

Richmond Leasing Company
1700 West Loop South, Suite 1500
Houston, Texas 77027

RECEIVED
SEP 17 4 09 PM '81
I.C.C.
FEE OPERATION BR.

September 15, 1981
RECORDATION NO. 13238 Filed 1425

SEP 17 1981 - 4 10 PM

Secretary
Interstate Commerce Commission
Washington, D.C. 20423

INTERSTATE COMMERCE COMMISSION

Dear Sir:

In accordance with the provisions of 49 U.S.C. §11303 and Rules and Regulations of the Interstate Commerce Commission, there is submitted herewith for filing and recordation a Security Agreement and Chattel Mortgage ("Security Agreement") relating to railroad cars used or intended for use in connection with interstate commerce. Please find enclosed three executed counterparts of the Security Agreement executed the 15th day of September, 1981, by and between Richmond Leasing Company, Debtor, and the Variable Annuity Life Insurance Company, Secured Party.

Also please find enclosed a check in the amount of \$50 in payment of the recordation fee.

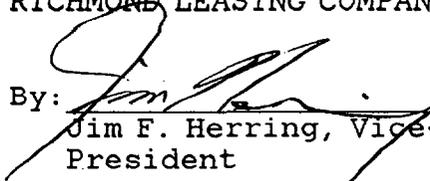
The railroad cars covered by the Security Agreement are described on Exhibit "A" attached hereto.

The address of Richmond Leasing Company is 1700 West Loop South, Suite 1500, Houston, Texas 77027, and the address of The Variable Annuity Life Insurance Company is 2727 Allen Parkway, Houston, Texas 77019.

You are hereby authorized to deliver one executed copy of the Security Agreement, with filing data noted thereon, to the representative of Sidley & Austin, who is delivering this letter and the foregoing enclosures to you.

Very truly yours,

RICHMOND LEASING COMPANY

By: 
Jim F. Herring, Vice-President

C. Ann Reynolds
J. Wallace

No. 203A 02
Date. SEP. 17 1981
Fee \$ 50.00
ICC Washington, D. C.

Interstate Commerce Commission
Washington, D.C. 20423

9/17/81

OFFICE OF THE SECRETARY

Jim F. Herring, VP
Richmond Leasing Company
1700 West Loop South, Suite 1500
Houston, Texas 77027

Dear

Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on **9/17/81** at **4:10pm**, and assigned recordation number(s) **13238**.

Sincerely yours,

Agatha L. Mergenovich
Agatha L. Mergenovich
Secretary

Enclosure(s)

SE-30
(7/79)

13238

RECORDATION NO. Filed 1425

SEP 17 1981 - 4 10 PM

SECURITY AGREEMENT AND CHATTEL MORTGAGE INTERSTATE COMMERCE COMMISSION

RICHMOND LEASING COMPANY, 1700 West Loop South, Suite 1500, Houston, Texas 77027, hereinafter called "Debtor", and The Variable Annuity Life Insurance Company, 2727 Allen Parkway, Houston, Texas 77019, hereinafter called "Secured Party", agree as follows:

SECTION I. CREATION OF SECURITY INTEREST

Debtor hereby grants to Secured Party a security interest in and a Chattel Mortgage on the Collateral described in Section II of this Security Agreement to secure (i) performance and payment of the debt evidenced by that certain promissory note ("Note") dated September 18, 1981, in the original principal amount of Ten Million Dollars (\$10,000,000) executed by the Debtor payable to the order of Secured Party, bearing interest and being payable in the manner provided therein; (ii) costs and expenses incurred in the collection thereof as provided in the Note; and (iii) all other liabilities or obligations of Debtor to Secured Party created under this Security Agreement.

SECTION II. COLLATERAL

The Collateral of this Security Agreement is 271 railroad hopper cars described more fully in Schedule "A" which is attached hereto and made a part hereof, and all additions and accessions thereto. So long as no Event of

Default (as defined in Section V below) has occurred and is continuing, nothing herein shall prohibit Debtor from performing its obligations under existing lease agreements (provided, however, that each such existing lease agreement shall be cancellable by Debtor, without penalty, upon not more than thirty (30) days notice thereof to the lessee under the lease) or from executing and performing additional lease agreements covering the Collateral.

SECTION III. PAYMENT OF OBLIGATIONS OF DEBTOR

(1) Debtor shall pay to Secured Party any sum or sums due or which may become due pursuant to the Note in accordance with the terms of such Note and the terms of this Security Agreement.

(2) It is the intention of the Debtor and the Secured Party to contract in strict compliance with applicable usury laws from time to time in effect. In furtherance thereof, the Debtor and the Secured Party stipulate and agree that none of the terms and provisions contained in this Security Agreement or the Note shall ever be construed to create a contract to pay interest for the use, forbearance or detention of money at a rate in excess of the maximum nonusurious interest rate permitted to be charged by applicable federal or Texas law from time to time in effect, whichever shall permit the higher lawful rate, as such law may be interpreted, amended, revised, supplemented or enacted (the

"Maximum Rate"). If any excess of interest in such respect is provided for, or shall be adjudicated to be so provided for, in this Security Agreement or in the Note, then in such event (i) the provisions of this paragraph shall govern and control, (ii) the Debtor shall not be obligated to pay the amount of such interest to the extent that it is in excess of the Maximum Rate, (iii) any such excess which may have been collected shall be, at the option of Secured Party, either applied as a credit against the then unpaid principal amount hereof or refunded to the Debtor, and (iv) the provisions of this Security Agreement and the Note shall be automatically reformed so that the effective rate of interest shall be reduced to the Maximum Rate.

(3) Upon Debtor's default under Section V of this Security Agreement, Secured Party may declare the entirety of the Note immediately due and payable, and failure to exercise such option shall not constitute a waiver on the part of Secured Party of the right to exercise the same at any other time.

SECTION IV. DEBTOR'S REPRESENTATIONS, WARRANTIES AND AGREEMENTS

Debtor represents, warrants and agrees that:

(1) The Debtor is a corporation duly organized and existing and in good standing under the laws of Delaware and has all requisite corporate power and authority to own

its properties and to carry on its business as and where now being conducted and as and where proposed to be conducted.

(2) This Security Agreement and the Note have been duly authorized, executed and delivered by Debtor and constitute legal, valid and binding instruments enforceable against Debtor in accordance with their respective terms, subject to applicable bankruptcy laws and other similar laws affecting the enforcement of creditors' rights.

(3) Debtor has obtained all governmental consents, approvals and authorizations necessary for the valid execution and delivery of this Security Agreement and the Note to Secured Party.

(4) The authorization, execution and delivery of this Security Agreement and the Note and the performance by Debtor of the obligations contained therein will not constitute a breach of any other agreement or instrument to which Debtor is a party or by which the Debtor is bound.

(5) The interim financial statements of Debtor dated June 30, 1981 which have been delivered by Debtor to Secured Party, prepared by the chief financial officer of Debtor, are correct and complete, subject to year-end audit and adjustments. Said financial statements were prepared in conformity with generally accepted accounting principles consistently applied during the indicated periods, and, with the notes related thereto, fairly present the financial

position of Debtor and disclose all known liabilities, contingent or otherwise, of Debtor at such date. Since June 30, 1981 there has not been any material adverse change in the financial condition of Debtor.

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

(7) The chief place of business of Debtor is the address shown at the beginning of this agreement. Debtor will immediately notify Secured Party in writing of any change in Debtor's chief place of business and will, in the event of any such change, take whatever action is necessary to maintain perfection of Secured Party's security interest with no reduction in its priority.

(8) If certificates of title are issued or outstanding or become issued and outstanding with respect to any of the Collateral, Debtor will cause the interest of Secured Party to be properly noted thereon.

(9) Debtor will, at its own expense, cause to be carried and maintained insurance in respect of the Collateral in amounts and against risks customarily insured against by Debtor on railroad equipment owned by it. Such insurance on

any Collateral shall be payable to Secured Party and Debtor as their interests may appear. Debtor will forthwith give notice to Secured Party of the cancellation of any such insurance, and Debtor will give to Secured Party a certificate reflecting the replacement of insurance required to be maintained pursuant to this paragraph.

(10) Except as provided in Section II hereof, the Collateral will not be sold, transferred, leased or disposed of by Debtor, levied upon under any legal process or be subjected to any unpaid charge, including rent and taxes, or to any subsequent interest of a third person created or suffered by Debtor voluntarily or involuntarily, unless Secured Party consents in advance in writing to such sale, transfer, disposition, charge, or subsequent interest.

(11) Debtor will sign and execute alone or with Secured Party any Financing Statement or other document and will procure any document, do any other acts, and pay all connected costs, necessary to record, perfect and continue perfected the security interests created by this Security Agreement including without limitation filing of statements with the Texas Secretary of State or the Interstate Commerce Commission.

(12) The Collateral has a fair market value on the date hereof of at least 125% of the principal amount of the Note. If at any time while indebtedness secured by this

Security Agreement is outstanding, any of the Collateral shall become worn out, unsuitable for use, lost, destroyed or taken or requisitioned by condemnation or otherwise, then Debtor shall forthwith deliver to Secured Party a certificate describing such Collateral and stating, to the extent that it can reasonably be ascertained by Debtor, the approximate decline in the fair market value thereof as a result of such Collateral becoming worn out, unsuitable for use, lost, destroyed or taken or requisitioned by condemnation or otherwise, and shall forthwith, at the option of Debtor, (i) make a cash prepayment on the Note, and/or (ii) furnish additional Collateral to Secured Party, such that the fair market value of the Collateral is at least equal to 125% of the then outstanding principal balance of the Note.

(13) Debtor will maintain the Collateral in good condition and repair, reasonable wear and tear excepted, and will pay and discharge all taxes, levies and other impositions levied thereon as well as the cost of repairs to or maintenance of the same.

(14) If Debtor shall obtain knowledge of the occurrence of any Event of Default or of any event which with notice or lapse of time would constitute an Event of Default, which shall not have been cured or waived, the Company will promptly deliver to Secured Party an Officers' Certificate, specifying the nature of such Event of Default

or event and the period of existence thereof and what action the Company is taking or proposes to take with respect thereto.

(15) Debtor will deliver to Secured Party on each of November 30, 1981, February 26, 1982, and May 31, 1982, an officer's certificate dated such date confirming as of such date (i) that the Collateral has a fair market value of at least 125% of the principal amount of the Note (or, if the officer executing the certificate cannot make such a representation, a statement of the amount, to the extent that it can be reasonably ascertained by Debtor, by which the fair market value of the Collateral is less than 125% of the principal amount of the Note, and a representation that Debtor will forthwith, at its option, make a cash prepayment on the Note and/or furnish additional Collateral to Secured Party, such that the fair market value of the Collateral will be at least equal to 125% of the outstanding principal balance of the Note), and (ii) whether any Event of Default, or event which with notice or lapse of time would constitute an Event of Default has occurred which has not been cured or waived.

SECTION V. EVENTS OF DEFAULT

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

(1) Debtor's failure to pay when due any installment of interest on or the principal of the Note.

(2) Default by Debtor in the performance of any of the obligations, covenants, terms or provisions contained or referred to in this Security Agreement or in the Note.

(3) Any warranty, representation, or statement contained in this Security Agreement proves to have been false in any material respect when made or furnished.

(4) A receiver, custodian, liquidator or trustee of the Debtor or of all or any of the Collateral, or of any substantial part of its assets, is appointed by court order; or an order for relief is entered with respect to the Debtor; or the Debtor is adjudicated a bankrupt or insolvent; or any of the Collateral or any substantial part of its assets is sequestered by court order; or a petition is filed against the Debtor under any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or hereafter in effect.

(5) The Debtor files a petition in voluntary bankruptcy or seeking relief under any provision of any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or hereafter in effect or consents to the filing of any petition against it under any such law.

(6) The Debtor makes an assignment for the benefit of its creditors, or admits in writing its inability to pay, or fails to pay, its debts generally as they become due, or consents to the appointment of a receiver, liquidator or trustee of the Collateral, or of any substantial part of its assets.

(7) An event of default shall occur under any lease, agreement, equipment trust agreement or indenture under which the Debtor is an obligor (the term "event of default" being used in this Paragraph (7) to mean any event which permits, or after any applicable notice and/or period of grace provided for in the instrument in question, would permit the holder or Trustee thereunder to declare the principal amount of the obligation issued or secured thereby to become due and payable prior to its date of maturity).

SECTION VI. SECURED PARTY'S RIGHTS AND REMEDIES

A. Rights exclusive of default.

(1) This Security Agreement, Secured Party's rights hereunder or the indebtedness hereby secured may be assigned from time to time by Secured Party, and in any such case the Assignee shall be entitled to all of the rights, privileges and remedies granted in this Security Agreement to Secured Party.

(2) Debtor shall permit Secured Party upon reasonable notice and at a reasonable time to inspect the Col-

lateral and Debtor's books and records pertaining to the Collateral, and Debtor shall assist Secured Party in making any such inspection.

(3) At its option, Secured Party may discharge taxes, liens or security interests or other encumbrances at any time levied or placed on the Collateral and may pay for the maintenance and preservation of the Collateral. Debtor agrees to reimburse secured Party on demand for any payment made, or expense incurred by Secured Party pursuant to the foregoing authorization.

B. Rights in event of Default

(1) Upon the occurrence of an Event of Default, and at any time thereafter, Secured Party may declare all obligations secured hereby immediately due and payable without notice and shall have the rights and remedies of a secured party under the Uniform Commercial Code of Texas as well as other rights and remedies either at law or in equity possessed by Secured Party, including without limitation thereto, the right to sell, lease or otherwise dispose of any or all of the Collateral and the right to take possession of the Collateral, and for that purpose Secured Party may enter upon any premises on which the Collateral or any part thereof may be situated and remove the Collateral, and Debtor agrees to make it available to Secured Party at a place to be designated by Secured Party which is reasonably

convenient to both parties. Unless there is a threat that the Collateral will decline speedily in value or the Collateral is of a type customarily sold on a recognized market, Secured Party will send Debtor reasonable notice of the time and place of any public sale thereof or of the time after which any private sale or other disposition thereof is to be made. The requirement of sending reasonable notice shall be met if such notice is mailed, postage prepaid, to Debtor at the address designated at the beginning of this Security Agreement at least ten days before the time of the sale or disposition. Expenses of retaking, holding, preparing for sale, selling or the like shall include Secured Party's reasonable attorneys' fees and legal expenses. Debtor shall remain liable for any deficiency.

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

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

SECTION VII. ADDITIONAL AGREEMENTS

(1) "Secured Party" and "Debtor" as used in this instrument include the successors, receivers, trustees and assigns of those parties.

(2) The section headings appearing in this instrument have been inserted for convenience only and shall be given no substantive meaning or significance whatever in construing the terms and provisions of this instrument. Terms used in this instrument which are defined in the Texas Uniform Commercial Code are used with the meanings as therein defined.

(3) The law governing this secured transaction shall be that of the State of Texas in force at the date of this instrument.

EXECUTED this 15th day of September, 1981.

Debtor: RICHMOND LEASING COMPANY
By: *Kenneth W. Harbin*
Kenneth W. Harbin,
President

Secured Party: THE VARIABLE ANNUITY LIFE
INSURANCE COMPANY
By: *Andrew Delaney*
Title: Senior Vice President

THE STATE OF TEXAS §
§
COUNTY OF HARRIS §

On this 15th day of September, 1981, before me personally appeared KENNETH W. HARBIN, to me personally known, who being by me duly sworn, says that he is the President of Richmond Leasing Company, that the seal 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.

[Seal]

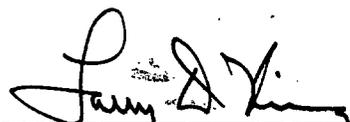

Notary Public in and for
Harris County, T E X A S

My Commission Expires:
KAREN D. PICKETT
Notary Public in and for the State of Texas
My Commission expires June 28, 1985

THE STATE OF TEXAS §
§
COUNTY OF HARRIS §

On this 15th day of September, 1981, before me personally appeared Andrew Delaney, to me personally known, who being by me duly sworn, says that he is the Senior Vice President of The Variable Annuity Life Insurance Company, that the seal 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.

[Seal]


Notary Public in and for
Harris County, T E X A S

My Commission Expires:

January 16, 1981

Schedule A

<u>Railcar Class</u>	<u>Railcar Numbers</u>	<u>Quantity</u>	<u>Total Cost</u>
4,750 cubic foot covered hopper car	DR10001-10271	271	\$12,562,229