

Allied Bank West

1500 WAUGH DRIVE
1300 POST OAK BLVD.
P.O. BOX 4401
HOUSTON, TEXAS 77210-4401

1 5341
RECORDATION NO. Form 142b

OCT 27 1987 - 10 22 AM

October 15, 1987 INTERSTATE COMMERCE COMMISSION

Secretary
Interstate Commerce Commission
Washington, D. C. 20423

10/27/87
Fee \$ 10.00
ICS Washington, D. C.

Dear Secretary:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11303 are the original and two counterparts of a Commercial Security Agreement dated as of October 15, 1987, a primary document as defined in the Commission's Rules for the Recordation of Documents.

The names and addresses of the parties to the enclosed document are:

Debtor: Transportation Equipment, Ltd.
601 South East Street
Weimar, Texas 78962

Secured Party: Allied Bank West
1300 Post Oak Boulevard
Houston, Texas 77027

Included in the property covered by the aforesaid Commercial Security Agreement are railroad cars intended for use related to interstate commerce, or interests therein, owned by Transportation Equipment, Ltd. at the date of said Commercial Security Agreement or thereafter acquired by it or its successors as owners of the water carriers or the lines of railway covered by the Commercial Security Agreement.

Also enclosed is a check in the amount of \$10 payable to the order of the Interstate Commerce Commission covering the required recordation fee.

Please return the stamped original and two counterparts of the enclosed document to David M. Koogler, Butler & Binion, 1600 Allied Bank Plaza, Houston, Texas 77002.

October 15, 1987
Page 2

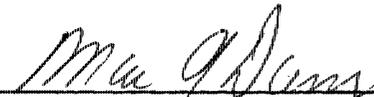
A short summary of the enclosed primary document to appear in the Commission's Index is:

Commercial Security Agreement dated as of October 15, 1987 between Transportation Equipment, Ltd., a Texas limited partnership, and Allied Bank West, Secured Party, covering railroad cars intended for use related to interstate commerce, or interests therein, owned by Transportation Equipment, Ltd. at the date of said Commercial Security Agreement or thereafter acquired by it or its successors as owners of the lines of railway covered by the Commercial Security Agreement.

Very truly yours,

ALLIED BANK WEST

By



DMKO-107/g

Interstate Commerce Commission
Washington, D.C. 20423

OFFICE OF THE SECRETARY

10/27/87

Marc A. Dunmire
Assist. Vice President
Allied Bank West
1500 Waugh Drive
1300 Post Oak Blvd.
P.O.Box 4401
Houston, Texas 77210

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 10/27/87 at 10:30am, and assigned recordation number(s). 15341 & 15341-A

Sincerely yours,

Norita R. McGee
Secretary

Enclosure(s)

SE-30
(7/79)

1 5341
REGISTRATION NO. _____ FILE NO.

OCT 27 1987 - 10 22 AM

INTERSTATE COMMERCE COMMISSION

COMMERCIAL SECURITY AGREEMENT

This Commercial Security Agreement is entered into as of the 15th day of October, 1987, by and between ALLIED BANK WEST, a Texas banking corporation ("Secured Party"), 1300 Post Oak Boulevard, Houston, Texas, and TRANSPORTATION EQUIPMENT I, LTD., a Texas limited partnership ("Debtor" whether one or more), 601 South East Street, Weimar, Texas 78962, Texas.

FOR VALUE RECEIVED, the receipt and sufficiency of which is hereby acknowledged, Debtor grants to Secured Party the security interest (and the pledges and assignments as applicable) hereinafter set forth and agrees with Secured Party as follows:

A. OBLIGATIONS SECURED. The security interest and pledges and assignments as applicable granted hereby are to secure punctual payment and performance of the following: (i) that certain promissory note of even date herewith in the original principal sum of \$450,000, executed by Debtor and payable to the order of Secured Party, and any and all extensions, renewals, modifications and rearrangements thereof (the "Note"), (ii) certain obligations of Debtor to Secured Party under that certain loan agreement (the "Loan Agreement") dated as of even date herewith, by and between Secured Party and Debtor, and all extensions, renewals, modifications and rearrangements thereof; and (iii) any and all other liabilities and obligations whatsoever of Debtor to Secured Party in connection with the Loan Agreement whether direct or indirect, absolute or contingent, primary or secondary, due or to become due and whether now existing or hereafter arising and howsoever evidenced or acquired, whether joint or several, or joint and several (all of which are herein separately and collectively referred to as the "Obligations"). Debtor acknowledges that the security interest hereby granted shall secure all future advances under the Note as well as any and all other liabilities and obligations of Debtor to Secured Party in connection with the Note and Loan Agreement whether now in existence or hereafter arising.

B. USE OF COLLATERAL. Debtor represents, warrants and covenants that the Collateral will be used by the Debtor primarily for business use.

C. DESCRIPTION OF COLLATERAL. Debtor hereby grants to Secured Party a security interest in (and hereby pledges and assigns as applicable) and agrees that Secured Party shall continue to have a security interest in (and a pledge and assignment as applicable): (a) all railroad cars of Debtor, including,

without limitation, those certain railroad cars described on Exhibit A attached hereto and made a part hereof for all purposes, wheresoever located, now owned or hereafter acquired, including all additions, accessories, and appurtenances thereto and substitutions therefor, including all tools, parts and accessories used in connection therewith, (b) all leases, management agreements, and, or, other rights to payment of any kind related to any and all of such railroad cars, whether written or oral, and all rights and remedies (but not the liabilities or obligations) therein, including the right to collect rent due thereon, to repossess the property in an event of default by the lessee, and the right, either in Debtor's own name or in the name of Secured Party, to take such legal proceedings or other action as Debtor might have, and (c) all of the proceeds of the foregoing.

The term "Collateral as used in this Agreement shall mean and include, and the security interest (and pledge and assignment as applicable) shall cover, all of the foregoing property, as well as any accessions, additions and attachments thereto and the proceeds and products thereof, including without limitation, all cash, general intangibles, accounts, inventory, equipment, fixtures, farm products, notes, drafts, acceptances, securities, instruments, chattel paper, insurance proceeds payable because of loss or damage, or other property, benefits or rights arising therefrom, and in and to all returned or repossessed goods arising from or relating to any of the property described herein or other proceeds of any sale or other disposition of such property.

As additional security for the punctual payment and performance of the Obligations, and as part of the Collateral, Debtor hereby grants to Secured Party a security interest in, and a pledge and assignment of, any and all money, property, deposit accounts, accounts, securities, documents, chattel paper, claims, demands, instruments, items or deposits of the Debtor, and each of them, or to which any of them is a party, now held or hereafter coming within Secured Party's custody or control, including without limitation, all certificates of deposit and other depository accounts, whether such have matured or the exercise of Secured Party's rights results in loss of interest or principal or other penalty on such deposits, but excluding deposits subject to tax penalties if assigned. Without prior notice to or demand upon the Debtor, Secured Party may exercise its rights granted above at any time when a default has occurred or Secured Party deems itself insecure. Secured Party's rights and remedies under this paragraph shall be in addition to and cumulative of any other rights or remedies at law and equity, including, without

limitation, any rights of setoff to which Secured Party may be entitled.

D. REPRESENTATIONS, WARRANTIES AND COVENANTS OF DEBTOR.
Debtor represents and warrants as follows:

1. Ownership; No Encumbrances. Except for the security interest (and pledges and assignments as applicable) granted hereby, the Debtor is, and as to any property acquired after the date hereof which is included within the Collateral, Debtor will be, the owner of all such Collateral free and clear from all charges, liens, security interests, adverse claims and encumbrances of any and every nature whatsoever.

2. No Financing Statements. There is no financing statement or similar filing now on file in any public office covering any part of the Collateral, and Debtor will not execute and there will not be on file in any public office any financing statement or similar filing except the financing statements filed or to be filed in favor of Secured Party.

3. Accuracy of Information. All information furnished to Secured Party concerning Debtor, the Collateral and the Obligations, or otherwise for the purpose of obtaining or maintaining credit, is or will be at the time the same is furnished, accurate and complete in all material respects.

4. Authority. Debtor has full right and authority to execute and perform this Agreement and to create the security interest (and pledges and assignment as applicable) created by this Agreement. The making and performance by Debtor of this Agreement will not violate any partnership agreement or similar document respecting Debtor, any provision of law, any order of court or governmental agency, or any indenture or other agreement to which Debtor is a party, or by which Debtor or any of Debtor's property is bound, or be in conflict with, result in a breach of or constitute (with due notice and/or lapse of time) a default under any such indenture or other agreement, or result in the creation or imposition of any charge, lien, security interest, claim or encumbrance of any and every nature whatsoever upon the Collateral, except as contemplated by this Agreement.

5. Addresses. The address of Debtor designated at the beginning of this Agreement is Debtor's place of business if Debtor has only one place of business; Debtor's chief executive office if Debtor has more than one place of business; or Debtor's residence if Debtor has no place of business. Debtor agrees not

to change such address without advance written notice to Secured Party.

E. GENERAL COVENANTS. Debtor covenants and agrees as follows:

1. Operation of the Collateral. Debtor agrees to maintain and use the Collateral solely in the conduct of its own business, in a careful and proper manner, and in conformity with all applicable permits or licenses. Debtor shall comply in all respects with all applicable statutes, laws, ordinances and regulations. Debtor shall not use the Collateral in any unlawful manner or for any unlawful purposes, or in any manner or for any purpose that would expose the Collateral to unusual risk, or to penalty, forfeiture or capture, or that would render inoperative any insurance in connection with the Collateral.

2. Condition. Debtor shall maintain, service and repair the Collateral so as to keep it in good operating condition. Debtor shall replace within a reasonable time all parts that may be worn out, lost, destroyed or otherwise rendered unfit for use, with appropriate replacement parts. Debtor shall obtain and maintain in good standing at all times all applicable permits, licenses, registrations and certificates respecting the Collateral.

3. Assessments. Debtor shall promptly pay when due all taxes, assessments, license fees, registration fees, and governmental charges levied or assessed against Debtor or with respect to the Collateral or any part thereof.

4. No Encumbrances. Debtor agrees not to suffer or permit any charge, lien, security interest, adverse claim or encumbrance of any and every nature whatsoever against the Collateral or any part thereof.

5. No Transfer. Except as otherwise provided in this Agreement or the Loan Agreement with respect to inventory, Debtor shall not, without the prior written consent of Secured Party, sell, assign, transfer, lease, charter, encumber, hypothecate or dispose of the Collateral, or any part thereof, or interest therein, or offer to do any of the foregoing.

6. Notices and Reports. Debtor shall promptly notify Secured Party in writing of any change in the name, identity or structure of Debtor, any charge, lien, security interest, claim or encumbrance asserted against the Collateral. Debtor shall

furnish such other reports, information and data as provided in the Loan Agreement.

7. Landlord's Waivers. Debtor shall use its best efforts to furnish to Secured Party, if requested, a landlord's waiver of all liens with respect to any Collateral covered by this Agreement that is or may be located upon leased premises, such landlord's waivers to be in such form and upon such terms as are acceptable to Secured Party.

8. Additional Filings. Debtor agrees to execute and deliver such financing statement or statements, or amendments thereof or supplements thereto, or other documents as Secured Party may from time to time require in order to comply with the Texas Uniform Commercial Code (or other applicable state law of the jurisdiction where any of the Collateral is located) and the Interstate Commerce Act and to preserve and protect the Secured Party's rights to the Collateral.

9. Protection of Collateral. Secured Party, at its option, whether before or after default, but without any obligation whatsoever to do so, may (a) discharge taxes, claims, charges, liens, security interests, assessments or other encumbrances of any and every nature whatsoever at any time levied, placed upon or asserted against the Collateral, (b) place and pay for insurance on the Collateral, including insurance that only protects Secured Party's interest, (c) pay for the repair, improvement, testing, maintenance and preservation of the Collateral, (d) pay any filing, recording, registration, licensing or certification fees or other fees and charges related to the Collateral, or (e) take any other action to preserve and protect the Collateral and Secured Party's rights and remedies under this Agreement as Secured Party may deem necessary or appropriate. Debtor agrees that Secured Party shall have no duty or obligation whatsoever to take any of the foregoing action. Debtor agrees to promptly reimburse Secured Party upon demand for any payment made or any expense incurred by the Secured Party pursuant to this authorization. These payments and expenditures, together with interest thereon from date incurred until paid by Debtor at the maximum contract rate allowed under applicable laws, which Debtor agrees to pay, shall constitute additional Obligations and shall be secured by and entitled to the benefits of this Agreement.

10. Inspection. Debtor shall at all reasonable times allow Secured Party by or through any of its officers, agents, attorneys or accountants, to examine the Collateral, wherever located, and to examine and make extracts from Debtor's books and records.

11. Further Assurances. Debtor shall do, make, procure, execute and deliver all such additional and further acts, things, deeds, interests and assurances as Secured Party may require from time to time to protect, assure and enforce Secured Party's rights and remedies.

12. Insurance. Debtor shall have and maintain insurance at all time with respect to all tangible Collateral insuring against risks of fire (including so-called extended coverage), theft and other risks as Secured Party may require, containing such terms, in such form and amounts and written by such companies as may be satisfactory to Secured Party, all of such insurance to contain loss payable clauses in favor of Secured Party as its interest may appear. All policies of insurance shall provide for ten (10) days' written minimum cancellation notice to Secured Party and at the request of Secured Party shall be delivered to and held by it. Secured Party is hereby authorized to act as attorney for Debtor in obtaining, adjusting, settling and cancelling such insurance and endorsing any drafts or instruments. Secured Party shall be authorized to apply the proceeds from any insurance to the Obligations secured hereby whether or not such Obligations are then due and payable. Debtor specifically authorizes Secured Party to disclose information from the policies of insurance to prospective insurers regarding the Collateral.

F. ADDITIONAL PROVISIONS REGARDING ACCOUNTS AND RENT. The following provisions shall apply to all accounts or rent included within the Collateral:

1. Definitions. The term "account," as used in this Agreement, shall have the same meaning as set forth in the Uniform Commercial Code of Texas in effect as of the date of execution hereof, and as set forth in any amendment to the Uniform Commercial Code of Texas to become effective after the date of execution hereof, and also shall include all present and future notes, instruments, documents, general intangibles, drafts, acceptances and chattel paper of Debtor, and the proceeds thereof. The term "rent," as used in this Agreement, shall mean all rights to the payment of money in connection with the leases, management agreements, and or other rights to payment of any kind included within the Collateral.

2. Additional Warranties. As of the time any account becomes subject to the security interest (or pledge or assignment as applicable) granted hereby, Debtor shall be deemed further to have warranted as to each and all of such accounts as follows: (a) each account and all papers and documents relating thereto are genuine and in all respects what they purport to be; (b) each

account is valid and subsisting and arises out of a bona fide sale of goods sold and delivered to, or out of and for services theretofore actually rendered by the Debtor to, the account debtor named in the account; (c) the amount of the account represented as owing is the correct amount actually and unconditionally owing except for normal cash discounts and is not subject to any setoffs, credits, defenses, deductions or countercharges; and (d) Debtor is the owner thereof free and clear of any charges, liens, security interests, adverse claims and encumbrances of any and every nature whatsoever.

3. Collection of Accounts and Rent. Secured Party shall have the right in its own name or in the name of the Debtor, after default, to require Debtor forthwith to transmit all proceeds of collection of accounts and, or, rent to Secured Party, to notify any and all account debtors and, or, lessees to make payments of the accounts and, or, rent, as applicable, directly to Secured Party, to demand, collect, receive, receipt for, sue for, compound and give acquittal for, any and all amounts due or to become due on the accounts and, or, rent, as applicable, and to endorse the name of the Debtor on all commercial paper given in payment or part payment hereof, and in Secured Party's discretion to file any claim or take any other action or proceeding that Secured Party may deem necessary or appropriate to protect and preserve and realize upon the accounts and, or, rent, as applicable, and related Collateral. Unless and until Secured Party elects to collect accounts, and, or, rent, as applicable, and the privilege of Debtor to collect accounts and, or, rent, as applicable, is revoked by Secured Party in writing, Debtor shall continue to collect accounts, and, or, rent, as applicable, account for same to Secured Party, and shall not commingle the proceeds of collection of accounts and, or, rent, as applicable, with any funds of the Debtor. In order to assure collection of accounts and, or, rent, as applicable, in which Secured Party has a security interest (or pledge or assignment of as applicable) hereunder, Secured Party may notify the post office authorities to change the address for delivery of mail addressed to Debtor to such address as Secured Party may designate, and to open and dispose of such mail and receive the collections of accounts and, or, rent, as applicable, included herewith. Secured Party shall have no duty or obligation whatsoever to collect any account, and, or, rent, as applicable, or to take any other action to preserve or protect the Collateral; however, should Secured Party elect to collect any account and, or, rent, as applicable, or take possession of any Collateral, Debtor releases Secured Party from any claim or claims for loss or damage arising from any act or omission in connection

therewith except acts or omissions due to Secured Party's willful misconduct or gross negligence.

4. Identification and Assignment of Accounts, and, or, Leases. Upon Secured Party's request, whether before or after default, Debtor shall take such action and execute and deliver such documents as Secured Party may reasonably request in order to identify, confirm, mark, segregate and assign accounts and, or, leases, and to evidence Secured Party's interest in same. Without limitation of the foregoing, Debtor, upon request, agrees to assign accounts and, or, leases, to Secured Party, identify and mark accounts and, or, leases as being subject to the security interest (or pledge or assignment as applicable) granted hereby, mark Debtor's books and records to reflect such assignments, and forthwith to transmit to Secured Party in the form as received by Debtor any and all proceeds of collection of such accounts and, or, leases.

5. Segregation of Returned Goods. Returned or repossessed goods arising from or relating to any accounts included within the Collateral shall if requested by Secured Party be held separate and apart from any other property. Debtor shall as often as requested by Secured Party, but not less often than weekly even though no special request has been made, report to Secured Party the appropriate identifying information with respect to any such returned or repossessed goods relating to accounts included in assignments or identifications made pursuant hereto.

G. ADDITIONAL PROVISIONS REGARDING INVENTORY. The following provisions shall apply to all inventory included within the Collateral:

1. Inventory Reports. Debtor will deliver to Secured Party, a written report in form and content satisfactory to Secured Party, with respect to the inventory as required by the Loan Agreement. Debtor shall immediately notify Secured Party of any matter adversely affecting the inventory, including, without limitation, any event causing loss or depreciation in the value of the inventory and the amount of such possible loss or depreciation.

2. Location of Inventory. Debtor will promptly notify Secured Party in writing of any addition to, change in or discontinuance of its place(s) of business as shown in this agreement, the places at which the inventory is home based as shown herein, the location of its chief executive office and the location of the office where it keeps its records as set forth herein. All Collateral will be home based at the place(s) of business shown

at the beginning of this agreement as modified by any written notice(s) given pursuant hereto.

3. Use of Inventory. Unless and until the privilege of Debtor to use inventory in the ordinary course of Debtor's business is revoked by Secured Party in the event of default, Debtor may use the inventory in any manner not inconsistent with this Agreement, may sell that part of the Collateral consisting of inventory provided that all such sales are in the ordinary course of business, and may use and consume any raw materials or supplies that are necessary in order to carry on Debtor's business. A sale in the ordinary course of business does not include a transfer in partial or total satisfaction of a debt.

4. Accounts as Proceeds. All accounts that are proceeds of the inventory included within the Collateral shall be subject to all of the terms and provisions hereof pertaining to accounts.

5. Protection of Inventory. Debtor shall take all action necessary to protect and preserve the inventory.

H. EVENTS OF DEFAULT. Debtors shall be in default hereunder upon the happening of any of the following events or conditions: (i) nonpayment when due (whether by acceleration of maturity or otherwise) of any payment of principal, interest or any other amount due on any Obligation; (ii) the occurrence of any event which under the terms of any evidence of indebtedness, indenture, loan agreement, security agreement or similar instrument permits the acceleration of maturity of any obligation of Debtor (whether to Secured Party or to others); (iii) any representation or warranty made by Debtor to Secured Party in connection with this Agreement, the Collateral or the Obligations, or in any statements or certificates, proves incorrect in any material respect as of the date of the making or the issuance thereof; (iv) default occurs in the observance or performance of, or if Debtor fails to furnish adequate evidence of performance of, any provision of this Agreement or of any note, assignment, transfer, other agreement, document or instrument delivered by Debtor to Secured Party in connection with this Agreement, the Collateral or the Obligations; (v) death, dissolution, liquidation, termination of existence, insolvency, business failure or winding-up of Debtor or any maker, endorser, guarantor, surety or other party liable in any capacity for any of the Obligations; (vi) the commission of an act of bankruptcy by, or the application for appointment of a receiver or any other legal custodian for any part of the property of, assignment for the benefit of creditors by, or the commencement of any proceedings under any bankruptcy, arrangement, reorganization, insolvency or similar

laws for the relief of debtors by or against, the Debtor or any maker, endorser, guarantor, surety or other party primarily or secondarily liable for any of the Obligations; (vii) the Collateral becomes, in the judgment of the Secured Party, impaired, unsatisfactory or insufficient in character or value; or (viii) the filing of any levy, attachment, execution, garnishment or other process against the Debtor or any of the Collateral or any maker, endorser, guarantor, surety, or other party liable in any capacity for any of the Obligations.

I. **REMEDIES.** Upon the occurrence of an event of default, Secured Party, at its option, shall be entitled to exercise any one or more of the following remedies (all of which are cumulative):

1. Declare Obligations Due. Secured Party, at its option, may declare the Obligations or any part thereof immediately due and payable, without demand, notice of intention to accelerate, notice of acceleration, notice of nonpayment, presentment, protest, notice of dishonor, or any other notice whatsoever, all of which are hereby waived by Debtor and any maker, endorser, guarantor, surety or other party liable in any capacity for any of the Obligations.

2. Remedies. Secured Party shall have all of the rights and remedies provided for in this Agreement and in any other agreements executed by Debtor, the rights and remedies in the Uniform Commercial Code of Texas, and any and all of the rights and remedies at law and equity, all of which shall be deemed cumulative. Without limiting the foregoing, Debtor agrees that Secured Party shall have the right to (a) require Debtor to assemble the Collateral and make it available to Secured Party at a place designated by Secured Party that is reasonably convenient to both parties, which Debtor agrees to do; (b) take possession of the Collateral, with or without process of law, and, in this connection, enter any premises where the Collateral is located to remove same, to render it unusable, or to dispose of same on such premises; (c) sell, lease or otherwise dispose of the Collateral, by public or private proceedings, for cash or credit, without assumption of credit risk; and/or (d) whether before or after default, collect and receipt for, compound, compromise, and settle, and give releases, discharges and acquittances with respect to, any and all amounts owned by any person or entity with respect to the Collateral. Unless the Collateral is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, Secured Party will send Debtor reasonable notice of the time and place of any public sale or of the time after which any private sale or other disposition

will be made. Any requirement of reasonable notice to Debtor shall be met if such notice is mailed, postage prepaid, to Debtor at the address of Debtor designated at the beginning of this Agreement, at least five (5) days before the day of any public sale or at least five (5) days before the time after which any private sale or other disposition will be made.

3. Expenses. Debtor shall be liable for and agrees to pay the reasonable expenses incurred by Secured Party in enforcing its rights and remedies, in retaking, holding, testing, repairing, improving, selling, leasing or disposing of the Collateral, or like expenses, including, without limitation, attorneys' fees and legal expenses incurred by Secured Party. These expenses, together with interest thereon from the date incurred until paid by Debtor at the maximum contract rate allowed under applicable laws, which Debtor agrees to pay, shall constitute additional Obligations and shall be secured by and entitled to the benefits of this Agreement.

4. Proceeds; Surplus; Deficiencies. Proceeds received by Secured Party from disposition of the Collateral shall be applied toward Secured Party's expenses and other Obligations in such order or manner as Secured Party may elect. Debtor shall be entitled to any surplus if one results after lawful application of the proceeds. Debtor shall remain liable for any deficiency.

5. Remedies Cumulative. The rights and remedies of Secured Party are cumulative and the exercise of any one or more of the rights or remedies shall not be deemed an election of rights or remedies or a waiver of any other right or remedy. 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.

J. OTHER AGREEMENTS.

1. Savings Clause. Notwithstanding any provision to the contrary herein, or in any of the documents evidencing the Obligations or otherwise relating thereto, no such provision shall require the payment or permit the collection of interest in excess of the maximum permitted by applicable usury laws. If any such excessive interest is so provided for, then in such event (i) the provisions of this paragraph shall govern and control, (ii) neither the Debtor nor his heirs, legal representatives, successors or assigns or any other party liable for the payment thereof, shall be obligated to pay the amount of such interest to the extent that is in excess of the maximum amount permitted by law, (iii) any such excess interest that may have been collected

shall be, at the option of the holder of the instrument evidencing the Obligations, either applied as a credit against the then unpaid principal amount thereof or refunded to the maker thereof, and (iv) the effective rate of interest shall be automatically reduced to the maximum lawful rate under applicable usury laws as now or hereafter construed by the courts having jurisdiction.

2. Joint and Several Responsibility. If this Security Agreement is executed by more than one Debtor, the obligations of all such Debtors shall be joint and several.

3. Waivers. Debtor and any maker, endorser, guarantor, surety or other party liable in any capacity respecting the Obligations hereby waive demand, notice of intention to accelerate, notice of acceleration, notice of nonpayment, presentment, protest, notice of dishonor and any other similar notice whatsoever.

4. Severability. Any provision hereof found to be invalid by courts having jurisdiction shall be invalid only with respect to such provision (and then only to the extent necessary to avoid such invalidity). The offending provision shall be modified to the maximum extent possible to confer upon Secured Party the benefits intended thereby. Such provision as modified and the remaining provisions hereof shall be construed and enforced to the same effect as if such offending provision (or portion thereof) had not been contained herein, to the maximum extent possible.

5. Use of Copies. Any carbon, photographic or other reproduction of any financing statement signed by Debtor is sufficient as a financing statement for all purposes, including without limitation, filing in any state as may be permitted by the provisions of the Uniform Commercial Code of such state.

6. Relationship to Other Agreements. This Security Agreement and the security interests (and pledges and assignments as applicable) herein granted are in addition to (and not in substitution, novation or discharge of) any and all prior or contemporaneous security agreements, security interests, pledges, assignments, liens, rights, titles or other interests in favor of Secured Party or assigned to Secured Party by others in connection with the Obligations. All rights and remedies of Secured Party in all such agreements are cumulative, but in the event of actual conflict in terms and conditions, the terms and conditions of the latest security agreement shall govern and control.

7. Notices. Any notice or demand given by Secured Party to Debtor in connection with this Agreement, the Collateral or the Obligations shall be deemed given and effective upon deposit in the United States mail, postage prepaid, addressed to Debtor at the address of Debtor designated at the beginning of this Agreement. Actual notice to Debtor shall always be effective no matter how given or received.

8. Headings and Gender. Paragraph headings in this Agreement are for convenience only and shall be given no meaning or significance in interpreting this Agreement. All words used herein shall be construed to be of such gender or number as the circumstances require.

9. Amendments. Neither this Agreement nor any of its provisions may be changed, amended, modified, waived or discharged orally, but only by an instrument in writing signed by the party against whom enforcement of the change, amendment, modification, waiver or discharge is sought.

10. Continuing Agreement. The security interest (and pledges and assignments as applicable) hereby granted and all of the terms and provisions in this Agreement shall be deemed a continuing agreement. They shall continue in full force and effect and remain effective between the parties until the earliest of (a) the expiration of four (4) years after repayment in full of all Obligations, or (b) the repayment in full of all Obligations and the giving by Debtor of ten (10) days' written notice of revocation of this Agreement.

11. Binding Effect. The provisions of this Security Agreement shall be binding upon the heirs, personal representatives, successors and assigns of Debtor and the rights, powers and remedies of Secured Party hereunder shall inure to the benefit of the successors and assigns of Secured Party.

12. Governing Law. This Security Agreement shall be governed by the laws of the State of Texas and applicable federal law.

EXECUTED this 15 day of October, 1987.

TRANSPORTATION EQUIPMENT I, LTD.,
a Texas limited partnership

By TRANSPORTATION EQUIPMENT, INC.,
general partner

By Robert R. Huette
Robert R. Huette
President

- DEBTOR -

ALLIED BANK WEST

By Marc A. Dunmire
Marc A. Dunmire
Assistant Vice President

- SECURED PARTY -

STATE OF TEXAS §
 §
COUNTY OF Harris §

On this 15 day of October, 1987 before me personally appeared, Robert R Huette, to me personally known, who being by me duly sworn, says that he is the President of TRANSPORTATION EQUIPMENT, INC., the general partner of TRANSPORTATION EQUIPMENT I, LTD., 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.

Lia Spease
Notary Public in and for the
State of Texas

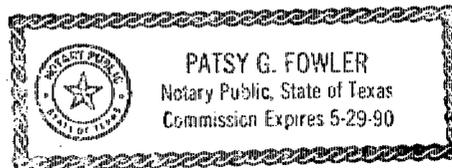
My Commission Expires:
9-14-88

STATE OF TEXAS §
 §
COUNTY OF HARRIS §

On this 26th day of October, 1987 before me personally appeared, Marc A. Dunmire, to me personally known, who being by me duly sworn, says that he is the Assistant Vice President of ALLIED BANK WEST, 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.

Patsy G. Fowler
Notary Public in and for the
State of Texas

My Commission Expires:
5-29-90



DMKO-213/A

EXHIBIT A

Thirty (30) 23,500 gallon nominal capacity cars, DOT-111A100W3, exterior coiled and insulated; 100 ton roller bearing trucks bearing the following identifying marks and numbers:

1. RTMX 13069; TEIX 2313
2. RTMX 13073; TEIX 2325
3. RTMX 12867; TEIX 2324
4. RTMX 12869; TEIX 2323
5. RTMX 12874; TEIX 2308
6. RTMX 12697; TEIX 2302
7. RTMX 12698; TEIX 2319
8. RTMX 12546; TEIX 2306
9. RTMX 12545; TEIX 2305
10. RTMX 12547; TEIX 2300
11. RTMX 12718; TEIX 2318
12. RTMX 12719; TEIX 2301
13. RTMX 12720; TEIX 2317
14. RTMX 12721; TEIX 2304
15. RTMX 12722; TEIX 2328
16. RTMX 12723; TEIX 2329
17. RTMX 12724; TEIX 2312
18. RTMX 12725; TEIX 2303
19. RTMX 12726; TEIX 2309
20. RTMX 12727; TEIX 2327
21. RTMX 12936; TEIX 2322
22. RTMX 13001; TEIX 2310
23. RTMX 13002; TEIX 2326
24. RTMX 13322; TEIX 2311
25. RTMX 13323; TEIX 2321
26. RTMX 13324; TEIX 2315
27. RTMX 13325; TEIX 2320
28. RTMX 13326; TEIX 2307
29. RTMX 13327; TEIX 2314
30. RTMX 13328; TEIX 2316