Allied® American Bank
P. O. BOX 13118, HOUSTON, TEXAS 77019 (713) 526-6481

3-039A142

No.
Date FEB 8 1983
Fee $ 50.00
ICC Washington, D. C.

RECORDATION NO. 13957 Filed 1425

FEB 8 1983 2 30 PM

INTERSTATE COMMERCE COMMISSION

FEB 9 2 21 PM '83
RECEIVED
I.C.C.
FEE OPERATION BR.

January 31, 1983

Secretary of Interstate
Commerce Commission
12th & Constitution Avenue N. W.
Room 1227
Washington, D. C. 20423

Dear Sir:

Please find enclosed three original counterparts of a Security Agreement between L. Z. Mallory and Betty S. Mallory and Allied American Bank and a check in the amount of $50.00 for payment of recordation fee. We ask that you record this document pursuant to the §1116 of Title 49 of the code of Federal Regulations. Please note that the principal debtor and mortgagor is L. Z. Mallory and Betty S. Mallory, the mortgagee is Allied American Bank and the collateral pledged consists of one 30,600 gallon capacity railway tank car, DOT111A100W, Registration # LAMX 3006.

Please return an original counterpart to me in care of Allied American Bank, 1500 Waugh Drive, Houston, Texas 77019. If you need additional information with regard to these documents or this transaction, please contact me. Thank you kindly for your attention to this matter.

Sincerely,

Theresa Stoever

Theresa Stoever
Loan Compliance Officer

/ts
Encl.

13957

RECORDATION NO. ..... Filed 1425

FEB 8 1983 -2 20 PM

INTERSTATE COMMERCE COMMISSION

SECURITY AGREEMENT

L. Z. MALLORY and wife, BETTY S. MALLORY, whose address is 15615 Memorial Dr., #8, Houston, Texas, 77079, hereinafter called "Debtor", for value received, the receipt and sufficiency of which is hereby acknowledged, hereby grants to ALLIED AMERICAN BANK, 1500 Waugh, Harris County, Houston, Texas 77019, hereinafter called "Secured Party" the security interest hereinafter set forth and agrees with Secured Party as follows:

ARTICLE I
SECURITY INTEREST

Debtor hereby grants to Secured Party a security interest in and agrees that Secured Party has and shall continue to have a security interest in the following property, to-wit:

A. The Collateral Listed Below:

One (1) certain 30,600 gallon capacity railway tank car, type DOT111A100W, Registration Number LAMX 3006 and all additions, attachments and accessions thereto, rentals and profits therefrom, all accounts, chattel paper and general intangibles with respect thereto and proceeds and products thereof 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 collateral described herein or other proceeds of any sale or other disposition of such collateral including, without limitation, all right, title and interest of Debtor in and to (a) that Management Agreement dated December 22, 1982, executed by Debtor, Lamco, Inc., and others, (b) that certain Escrow Agreement dated December 15, 1982, executed by ~~Lamco, Inc.~~, FCA Corp., Debtor, and others, (c) that agreement entitled "Discretionary Right to Monitor Partnership Investments Agreement" dated December 22, 1982, executed by FCA Corp., Debtor and others and (d) that Tank Car Lease and Service Agreement dated December 18, 1981, between Lamco, Inc., as Lessor, and Pekin Energy Company, as Lessee, which has been assigned by Lamco, Inc., to Debtor and all right to receive and collect all rentals, liquidated damages, proceeds of sale, all per diem milage or other payments now or hereafter to become payable under such lease with respect to any of the collateral (all of the foregoing hereinafter sometimes called the "Collateral"). The inclusion of proceeds in this Security Agreement does not authorize Debtor to sell, dispose of or otherwise use the Collateral in any manner not specifically authorized by this Agreement.

B. Indebtedness Secured. The security interest granted hereby is to secure the payment of (1) that one certain promissory note of even date herewith in the original principal sum of $53,100.00, and any and all extensions, renewals and rearrangements thereof, executed by or on behalf of Debtor and payable to the order of Secured Party in the manner as therein provided, and (2) any and all other indebtedness and liabilities whatsoever of Debtor to Secured Party whether direct or indirect, absolute or contingent, due or to become due and whether now existing or hereafter arising and howsoever evidenced or acquired, whether joint or several (all of which are hereinafter sometimes called the "Obligations"). Debtor acknowledges that the security interest hereby granted shall secure all future advances as well as any and all other obligations and liabilities of Debtor to Secured Party whether now in existence or hereafter arising.

ARTICLE II
REPRESENTATIONS, WARRANTIES AND COVENANTS OF DEBTOR

A. Owner of Collateral. Except for the security interest granted hereby, the Debtor is, and as to the Collateral acquired after the date hereof which is included within the security interest specified in Article I hereof, Debtor will be, the owner of all such Collateral free from all adverse claims, security interest and encumbrances.

B. Prior Liens. There is no financing statement now on file in any public office covering any part of the Collateral, and so long as any amount remains unpaid on any Obligations of the Debtor to Secured Party, Debtor will not execute and there will not be on file in any public office any such financing statement or statements except the financing statement filed or to be filed in respect to the security interest hereby

03-4356-01

granted.

C. Accuracy of Statements. Subject to any limitation stated therein or in connection therewith, all information furnished to Secured Party concerning the Collateral and proceeds thereof, or otherwise for the purpose of obtaining credit or an extension of credit, is or will be at the time the same is furnished, accurate and correct in all material respects.

D. Use of Collateral. The Collateral will be used by the Debtor primarily for business use.

E. Removal of Collateral. Except as herein provided, Debtor will not remove the Collateral from the county or counties designated at the beginning of this agreement without the written consent of Secured Party. 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 to notify Secured Party promptly of any change in such address.

ARTICLE III
GENERAL COVENANTS

A. Landlord's Waiver. Debtor will furnish to Secured Party a landlord's waiver of all liens with respect to any Collateral covered by this Security Agreement which is or may be located upon leased premises, such landlord's waiver to be in the form acceptable to counsel for Secured Party.

B. Financing Statements. Debtor agrees to execute and deliver such financing statement or statements, or amendments thereof or supplements thereto, or other instruments 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 to preserve and protect the security interest hereby granted.

C. Curing of Default. Secured Party may, at its option, whether before or after default, but without obligation to the Debtor, discharge taxes, liens or security interests or other encumbrances at any time levied or placed upon the Collateral, and may place and pay for insurance thereon, or pay for the repair, improvement, maintenance and preservation of the Collateral and pay any filing or recording fees necessary to preserve and protect the security interest hereby granted. The Debtor agrees to reimburse Secured Party on demand for any payment made or any expense incurred by the Secured Party pursuant to the foregoing authorization, and such amount shall constitute additional Obligations of Debtor which shall be secured by and entitled to the benefits of this agreement. Debtor agrees to any interest on such amounts at maximum nonusurious rate of interest allowed by law per annum from the date such are incurred by Secured Party until paid by Debtor.

D. Payments to Secured Party. Secured Party shall have the right at any time, in its own name or in the name of Debtor, whether before or after default by Debtor, to notify any and all account debtors to make payment thereof directly to Secured Party and to demand, collect, receive, receipt for, sue for, compound for and give acquittal for, any and all amounts due or to become due on the accounts and to endorse the name of the Debtor on all commercial paper given in payment or part payment thereof, and in its discretion to file any claim or take any other action or proceeding which Secured Party may deem necessary or appropriate to protect and preserve and realize upon the security interest of Secured Party in the Collateral; provided, however, to the extent Secured Party does not so elect, Debtor shall continue to collect the accounts. Except as otherwise permitted by the proviso to this sentence, all proceeds of collection of accounts received by the Debtor shall forthwith be accounted for and transmitted to Secured Party in the form as received by Debtor and shall not be commingled with any funds of the Debtor.

E. Inspections. Debtor shall at all reasonable times allow Secured Party by or through any of its officers, agents, attorneys or accountants, to examine or inspect the Collateral wherever located and to examine, inspect and make extracts from Debtor's books and records. Debtor shall do, make, execute and deliver all such additional and further acts, things, deeds, insurances, instruments as Secured Party may require, to more completely vest in and assure to Secured Party its rights hereunder and in or to the Collateral.

F. Insurance. Debtor shall have and maintain insurance at all times with respect to all tangible Collateral covered hereby insuring against risks of fire (including so-called extended coverage), theft and other risks as Secured Party may reasonably require, containing such terms, in such form and amounts and written by such companies as may be reasonably 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 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.

G. Deposits. As additional security for payment of the Obligations, Debtor hereby grants to Secured Party a security interest, and a contractual pledge and assignment of, in and to any and all money, property, 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 by way of example and not of 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 other penalty on such deposits. Without prior notice to or demand upon the Debtor, Secured Party may exercise its rights granted above, as well as other rights and remedies at law and equity (all of which are cumulative), at any time when a default has occurred or Secured Party deems itself insecure.

H. Additional Collateral. If Secured Party should at any time be of the opinion that the Collateral is not sufficient or has declined or may decline in value, or should Secured Party deem payment of Debtor's Obligations to Secured Party to be insecure, then Secured Party may call for additional collateral satisfactory to Secured Party, and Debtor promises to furnish such additional security forthwith. The call for additional collateral may be oral, by telegram or United States mail addressed to Debtor and shall not affect any other subsequent right of Secured Party to exercise the same. Debtor agrees that Secured Party shall have no duty or obligation to collect any account, or to take any other action to preserve or protect the Collateral; however, should Secured Party elect to collect any account or take possession of any Collateral, Debtor releases Secured Party from a claim or claims for loss or damage arising from any act or omission in connection therewith.

ARTICLE IV
EVENTS OF DEFAULT

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

(1) Failure of Debtor to pay when due any interest on or any principal or installment of principal of any Obligation of Debtor to Secured Party;

(2) 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 indebtedness of Debtor to Secured Party, or to others than Secured Party;

(3) Any representation or warranty made by Debtor herein or made in any statement or certificate furnished to Secured Party by the Debtor pursuant hereto or in connection with any loan or loans proves incorrect in any material respect as of the date of the making or issuance thereof;

(4) Default occurs in the observance or performance by Debtor of any provision of this agreement or of any note, assignment or transfer under or pursuant thereto;

(5) The dissolution, termination of existence, insolvency or business failure of the Debtor, or the application for the appointment of a receiver of any part of the property of the Debtor, or the commencement by or against the Debtor of any proceeding under any bankruptcy arrangement, reorganization, insolvency or similar law for the relief of debtors, or by or against any guarantor or surety for the Debtor, or upon the service of any warrant, attachment, levy, garnishment or similar process in relation to a tax lien,

debt, judgment, obligation of Debtor or assessment; and/or

(6) The Collateral becomes, in the judgment of Secured Party, unsatisfactory or insufficient in character or value.

B. Remedies. Upon the occurrence of an Event of Default, and at any time thereafter, Secured Party, may, at its option, without demand, notice of intention to accelerate, notice of acceleration, notice of nonpayment, presentment, protest, notice of dishonor, or any other notice whatsoever, to the Debtor, declare all Obligations secured hereby immediately due and payable and Secured Party shall thereupon have the rights and remedies of a secured party under the Texas Uniform Commercial Code and as otherwise granted herein or under any applicable law or in any other agreement executed by Debtor (all of which rights and remedies shall be cumulative), including without limitation, the right to sell, lease or otherwise dispose of any or all of the Collateral and to apply the proceeds thereof toward payment of any costs and expenses and attorney's fees and legal expenses thereby incurred by the Secured Party and toward payment of the Obligations in such order or manner as the Secured Party may elect. Secured Party shall have the right to take immediate possession of the Collateral, with or without process of law, 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 same therefrom. Secured Party may require Debtor to assemble the Collateral and make it available to Secured Party at a place to be designated by the Secured Party which is reasonably convenient to both parties. 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 thereof or of the time after which any private sale or other disposition thereof is to be made. The requirement of sending a reasonable notice shall be met if such notice is mailed, postage prepaid, to Debtor at the address designated at the beginning of the Security Agreement at least five days before the time of the sale or disposition. Costs of legal expenses, plus interest thereon at a rate per annum at all times equal to the highest lawful contractual rate permitted by applicable usury laws, shall constitute additional Obligations of Debtor which shall be due on demand and which shall be secured by and entitled to the benefits of this Security Agreement. If the proceeds of any sale or other lawful disposition by Secured Party of the Collateral following its retaking, are insufficient to pay expenses of retaking, repairing, holding, preparing the Collateral for sale, selling it and the like, to satisfy the Obligations of Debtor to Secured Party, then Debtor agrees to pay any deficiency, but Debtor shall be entitled to any surplus if one results after lawful application of all such proceeds.

C. Waiver of Default. 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.

D. Interest Rate. It is the intention of the parties hereto to comply with applicable usury laws; accordingly, it is agreed that notwithstanding any provision to the contrary in this Security Agreement, 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 such laws. 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 any of the documents evidencing the Obligations or otherwise relating thereto, then in such event (i) the provisions of this paragraph shall govern and control, (ii) neither the Debtor hereof nor Debtor's heirs, legal representatives, successors or assigns or any other party liable for the payment hereof, shall be obligated to pay the amount of such interest to the extent that it is in excess of the maximum amount permitted by such laws, (iii) any such excess which 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 subject to reduction to the maximum lawful rate allowed to be lawfully contracted for by Debtor under applicable usury laws as now or hereafter construed by the courts having jurisdiction.

E. Cumulative Remedies. The remedies of Secured Party hereunder are cumulative, and the exercise of any one or more of the remedies provided herein shall not be construed as a waiver of any of the other remedies of Secured Party.

ARTICLE V
GENERAL

A. Applicable Laws. Any provision hereof found to be invalid under the law of

the State of Texas, or any other state having jurisdiction or other applicable law, shall be invalid only with respect to the offending provision. All words used herein shall be construed to be of such gender or number as the circumstances require. If this agreement is executed by more than one Debtor, the obligations of all such Debtors shall be joint and several. This agreement shall be binding upon the heirs, personal representatives, successors or assigns of the parties hereto, but shall inure to the benefit of the successor or assigns of the Secured Party only. Except for applicable federal law, laws of the State of Texas shall apply to this agreement and its construction and interpretation.

B. Financing Statement. 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 Commerical Code of such state.

C. Prior Agreements. This agreement and the security interest herein granted are in addition to, and not in substitution, novation or discharge of, any and all prior or contemporaneous security agreements and security interest in favor of Secured Party or assigned to Secured Party by others. All rights, powers and remedies of Secured Party in all such security 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.

D. Termination. The security interest hereby granted and all the terms and provisions hereof shall be deemed a continuing security agreement and shall continue in full force and effect, and all the terms and provisions hereof shall remain effective as between the parties, until first to occur of the following: (i) the expiration of four (4) years from the date of payment of Debtor's last Obligation to Secured Party; or (ii) repayment by Debtor of all Obligations secured hereby and the giving by Debtor of ten (10) days written notice of revocation of the terms and provisions hereof.

EXECUTED this the 22nd day of December, 1982.

L. Z. Mallory
L. Z. MALLORY, Debtor

Betty S. Mallory
BETTY S. MALLORY, Debtor

THE STATE OF Texas §

COUNTY OF Harris §

This instrument was acknowledged before me on 12-30-82, by L. Z. MALLORY.

Elaine Zwahr
Notary Public in and for
The State of Texas

My commission expires:
9-5-85

ELAINE ZWAHR
Printed name of Notary Public

THE STATE OF Texas §

COUNTY OF Harris §

This instrument was acknowledged before me on 12-30-82, by BETTY S. MALLORY.

Elaine Zwahr
Notary Public in and for
The State of Texas

My commission expires:
9-5-85

ELAINE ZWAHR
Printed name of Notary Public