

# VALLEY NATIONAL BANK

MAY 31 1983 - 4 40 PM

420 NORTH BRAND BOULEVARD / P.O. BOX 950 / GLENDALE, CALIFORNIA 91209 / PHONES: 246-6741 - 245-6811

INTERSTATE COMMERCE COMMISSION

Interstate Commerce Commission  
12 and Constitution Avenue N.W.  
Washington, D. C. 20423

Valley National Bank, Glendale  
(LEGAL OWNER)

No. **3-1521062**

Dated May 18, 1983

Attention: Mildred Lee

Date May 31 1983  
Fee \$ 150.00

Recording pursuant to provisions of  
Sec. 20C of Interstate Commerce Act  
Valley National Bank, Glendale

RECORDATION NO. **14032**

(MORTGAGE HOLDER)

Gentlemen: **MAY 31 1983 - 4 40 PM**  
Washington, D. C.

INTERSTATE COMMERCE COMMISSION

We have enclosed for recording, pursuant to the provisions of Sec. 20C of the Interstate Commerce Act, three copies of an invoice by California Railcar Corporation to Jerome W. Thompson and Elizabeth Thompson dated May 2, 1983.

In addition, for recording with this invoice, there is attached a Security Agreement covering the equipment being financed by Valley National Bank, Glendale. In connection with the recording of this invoice and Security Agreement dated May 18, 1983 the following information is set forth in accordance with the provisions of Sec. 57.4 of the Commission's order of July 28, 1952, as amended:

Name & Address of Mortgagor/  
Registered Owner:

Name & Address of Mortgagee/  
Legal Owner:

Jerome W. & Elizabeth Thompson

Valley National Bank

4599 Blanca Drive

420 North Brand Blvd.

Cypress, CA 90630

Glendale, CA 91203

General description of equipment covered by lease arrangement and mortgage.

Two (2) 100 Ton Roller Bearing DOT 111A100W1 exterior coiled and insulated tank cars -23,500 Gal. Serial No. CALX 3040 & CALX 3041.

Equipment managed and operated by California Railcar Corporation, 1510 West Verdugo Avenue, Burbank, California 91506. When recording has been completed, please return two counterparts of the instrument, with recording date endorsed thereon, to Valley National Bank, 420 North Brand Boulevard, Glendale, California 91203

Valley National Bank, Glendale



Ellen R. Williams  
Vice President

cc: California Railcar Corp.  
Borrower  
File



\$ 88,000.00 Glendale, California, May 18, 1983, 19\_\_\_\_, Loan No. \_\_\_\_\_  
 TO: VALLEY NATIONAL BANK  
420 N. Brand Blvd.  
Glendale, California 91203 RECORDATION NO. 4032 FILE 1425  
**MAY 31 1983 - 4 40 PM**

**INSTALLMENT NOTE (COMBINED PRINCIPAL AND INTEREST)**

For value received, I promise to pay to you or your order, the principal sum of EIGHTY EIGHT THOUSAND AND NO/100 ~~INTERSTATE COMMERCE COMMISSION~~ dollars (\$ 88,000.00) and interest at the rate of FOURTEEN percent (14.0%) a year on the decreasing balance of this principal amount until it is fully repaid. This interest is to be calculated on the basis of a 365-day year and on the actual number of days the principal balance has been outstanding. I will pay you this principal and interest in 59 installments of ONE THOUSAND THREE HUNDRED NINETY AND NO/100--AND ONE PAYMENT OF \$59,413.82\$ or more on the 18th day of each month, beginning on the 18th day of June, 1983 and on day 15, 1983 I will pay you the entire unpaid principal balance and any interest then due. Principal and interest shall be payable in lawful money of the United States.

When I make a payment, you are to apply it as follows: First, to pay the interest accruing since my last payment was received; next, to any late charges then due; any remaining amount of the payment to repayment of the principal balance. I may prepay this note in full or in part at any time. If I prepay it in full and the total interest paid on the note is less than \$50, I will pay you a prepayment premium, which will be the difference between the amount of interest paid on the note and \$50. I will pay you a late charge whenever you do not receive my full payment by your first banking day which is at least ten days after the due date. That late charge shall be a collection charge of five cents (5¢) for each dollar so in default, but such charge shall not exceed ten dollars (\$10.00). Despite anything else in this note, if I am late with any payment on this note, or if I file any petition under the bankruptcy laws of the United States or one is filed against me, you can make this note immediately due and payable without giving me any advance notice. If you do so, I will immediately pay you all of the remaining principal balance, even if it would not otherwise have been due, plus all unpaid interest and all late charges. If you must sue me to collect this note, I will pay whatever attorney fee's the court finds reasonable. If you refer collection of this note to your collection facilities or to a collection agency, I will pay you a reasonable collection charge. The makers, sureties, guarantors and endorsers of this note hereby consent to renewals and extensions of time at or after the maturity hereof and I hereby waive diligence, presentment, protest and demand and notice of every kind and (to the full extent permitted by law) the right to plead any statute of limitations as a defense to any demand hereunder or in connection with any security herefor, and I hereby agree that no failure on the part of the holder of this note to exercise any power, right or privilege hereunder, or to insist upon prompt compliance with the terms hereof, shall constitute a waiver thereof, time being of the essence hereof. If more than one person signs this note, we will be jointly and severally liable. You may collect from and sue any one or more of us without giving up any of your rights against the others. This note is secured by the security agreement hereinafter set forth.

Executed on the date indicated above.

COMPANY		NAME (INDIVIDUAL)	
ADDRESS		4599 Blanca Drive, Cypress, CA 90630	
BY <u>Jerome W. Thompson</u> SIGNATURE		NAME (INDIVIDUAL)	
BY <u>Elizabeth Thompson</u> SIGNATURE		4599 Blanca Drive, Cypress, CA 90630	
		ADDRESS	

**SECURITY AGREEMENT (BANK NOT TO BE IN POSSESSION)**

GOODS - Consumer Goods, Equipment, Farm Products and Timber under Contract to be Cut and Removed.  
 In consideration of the covenants and agreements contained herein, and financial accommodations given, to be given or continued, the undersigned Borrower hereby, pursuant to the California Uniform Commercial Code, grants to the Secured Party (Bank) a security interest in all of the Collateral described in paragraph 3 herein. The security interest created by this Agreement attaches immediately upon execution hereof or as soon as Borrower acquires rights to the Collateral and secures payment of any and all of Borrower's indebtedness (including all debts, obligations, or liabilities now or hereafter existing, absolute or contingent, future advances, and all other amounts due or to become due hereunder) to Bank.

1.	BORROWER'S NAME	<u>Jerome W. Thompson</u>	SOC. SEC. NO.	
	ADDRESS	<u>4599 Blanca Drive, Cypress, CA 90630</u>		
	BORROWER'S NAME	<u>Elizabeth Thompson</u>	SOC. SEC. NO.	
2.	ADDRESS	<u>4599 Blanca Drive, Cypress, CA 90630</u>		
	BORROWER'S NAME		SOC. SEC. NO.	
	TRADE NAME (IF ANY)			
	MAILING ADDRESS			
3.	CHIEF PLACE OF BUSINESS			
	SECURED PARTY - NAME	<u>Valley National Bank</u>		
	MAILING ADDRESS	<u>420 N. Brand Blvd., Glendale, CA 91203</u>		
4.	TRANSIT AND ABA NO.	<u>90-1465/1222</u>		
	COLLATERAL DESCRIPTION AND LOCATION:	<u>Two (2) 100 Ton Miller bearing DDF IIIA100W1 exterior coiled and insulated tank cars - 23,500 Gal. Serial No. CMLX 3040 &amp; CMLX 3041</u>		
5.	PURCHASE MONEY SECURITY INTEREST:	If indicated by Borrower's initials, Bank is giving value to enable Borrower to acquire rights in, or the use of, Collateral. _____ BORROWER'S INITIALS		
	INCORPORATION OF PROVISIONS ON REVERSE:	All provisions on the reverse side are incorporated herein as if set forth fully at this point.		

COMPANY		NAME (INDIVIDUAL)	
ADDRESS		4599 Blanca Drive, Cypress, CA 90630	
BY <u>Jerome W. Thompson</u> SIGNATURE		NAME (INDIVIDUAL)	
BY <u>Elizabeth Thompson</u> SIGNATURE		4599 Blanca Drive, Cypress, CA 90630	
		ADDRESS	

**SECURITY AGREEMENT**  
(BANK NOT TO BE IN POSSESSION)

**I. WARRANTIES AND REPRESENTATIONS:** Borrower warrants and represents that:

1. **Borrower's Title**—Except as specified herein, Borrower has, or upon acquisition will have, title to all Collateral and no other person, entity, agency, or government has or purports to have, or upon acquisition will have, any right, title, lien, encumbrance, adverse claim, or interest in any Collateral.
2. **Borrower's Authority**—Borrower has authority to enter into the Agreement and any person signing it on Borrower's behalf has been duly authorized to execute the Agreement for Borrower.
3. **Information**—Any and all information now or hereafter supplied to Bank by Borrower, or at Borrower's request or instruction is correct.

**II. COVENANTS AND AGREEMENTS:** Borrower covenants and agrees that:

1. **Payment**—Borrower will pay any of Borrower's Indebtedness to Bank promptly when due and Borrower will repay immediately and without demand, all expenses (including reasonable attorneys' fees, legal expenses and costs) incurred by Bank under the Agreement with interest at the legal rate from the date of expenditure.
2. **Financial Condition**—Borrower will not commence nor permit to continue any proceeding in bankruptcy, receivership, or similar proceedings concerned with involuntary liquidation, reorganization or dissolution or arrangements with creditors, nor will it commit any act of bankruptcy, nor make an assignment for creditors, or become insolvent.
3. **Additional Information**—Borrower will, upon Bank's demand, establish the correctness of any information supplied to Bank and will promptly notify Bank of any adverse changes in any information supplied to Bank and of any change in Borrower's residence, chief place of business or mailing address, and of any change of address to which notices should be sent.
4. **Additional Documents**—Borrower will execute any additional agreements, assignments or documents that may be deemed necessary or advisable by Bank to effectuate the purpose of the Agreement.
5. **Location and Identification**—Borrower will keep the Collateral separate and identifiable and at the location described herein and will not remove the Collateral from that location without the Bank's written consent.
6. **Sale, Lease, or Disposition**—Except as specified herein, Borrower will not, without written consent of Bank, sell, contract to sell, lease, encumber, or dispose of the Collateral until the Indebtedness to Bank has been completely discharged.
7. **Maintenance, Repair, Use and Inspection**—Borrower will maintain and repair the Collateral; will use the Collateral lawfully and only within insurance coverage; will not use the Collateral so as to cause or result in any waste, unreasonable deterioration or depreciation; and will permit Bank to enter on Borrower's property and to inspect the Collateral at any reasonable time.
8. **Cultivation and Animal Husbandry**—If the Collateral is timber, crops or livestock, Borrower will protect and cultivate, or husband the Collateral using methods of cultivation and animal husbandry acceptable to Bank.
9. **Insurance**—Borrower will insure the Collateral, with Bank as Loss Payee, in form and amounts, with companies, and against risks and liability satisfactory to Bank and hereby assigns the policies to Bank, agrees to deliver them to Bank at Bank's request, and authorizes Bank to make any claim thereunder, to cancel the insurance upon default, and to receive payment of and endorse any instrument in payment of loss or return premium or other refund or return.
10. **Decrease in Value of Collateral**—Borrower will, if in the Bank's judgment the Collateral has materially decreased in value, either provide enough additional collateral to satisfy the Bank or reduce the total Indebtedness by an amount sufficient to satisfy the Bank.
11. **Taxes-Assessments-Charges-Liens-Encumbrances**—Borrower will pay when due all taxes, assessments, charges, liens or encumbrances now or hereafter affecting the Collateral, and, if the Collateral is on or attached to realty owned by Borrower, the realty on which the Collateral is located.
12. **Defense of Title**—Borrower at its own cost and expense will appear in and defend any action or proceeding which may affect the Bank's security interest in or Borrower's title to any Collateral.
13. **Appointment of Bank as Attorney in Fact; Reimbursement**—Borrower will and hereby does appoint Bank as Borrower's Attorney in Fact to do any act which Borrower is obligated by the Agreement to do; to exercise such rights as Borrower might exercise, to use such equipment as Borrower might use, and to collect such proceeds as Borrower might collect, all to protect and preserve Bank's rights hereunder and the Collateral; Borrower will immediately reimburse Bank for any expenses Bank may incur while acting as Borrower's Attorney in Fact.
14. **Endorser-Surety-Guarantor**—Borrower will, if any present endorser, surety, or guarantor, dies or does any act described in covenant 2, either at Bank's option, pay all of Borrower's Indebtedness or substitute an endorser, surety, or guarantor acceptable to Bank.
15. **Purchase Money**—Borrower will not, without Bank's written consent, hereafter, give value to another person or entity for the use of Collateral, use such value for such purpose.

**III. REMEDIES:** Borrower understands and agrees that in the event that: (a) Any warranty or representation is false or is believed in good faith by Bank to be false; (b) any covenant or agreement is violated; or (c) Bank in good faith deems itself insecure because the prospect of payment is impaired; the prospect of performance of any covenant or agreement is impaired; or the value or priority of the security interest is impaired; Bank, in addition to any remedies provided by law or the Agreement, and to the extent provided by law, may:

1. **Expenses**—incur expenses (including reasonable attorneys' fees, legal expenses and costs) as expenses of the Agreement.
2. **Require Additional Collateral**—demand that Borrower provide enough additional Collateral to satisfy the Bank.
3. **Performance of Borrower's Obligations by Bank**—(but need not) perform any obligation of Borrower, and may (but need not) make payments, purchase, contest or compromise any encumbrance, charge or lien, and pay taxes and expenses.
4. **Set-Off**—exercise all rights of set-off and Bank's lien to the same effect and in the same manner as if no Collateral had been given.
5. **Default**—declare, without notice to the Borrower, that a default has occurred.
6. **Acceleration**—declare, without notice to the Borrower, that the entire Indebtedness is immediately due and payable.
7. **Possession**—if not then in possession of the Collateral, take possession of and protect the Collateral; require the Borrower or other person in possession to assemble the Collateral and make it available to Bank at a reasonably convenient place to be designated by Bank; render the Collateral unusable without removing it; and enter upon such lands and properties where the Collateral might be located.
8. **Notice**—notify other interested persons or entities of the default, acceleration and other actions of the Bank.
9. **Suit, Retention or Disposition of Collateral, Application of Proceeds**—sue the Borrower or any other person or entity liable for the Indebtedness; retain the Collateral in satisfaction of the obligation and Indebtedness; dispose of the Collateral; and apply the proceeds of disposition, including provision for reasonable attorneys' fees and legal expenses incurred by Bank, all as provided by law.

**IV. RULES TO CONSTRUER AGREEMENT:** Borrower understands and agrees that:

1. **Time of Essence**—Time is of the essence of the Agreement.
2. **Waiver**—Bank's acceptance of partial or delinquent payments or failure of Bank to exercise its right or remedy shall not be a waiver of any obligation of Borrower or right of Bank nor constitute a modification of the Agreement, nor constitute a waiver of any other similar default subsequently occurring.
3. **Entire Agreement**—The Agreement contains the entire security agreement between Bank and Borrower.
4. **Assignments, etc.**—The provisions of the Agreement are hereby made applicable to and shall inure to the benefit of Bank's successors and assigns and bind Borrower's heirs, legatees, devisees, administrators, executors, successors and assigns.
5. **Multiple Borrowers**—When more than one Borrower signs the Agreement all agree:
  - a. **Construction**—that whenever "Borrower" appears in the Agreement it shall be read "each Borrower."
  - b. **Breach**—that breach of any covenant or warranty by any Borrower may, at the Bank's option, be treated as a breach by all Borrowers.
  - c. **Liability**—that the liability of each Borrower is joint and several and the discharge of any Borrower, for any reason other than full payment, or any extension, forbearance, change of rate of interest, or acceptance, release or substitution of security or any impairment or suspension of Bank's remedies or rights against one Borrower, shall not affect the liability of any other Borrower.
  - d. **Waiver**—all Borrowers waive the right to require the Bank to proceed against one Borrower before any other or to pursue any other remedy in Bank's power.

RECORDATION NO. 14032A  
Filed 1425  
MAY 31 1983 - 4 10 PM  
INTERSTATE COMMERCE COMMISSION

# SECURITY AGREEMENT: RIGHTS TO PAYMENT

As an inducement to Valley National Bank, Glendale (Secured Party, hereinafter called Bank) to extend and continue credit to the undersigned, or any of them (Debtor), and as security for the payment of all sums due or due or owing by Debtor to Bank, Debtor:

1. Transfers to Bank a security interest in the following accounts, contract rights, chattel paper, general intangibles, instruments or other rights to payment:

Debtor has entered into a Railroad Equipment Agreement with California Railcar Corporation, dated May 18, 1983 wherein California Railcar Corporation will manage and lease for Debtor railcars described as Two (2) 100 Ton Roller Bearing DOT 111A100W1 exterior coiled and insulated tank cars - 23,500 Gal. Serial No. CALX 3040 & CALX 3041. Debtor hereby assigns all his rights, title and interest to all monies due or to become due under said Management Agreement to Bank. Debtor further assigns to Bank all rights, title and interest to all monies due or to become due to Debtor on any renewal, extension or any new management contract that debtor may become a party. *THE ABOVE ASSIGNMENTS WILL ONLY BE EXERCISED BY THE BANK IN THE EVENT THE DEBTOR BECOMES IN ARREARS AND ONLY FOR THE AMOUNT OF THE ARREARS. JUD E.R.*

and all securities, guaranties, warranties, indemnity agreements, maintenance agreements, insurance policies and other agreements pertaining to the same or the property described therein, and all proceeds thereof.

2. Debtor warrants that:

(a) the rights to payment above described are genuine and what they purport to be, that the parties thereto are bound in accordance with the terms thereof, and that the same are free from default.

(b) Debtor has good and marketable title to said rights to payment and the right to transfer the same to Bank and has not previously assigned or encumbered the same and the same are now free and clear of any adverse claim or encumbrance.

3. Debtor will receive as trustee for Bank and immediately endorse as appropriate and deliver in kind to Bank without commingling any monies, instruments, chattel paper or other proceeds or property which may be paid or returned to Debtor under said rights to payment.

4. Debtor will perform all of its obligations, if any, under said rights to payment.

5. Debtor hereby constitutes and appoints Bank as its true attorney in fact but without obligation to do so; to demand, receive and enforce payments; to give receipts, releases and satisfactions for, and to sue for, all monies owing under said rights to payment; to take, receive, endorse and collect all instruments for the payment of monies issued under rights to payment assigned hereunder; to make extension agreements with respect to the rights to payment assigned hereunder, release persons liable thereon or securities for the payment thereof, compromise disputes in connection therewith, all provided that Bank acts in the good faith belief that such actions will not materially increase the risk of nonpayment thereof. Bank shall only be accountable for such sums as are actually received by it.

6. Bank may in its name or in the name of Debtor prepare, execute and file or record financing statements, continuation statements, termination statements, applications for registration, and like papers, to perfect, preserve or release the rights evidenced by said rights to payment or by this agreement, and may endorse and deliver evidences of title incidental thereto, and may, without obligation so to do, perform any obligation of Debtor hereunder.

7. Bank may make, adjust and receive payment under insurance claims, claims for breach of warranty, and the like, in connection with the rights to payment assigned hereunder.

8. Debtor will pay all costs and expenses, including reasonable attorneys' fees, incurred by Bank in the preservation, realization, enforcement and exercise of the rights, powers, remedies and collateral of Bank and obligations of Debtor hereunder.

9. Bank does not assume and shall not be subject to any obligation or liability under any agreement the Rights to Payment of which are assigned hereunder.

10. It is agreed that sales, for cash or on credit, to a wholesaler, retailer or user of collateral of types for which such markets exist, or at public or private auction, are all commercially reasonable since differences in the sales prices generally realized in the different kinds of sales are ordinarily offset by the differences in the costs and credit risks of such sales.

11. The following shall be events of default hereunder: Failure to pay any debt secured hereby when due; failure to perform any obligations secured hereby when the same should be performed; breach of any warranty contained herein; filing of a petition by or against Debtor under the bankruptcy or like law; receivership; or assignment for the benefit of creditors; attachment or like levy on any property of Debtor; the occurrence of an adverse change in the financial condition of Debtor deemed material by Bank; any financial statement by Debtor to Bank proves false; the collateral becomes, in the judgement of Bank, unsatisfactory in character or values; the death, insolvency or cessation of the business of Debtor, or any surety or guarantor of Debtor's obligations; ~~or the occurrence of any sale of all or a substantial part of Debtor's assets other than in the ordinary course of business~~ *JUD E.R.*

12. Upon the occurrence of any event of default, Bank shall have the right to declare immediately due and payable all or any indebtedness secured hereby and to terminate any commitments to make loans or otherwise extend credit to Debtor; Bank shall have all other rights, privileges, powers and remedies provided by law; the rights, privileges, powers and remedies of Bank shall be cumulative; no single or partial exercise of any of them shall preclude the further or other exercise of the same or any other of them.

13. Debtor warrants that his chief place of business and office at which his records concerning accounts and contract rights are kept are as follows: \_\_\_\_\_

Dated: May 18, 1983

X Jerome W. Thompson 5-23-83  
Jerome W. Thompson  
By X Elizabeth Thompson  
Elizabeth Thompson 5-23-83  
Its \_\_\_\_\_

98041  
MAY 18 1983

## NOTICE OF ASSIGNMENT

To: California Railcar Corp.

Gentlemen:

The Security Agreement on the reverse has been executed and delivered to us by the Debtor named, granting to this Bank the right to receive payment and all other proceeds as indicated therein. Please make all payments and deliver any other proceeds to us at this office.

Please acknowledge receipt of this notice and tell us if you have received any prior notice of assignment and if you have any reason to refuse to make the payments and deliver any other proceeds to us under the items in question. A form of receipt for this purpose is provided below and a return envelope is enclosed for your use.

Very truly yours,

VALLEY NATIONAL BANK, GLENDALE

By: *Ellen R. Williams*

Ellen R. Williams  
Its Vice President

At 420 N. Brand Blvd.

Glendale, CA 91203

(address)

### RECEIPT

To: Valley National Bank, Glendale

RECEIPT IS ACKNOWLEDGED of the foregoing Notice and Security Agreement. We have no notice of any other assignments or claims, and have no reason to refuse to make payments and deliver other proceeds to you except as noted below:

(Here note any exceptions)

Dated: May 18, 1983

CALIFORNIA RAILCAR CORPORATION

By X *[Signature]*

Acknowledgment - Individual

STATE OF CALIFORNIA  
COUNTY OF **LOS ANGELES**

} ss.

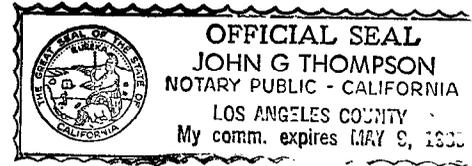
On **MAY 19, 1983** before me, the undersigned, a Notary Public in and for said  
State personally appeared **SEROME W. THOMPSON AND**  
**ELIZABETH THOMPSON**

\_\_\_\_\_ personally known  
to me (or proved to me on the basis of satisfactory evidence) to be the person **IS** whose name  
**ARE** subscribed to the within instrument and acknowledged that **THEY** executed  
the same.

WITNESS my hand and official seal.

Signature *John G. Thompson*

**JOHN G. THOMPSON**  
Name (Typed or Printed)



(This area for official seal)