



First Interstate Bank  
 of Arizona, N.A.  
 Polk & 35th Ave. Office  
 3450 W. Polk St.  
 P.O. Box 2959  
 Phoenix, AZ 85062  
 602 271-6791

2-307A018

October 27, 1982

RECORDATION NO. 13830 No. NOV 3 1982  
 Date

Interstate Commerce Commission NOV 3 1982-9 02 AM Fee \$ 50.00  
 12th & Constitution Ave., N.W.  
 Room 2303 INTERSTATE COMMERCE COMMISSION Washington, D. C.  
 Washington, D.C. 20423

Re: Railroad Resources, Inc.

Enclosed you will find two sets of Security Agreements signed by Charles R. Newman as President of Railroad Resources, Inc. Kindly mark your records to indicate that our bank holds a Security Interest in both the railroad cars described therein and also in all lease proceeds therefrom. We have also enclosed our Bank's Cashier's Check No. T5609331 in the amount of \$50.00 which we understand is the correct fee.

It is our understanding that one of our Security Agreements will be returned to us bearing recording data showing that our Security Interest has been perfected. Should you have any questions please do not hesitate to contact me.

Sincerely,

*Jack Ulman*  
 Jack Ulman  
 Manager

JU/lmk

Enc.

RECEIVED  
 NOV 3 9 59 AM '82  
 I.C.C.  
 FEE OPERATION BR

**Interstate Commerce Commission**  
Washington, D.C. 20423

11/3/82

OFFICE OF THE SECRETARY

Jack Ullman  
Manager  
First Interstate Bank Of Arizona, N.A.  
Polk & 35th Ave. Office  
3450 W. Polk St. P.O. Box 2959  
Phoenix, AZ. 85062

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 **11/3/82** at **9:05am**, and assigned re-  
recording number(s). **13830**

Sincerely yours,

*Agatha L. Mergenovich*  
Agatha L. Mergenovich  
Secretary

Enclosure(s)

**SECURITY AGREEMENT**  
(Consumer Goods, Equipment, Fixtures)

NOV 3 1982 9 05 AM

INTERSTATE COMMERCE COMMISSION  
October 26, 19 82

Railroad Resources Inc. (Name) 2211 E. Highland Suite 115 (No. and Street)  
Phoenix (City) Maricopa (County) Arizona 85016 (State)

Railroad Resources, Inc. is hereinafter called the Debtor and the FIRST INTERSTATE BANK OF ARIZONA, N.A. 35th & Polk; PO Box 2959 Phx., Az 85062 Office, is hereinafter called the Secured Party.

A. DESCRIPTION OF GOODS:

|       | Purchased                | Owned                    |
|-------|--------------------------|--------------------------|
| _____ | <input type="checkbox"/> | <input type="checkbox"/> |
| _____ | <input type="checkbox"/> | <input type="checkbox"/> |
| _____ | <input type="checkbox"/> | <input type="checkbox"/> |
| _____ | <input type="checkbox"/> | <input type="checkbox"/> |
| _____ | <input type="checkbox"/> | <input type="checkbox"/> |

If checked here, see attached Collateral Schedule incorporated herein.

| New or Used | Year | Make (Trade Name) | No. Cycles | Purchased or Owned | Type of Body | Model, Letter or No. | Manufacturer's Serial No. | Motor No. |
|-------------|------|-------------------|------------|--------------------|--------------|----------------------|---------------------------|-----------|
|             |      |                   |            |                    |              |                      |                           |           |

And all increases, parts, accessories, attachments, additions, and accessories thereto and all proceeds thereof in any form and, all other property of the same class or classes hereafter owned or acquired by Debtor (the Collateral).

B. USE—The Collateral covered by this Security Agreement is used or is bought for use by Debtor primarily for the purpose marked below:

- Business (including a profession but excluding farming).
- Farming operations. If farm equipment, the original purchase price of the equipment is \$ \_\_\_\_\_
- Personal, family or household purposes.

C. LOCATION OF FIXTURE; Construction

If the Collateral is or will be a fixture, it will be affixed to real property having the following legal description:

And the financing statement relating hereto is to be filed (recorded) in the office where a mortgage of such real estate would be recorded. If the Debtor does not have an interest of record, the record owner is: \_\_\_\_\_

The debtor or record owner  has  has not executed a construction loan mortgage covering the property to which the collateral will be affixed.

IN CONSIDERATION of the financial accommodations heretofore or hereafter rendered by Secured Party to Debtor, Debtor agrees with Secured Party as follows:

§1. SECURITY INTEREST

1.1 Debtor hereby grants to Secured Party a security interest (the Security Interest) in the above described Collateral.

1.2 Debtor acknowledges that although proceeds of Collateral are covered by this Security Agreement, this shall not be construed to mean that Secured Party consents to any sale of such Collateral.

1.3 By granting a security interest in the collateral described herein, debtor waives all rights provided by law to claim such collateral exempt from process.

§2. INDEBTEDNESS SECURED

The Security Interest secures payment of an obligation of Debtor to Secured Party of \$ 75,000.00, payable in accordance with the terms of a promissory note dated 10/26/82, and all other indebtedness of Debtor to Secured Party, whether now existing or hereafter incurred, of every kind and character, direct or indirect, and whether such indebtedness is from time to time reduced and thereafter increased, or entirely extinguished and thereafter reincurred, including, without limitation, any sums advanced by Secured Party for taxes, assessments, insurance and other charges and expenses as hereinafter provided (the Indebtedness), provided, however, that if the collateral covered by this security agreement will be used primarily for personal, family or household purposes, then this security agreement shall secure only payment of the promissory note described above and performance of Debtor's obligations hereunder.

§3. REPRESENTATIONS AND WARRANTIES OF DEBTOR

Debtor represents and warrants that: (a) The Collateral covered by this Security Agreement is used or bought for use primarily for the purpose marked above; (b) If the Collateral is described as owned, Debtor is owner of the Collateral free of all security interests or other encumbrances except the Security Interest and no financing statement covering the Collateral is filed or recorded in any public office; if the Collateral is described as purchased, Debtor will, within ten (10) days of the date of this agreement, acquire the Collateral with proceeds of loans made pursuant to this Security Agreement, and Secured Party may disburse such proceeds directly to seller; (c) Debtor is authorized to enter into this Security Agreement; (d) If the Debtor warrants above that the Collateral is used or bought for use primarily for personal, family or household purposes or for farming operations the address specified above is Debtor's residence; (e) If the Collateral is or will be a fixture, it will be affixed to the real property as described above.

By executing this Security Agreement, the undersigned acknowledge receipt of a copy hereof and agree that it includes the ADDITIONAL PROVISIONS on the reverse side hereof, the same being incorporated herein by reference.

SECURED PARTY

FIRST INTERSTATE BANK OF ARIZONA, N.A.

STATE OF ARIZONA  
COUNTY OF MARICOPA

Railroad Resources, Inc.

By [Signature] } ss. [Signature]

Title Manager This instrument was acknowledged before me this 27 day of Oct, 19 82, by CHARLES NEWHA President

(If corporation or partnership, show title)

N-38 Rev. 6-81 In witness whereof, I, [Signature], set my hand and official seal,

My Commission Expires August 19, 1984

## ADDITIONAL PROVISIONS

### §4. COVENANTS OF DEBTOR

So long as any Indebtedness remains unpaid, Debtor: (a) will defend the Collateral against the claims and demands of all other parties; will keep the Collateral free from all security interests or other encumbrances, except the Security Interest; and will not sell, transfer, lease or otherwise dispose of any Collateral or any interest therein without the prior written consent of Secured Party; (b) will keep the Collateral in the county of Debtor's residence described above; will notify Secured Party promptly in writing of any change in Debtor's address, specified above; and will permit Secured Party or its agents to inspect the Collateral at reasonable times; (c) will keep the Collateral in good condition and repair; and will not use the Collateral in violation of any provisions of this Security Agreement, of any applicable statute, regulation or ordinance or of any policy insuring the Collateral; (d) will sign and execute alone or with Secured Party any financing statement or other document or procure any document, and pay all connected costs, necessary to protect the Security Interest under this Security Agreement against the rights or interests of third persons; (e) will pay all taxes, assessments and other charges of every nature which may be levied or assessed against the Collateral; will insure the Collateral against risks, and in coverage, form and amount satisfactory to Secured Party, and, at Secured Party's request, will deliver each policy or certificate of insurance therefor to Secured Party; in case of the Debtor's default in keeping the vehicle so insured or in so depositing with Secured Party each policy providing such insurance, or in case of the cancellation or expiration of any such policy so deposited, whether procured by the Secured Party or the Debtor, the Secured Party may (but need not) procure any such insurance protecting the interests of Secured Party and Debtor or either of them, and Debtor will pay to Secured Party on demand the amount paid or incurred by it in so doing in excess of any unearned insurance premium refund received by Secured Party in the event of the cancellation of any such policy, with interest at the highest lawful rate; (f) will prevent the Collateral or any part thereof from being or becoming an accession to other goods not covered by this Security Agreement; (g) if the Collateral is not a fixture, will prevent the Collateral or any part thereof from being or becoming a fixture; and (h) in the case of motor vehicles constituting Collateral; (i) will not remove the Collateral or permit it to be removed from the State of Arizona without the written consent of Secured Party; (ii) will keep the vehicle properly registered with and licensed by the State of Arizona, and will advise Secured Party of such license number, and (iii) will cause the Security Interest to be shown as a valid, first lien on the Arizona Certificate of Title for the vehicle and will provide a lien filing receipt as evidence thereof to Secured Party

### §5. DEFAULT

5.1 Any of the following events or conditions will constitute an event of default hereunder; (i) nonpayment when due, whether by acceleration or otherwise, of principal or of interest on any Indebtedness or default by Debtor in the performance of any obligation, term or condition of this Security Agreement or any other agreement between Debtor and Secured Party; (ii) nonpayment when due of any tax imposed on Debtor or on any of Debtor's assets; (iii) death or judicial declaration of incompetency of Debtor, if an individual; (iv) the filing by or against Debtor of a petition for adjudication as a bankrupt; the filing by or against Debtor (if a corporation) of a petition for reorganization under Chapter X of the Bankruptcy Act or any similar statute; or the filing by Debtor of a petition for an arrangement under Chapter XI of the Bankruptcy Act or any similar statute; (v) the making of any general assignment by Debtor for the benefit of creditors; the appointment of a receiver or trustee for Debtor or for any of Debtor's assets; or the institution by or against Debtor of any other type of insolvency proceeding (under the Bankruptcy Act or otherwise) or of any formal or informal proceeding for the dissolution or liquidation of, settlement of claims against or winding up of affairs of, Debtor; (vi) the occurrence of any event described in paragraph 5.1 (iii), (iv), or (v) hereof with respect to any indorser or guarantor, or any other party liable for payment of any indebtedness; (vii) the issuance of an attachment, garnishment, levy or execution against any of the property or funds of any Debtor or the assessment of a tax deficiency against any Debtor; (viii) if any certificate, statement, representation, warranty or audit heretofore or hereafter furnished by or on behalf of Debtor or any indorser or guarantor, or any other party liable for payment of any Indebtedness, pursuant to or in connection with this Security Agreement or otherwise (including, without limitation, representations and warranties contained herein) or as in inducement to Secured Party to extend any credit to or to enter into this or any other agreement with Debtor, proves to have been false in any material respect at the times as of which the facts therein set forth were stated or certified, or to have omitted any substantial contingent or unliquidated liability or claim against Debtor or any such endorser, guarantor or other party; or if upon the date of execution of this Security Agreement there shall have been any materially adverse change in any of the facts disclosed by any such certificate, statement, representation, warranty or audit, which change shall not have been disclosed to Secured Party at or prior to the time of such execution; or (ix) if Secured Party in good faith believes that the prospect of payment of all or any part of the Indebtedness or performance of Debtor's obligations under this agreement or any other agreement now or hereafter in effect between Debtor and Secured Party is impaired.

5.2 Secured Party, at its sole election, may declare all or any part of any indebtedness not payable on demand to be immediately due and payable without demand or notice of any kind upon the happening of any event of default. The provisions of this paragraph are not intended in any way to affect any rights of Secured Party with respect to any Indebtedness which may now or hereafter be payable on demand.

5.3 Upon the happening of any event of default, Secured Party's rights and remedies with respect to the Collateral shall be those of a Secured Party under the Uniform Commercial Code and under any other applicable law, as the same may from time to time be in effect, in addition, to those rights granted herein and in any other agreement now or hereafter in effect between Debtor and Secured Party. Secured Party may require Debtor to assemble the Collateral and deliver or make it available to Secured Party at a place to be designated by Secured Party which is reasonably convenient to both parties. Secured Party may enter upon Debtor's premises to take possession of, assemble and collect the Collateral or to render it unusable. Secured Party shall not be liable for any loss, depreciation, injury or damages to any of Debtor's property as a result of such action. Debtor hereby waives any claim of trespass arising therefrom.

### §6. MISCELLANEOUS

6.1 As further security for payment of the Indebtedness, Debtor hereby grants to Secured Party a security interest in and lien on any and all property of Debtor which is or may hereafter be in Secured Party's possession in any capacity including without limitation, all moneys owed or to be owed by Secured Party to Debtor, and without limiting any other right of Secured Party, Secured Party shall have a right to set-off and apply such property against the Indebtedness at any time, said right to be matured and complete at the moment of inception of any obligation or indebtedness of Debtor to Secured Party but exercisable at the will and option of Secured Party.

6.2 Upon Debtor's failure to perform any of its duties hereunder, Secured Party may, but shall not be obligated to perform any or all such duties, and Debtor shall pay an amount equal to the expense thereof with interest thereon at the highest lawful rate to Secured Party forthwith upon written demand by Secured Party.

6.3 No delay or omission by Secured Party in exercising any right or remedy hereunder or with respect to any Indebtedness shall operate as a waiver of any other right or remedy or as a waiver of the same right or remedy after written demand for strict performance given to the Debtor by the Secured Party, and no single or partial exercise of any right or remedy shall preclude any other or further exercise thereof or the exercise of any other right or remedy. Secured Party may remedy any default by Debtor hereunder or with respect to any indebtedness in any reasonable manner without waiving the default remedied and without waiving any other prior or subsequent default by Debtor. All rights and remedies of Secured Party hereunder are cumulative and are in addition to all other rights and remedies afforded by the laws of Arizona and the United States.

6.4 Secured Party may assign this Security Agreement and (i) if it does so, the Assignee shall be entitled upon notifying the Debtor, to performance of all Debtor's obligations and agreements hereunder, and the Assignee shall be entitled to all the rights and remedies of Secured Party under this agreement, and (ii) Debtor will assert against Assignee no claims or defenses which he may have against Secured Party except those which may be asserted against a holder in due course of a negotiable instrument, provided, however, if the Collateral is used primarily for personal, family or household purposes nothing herein shall prejudice any set-off or other defense of Debtor existing at the time of notice of assignments.

6.5 Secured Party and Debtor as used herein shall include the heirs, executors or administrators, or successors or assigns of those parties. The provisions of this agreement shall apply to the parties according to the context hereof and without regard to the number or gender of words and expressions used herein.

6.6 If more than one Debtor executes this Security Agreement, the term "Debtor" shall include each as well as all of them, and their obligations, warranties and representations hereunder shall be joint and several.

6.7 No modification, rescission, waiver, release or amendment of any provision of this Security Agreement shall be made except by a written agreement subscribed by Debtor and a duly authorized officer of Secured Party.

6.8 This Security Agreement and the transaction evidenced hereby shall be governed by the laws of the State of Arizona, as the same may from time to time be in effect, including, without limitation, the Uniform Commercial Code.

6.9 This Security Agreement is, and is intended to be, a continuing Security Agreement and shall remain in full force and effect until the manager of Secured Party's office specified at the beginning of this Security Agreement shall actually receive written notice of its discontinuance and shall remain in full force and effect thereafter until all of the indebtedness contracted for or created before the receipt of such notice by Secured Party and any extensions or renewals thereof (whether made before or after receipt of such notice), together with interest accruing thereon after such notice, shall be paid in full.

6.10 Without in any way requiring or demand to be given in the following manner, Debtor agrees that any notification or demand by Secured Party, of sale, disposition or other intended action hereunder or in connection herewith, whether required by the Uniform Commercial Code or otherwise, shall constitute reasonable notification or demand to Debtor if such notification or demand is mailed by regular or certified mail, postage prepaid, at least five (5) days prior to such action, to Debtor's address specified above or to any other address which Debtor has specified in writing to Secured Party as the address to which notifications or demands hereunder shall be given to Debtor.

6.11 Debtor agrees to pay all costs and expenses incurred by Secured Party in enforcing this Security Agreement, in realizing upon any collateral and in enforcing and collecting any Indebtedness, including, without limitation, if Secured Party retains counsel for any such purpose, its reasonable attorneys' fees actually incurred.

6.12 A carbon, photographic, or other reproduction of this Security Agreement or of any financing statement relating to the Collateral may be filed or recorded by Secured Party and such shall have full effect and sufficiency as a financing statement.

### CONSENT

The undersigned as owner or mortgagee of the premises mentioned and described in the contract on the reverse side hereof agrees that the holder hereof shall not be liable for any changes or alterations required at the premises mentioned in said agreement, by reason of the installation, removal or repossession of the article(s) therein described, and upon the accrual of the right to repossess said article(s), said holder, its agents and representatives, may, at reasonable hours, enter said premises and take and remove said article(s), and the undersigned hereby waives any action for trespass or damage therefor and disclaims the right of resistance thereof; and the undersigned hereby waives, in favor of the holder and its assigns any claim to said article(s) by reason of same being affixed to the realty.

(if corporation or partnership, show correct business name and title of person signing)

**FIRST INTERSTATE BANK OF ARIZONA, N.A.**  
**COLLATERAL SCHEDULE**

1. Four door Ballast Cars (Hoppers) - 2650 cubic feet, 100 ton capacity.  
Built by FMC Corporation. Cars No's RRLX 1400 through RRLX 1414.

It is anticipated that the foregoing Railroad Hopper Ballast cars will shortly be leased via an addendum or additional schedule to a "Railroad Car Lease Agreement" originally entered into on 4/26/79 between Railroad Resources, Inc. (Lessor) and the Fort Worth and Denver Railway Company (lessee). All lease proceeds under this anticipated Lease addendum and/or additional schedule are hereby assigned to the First Interstate Bank of Arizona.

And all additions and accessions, after acquired property, proceeds, etc. as described in the Security Agreement to which this Schedule is attached.

This Collateral Schedule Supplement is a part of Security Agreement form N-38  
dated 10/26/82 between the undersigned and First Interstate Bank of Arizona, N.A.

STATE OF ARIZONA  
COUNTY OF MARICOPA

ss.

This instrument was acknowledged before me this 27 day of

Oct, 1982, by CHARLES R. NEWMAN

In witness whereof I herewith set my hand and official seal,

[Signature] NOTARY PUBLIC

Railroad Resources, Inc.

X Charles R. Newman President