of Texas existing as of the date hereof; provided, that if any additional rights or remedies are hereafter granted by the laws of the State of Texas to secured parties or to persons similarly situated to Secured Party, then Secured Party shall also have and may exercise any such additional rights or remedies.

EXECUTED on the day and year first above written.

DEBTOR:



SECURED PARTY
MBANK HOUSTON, NATIONAL ASSOCIATION

By: Randall E. Schorler
Its ASSISTANT VICE PRESIDENT

THE STATE OF TEXAS §
 §
COUNTY OF HARRIS §

BEFORE ME, the undersigned authority, on this day personally appeared CHARLES C. WEBB, an individual known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, as his act and deed, and in his individual capacity.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 26th day of September, 1985.

Marilyn M. Davis
Notary Public in and for
Harris County, Texas
MARILYN M. DAVIS
Notary Public, State of Texas
My Commission Expires Aug. 31, 1988

My Commission Expires:

THE STATE OF TEXAS §
 §
COUNTY OF HARRIS §

BEFORE ME, the undersigned authority, on this day personally appeared Randall E. Schorler, Assistant Vice President of MBANK HOUSTON, NATIONAL ASSOCIATION, a national banking association, known to me to be the person and officer whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, as the act and deed of said corporation and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 9th day of September, 1985.

Rhonda Burkhalter
Notary Public in and for
Harris County, Texas
RHONDA BURKHALTER
NOTARY PUBLIC STATE OF TEXAS
COMMISSION EXPIRES 9-28-87

My Commission Expires:
