



**CENTRAL NATIONAL BANK
AND TRUST COMPANY OF ENID**

14105

31203A020

RECORDATION NO. Filed 1425

RON BROWN
Regional Banking Officer

July 18, 1983

JUL 22 1983 - 9 05 AM

No. **JUL 22 1983**
Date.....
Fee \$. **50.00**

INTERSTATE COMMERCE COMMISSION

Interstate Commerce Commission
12th & Constitution Avenue Northwest
Washington, D.C. 20423

ICC Washington, D. C.

ATTENTION: Mildred Lee, filing officer

Dear Ms. Lee,

Please find enclosed the original security agreement and one copy, both have been notarized.

Debtor agrees to grant a security interest in certain railway tank cars and equipment described as follows:

Five (5) elemental phosphorus tank cars initialed and numbered LLKX 108 through 112, or GGMX 301 through 305, and seven (7) elemental phosphorus tank cars initialed and numbered LLKX 100 through 106.

This security interest in the above described collateral is given by Leslie L. Needham and Annie C. Needham, husband and wife, individuals, and Needham Transportation Co., Inc., a Kansas Cancelled Corporation, both with addresses of 4 Park Road, Hutchinson, Kansas 67501 to the Central National Bank & Trust Co. of Enid, a National Banking Association, P. O. Box 3448, 324 West Broadway, Enid, Oklahoma 73702, to secure the payment of a promissory note dated July 18, 1983 for \$254,848.20 due January 16, 1984 bearing an interest rate per the terms of the note, with monthly installments of accrued interest due the first of each month until maturity.

We would also request that the new filing numbers be cross-indexed with the old filing numbers of 9822 and 10014.

If you have any questions please don't hesitate to call.

Sincerely,

Ron Brown

Enclosures

RB/ml

RECEIVED
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I.C.C.
FEE OPERATION BR.

Interstate Commerce Commission
Washington, D.C. 20423

7/22/83

OFFICE OF THE SECRETARY

Ron Brown
Central National Bank
& Trust Co. Of Enid
Box 3448
Enid, Oklahoma 73702

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 **7/22/83** at **9:05am**, and assigned recordation number(s). **14105**

Sincerely yours,

Agatha L. Mergenovich
Agatha L. Mergenovich
Secretary

Enclosure(s)

SECURITY AGREEMENT IN EQUIPMENT

JUL 22 1983 - 9 03 AM

THIS SECURITY AGREEMENT is made and entered into on the _____ day of July, 1983, by and between LESLIE L. NEEDHAM and ANNIE C. NEEDHAM, husband and wife, individuals, and NEEDHAM TRANSPORTATION CO., INC., a Kansas cancelled corporation, both with addresses of 4 Park Road, Hutchinson, Kansas 67501 (hereinafter collectively referred to as the "Debtor", which term shall be construed to include their respective heirs, personal representatives, successors and assigns) and the CENTRAL NATIONAL BANK AND TRUST COMPANY OF ENID, a national banking association, P. O. Box 3448, 324 West Broadway, Enid, Oklahoma 73702 (hereinafter referred to as the "Secured Party", which term shall be construed to include its successors and assigns).

RECITALS:

A. Debtor is justly indebted to the Secured Party in the sum of Two Hundred Fifty-Four Thousand Eight Hundred Forty-Eight and 20/100 Dollars (\$254,848.20) with interest accruing thereon and payable and said principal sum being payable in the manner, at the times and otherwise in accordance with that certain Promissory Note (hereinafter "Note") bearing even date herewith, in that original, principal amount, made, executed and delivered by Debtor to Secured Party contemporaneously herewith. As a necessary inducement for Secured Party to make the loan to Debtor evidenced by said Note, Debtor agrees to create and grant hereby a security interest in certain railway tank cars and equipment as set forth and described herein pursuant to this Security Agreement.

IT IS, THEREFORE, MUTUALLY AGREED:

1. Grant of Security Interest: For a good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by the Debtor, and in consideration of the premises, the Debtor hereby creates and grants to Secured Party a security interest and chattel mortgage lien in and to the following described property:

Five (5) Elemental Phosphorus Tank Cars initialled and numbered LLKX 108 thru 112, or GGMX 301 thru 305,

and

Seven (7) Elemental Phosphorus Tank Cars initialled and numbered LLKX 100 thru 106,

together with all additions, accessions and substitutions thereto and therefor and all accessories, parts and equipment now or hereafter affixed thereto or used in connection therewith (said collateral and all such accessions, substitutions, additions, accessories, parts and equipment to be hereinafter referred to as the "Collateral"). The Collateral shall also include all similar property hereafter acquired by Debtor (other than consumer goods acquired more than ten days after the date of this Agreement).

Proceeds and products of Collateral are also covered, but this shall not be construed to mean that Secured Party consents to any sale of such Collateral. This security interest in the above described Collateral is given by Debtor to Secured Party to secure the payment of the above described Note executed and delivered by Debtor to Secured Party, payable as to principal and interest as therein provided; future advances; all expenditures by Secured Party for taxes, insurance, repairs to and maintenance of the Collateral and all costs and expenses incurred by Secured Party in the collection and enforcement of the Note and all other indebtedness of Debtor to Secured Party, including attorney's fees; and all liabilities of Debtor to Secured Party now existing

KPB's interest in the Units and Mortgagor agrees that KPB may give notice of such interest to any and all of Mortgagor's creditors.

10. Insurance

Mortgagor further warrants and covenants that he will keep and maintain the following insurance on and in respect of the Collateral and of its business generally:

(a) Coverage. Mortgagor will carry, at his cost and at no cost to KPB, with insurers of recognized responsibility comprehensive public liability and property damage insurance in respect of the operation and use of the Units, in an amount not less than \$10,000,000.00 for each occurrence, which insurance may contain a \$1,000.00 deductible provision for any one occurrence. In addition each Unit shall be insured against casualty damage in a minimum initial amount of \$32,500 per car and a reducing amount thereafter so long as the casualty insurance carried on all of Mortgagor's Units exceeds at all times 110% of the unpaid principal amount of Mortgagor's Note.

(b) Policy Provisions. Mortgagor shall cause each insurance policy issued pursuant to the requirements of subsection (a) hereof to provide, and the insurer issuing such policy to certify to KPB, that (i) KPB, as mortgagee of the Units, is an additional insured thereunder, (ii) all provisions of such policy, except the limits of liability, will operate in the same manner as if there were a separate policy covering each insured and (iii) if such policy be cancelled or materially changed for any reason whatsoever such insurer will promptly notify KPB and such cancellation or change will not be effective for thirty (30) days after notice to KPB.

(c) Delivery of Policies and Receipts for Premiums. Mortgagor shall deliver to KPB copies of each such insurance policy (or a certificate of insurance relating thereto) upon or prior to the execution hereof and copies of each renewal policy (or a certificate or other evidence of insurance relating thereto) prior to the expiration of the original policy or preceding renewal policy, as the case may be (provided, however, that Mortgagor shall notify KPB in writing of the status of such insurance thirty (30) days prior to the expiration thereof in the event he has not then delivered to KPB a renewal policy, or a certificate or other evidence of insurance relating thereto), and Mortgagor shall deliver to KPB receipts or other evidence that the premiums thereon have been paid if reasonably requested by KPB.

or hereafter incurred, matured or unmatured, direct or contingent, and any renewals and extensions thereof and substitutions therefor.

2. Covenants and Warrants of Debtor: Debtor hereby expressly warrants and covenants as follows:

(a) Except for the security interest granted hereby, Debtor now owns or will use the proceeds of advances hereunder to become the owner of the Collateral free from any prior lien, security interest or encumbrance, and Debtor will defend the Collateral against all claims and demands of all persons at any time claiming the same or any interest therein.

(b) No security agreement or financing statement covering the Collateral or any proceeds thereof is on file in any public office and Debtor will join with Secured Party in executing one or more financing statements or security agreements in form satisfactory to the Secured Party. Debtor will pay all costs of filing any financing, continuation or termination statements or security agreements with respect to the security interest created in the Collateral by this Agreement; Secured Party is hereby appointed Debtor's attorney-in-fact to do at Secured Party's option and at Debtor's expense, all acts and things which Secured Party may deem necessary to perfect and continue perfected the security interest in the Collateral created by this Agreement and to protect the Collateral.

(c) Debtor will insure the Collateral with companies acceptable to Secured Party against such casualties and in such amounts as Secured Party shall require. All insurance policies shall be written for the benefit of Debtor and Secured Party as their interest may appear, and such policies or certificates evidencing the same shall be furnished to Secured Party. If Debtor fails to pay the premiums on any such insurance, Secured Party may do so for Debtor's account, adding the amount thereof to the other amounts hereby secured, however, Secured Party is under no obligation or has no duty to pay such premiums. Debtor hereby assigns to Secured Party any returned or unearned premiums which may be due upon cancellation of any such policies for any reason whatsoever and directs the insurers to pay Secured Party any amounts so due. Secured Party is hereby appointed Debtor's attorney-in-fact to endorse any draft or check which may be payable to Debtor in order to collect such returned or unearned premiums or the proceeds of such insurance; any balance of insurance proceeds remaining after payment in full of all amounts secured hereunder shall be paid to Debtor. All policies of insurance shall provide at least ten (10) days written notice of cancellation to Secured Party.

(d) Debtor will maintain the Collateral in good condition and repair but without permitting any lien to affix to the Collateral as a result thereof, and will pay and discharge all taxes, levies and other impositions levied thereon as well as the cost of repairs to or maintenance of the same and will not permit anything to be done that may impair the value of any of the Collateral; if Debtor fails to pay such sums, Secured Party may do so for Debtor's account, adding the amount thereof to the other amounts secured hereby. Debtor will keep the Collateral free from other security interests and will not use the Collateral illegally or encumber the same and will not permit the Collateral to be affixed to real or personal property without the prior written consent of Secured Party. Secured Party may examine and inspect the Collateral at any time, wherever located.

(e) At its option, Secured Party may discharge taxes, liens, security interests, or other encumbrances on the Collateral and may pay for repair of any damage to the Collateral, the maintenance and preservation thereof and for insurance thereon. Debtor agrees to reimburse Secured Party on demand for any payments so made and until such reimbursement the amount of any

such payment with interest at eighteen percent (18%) per annum from the date so paid until reimbursement, shall be added to the indebtedness owed by Debtor and shall be secured by this Security Agreement.

(f) Debtor will not permit any of the Collateral to be removed from the United States of America without the prior written consent of Secured Party. Debtor will immediately notify Secured Party in writing of any change in Debtor's residence or principal office.

(g) Without the prior written consent of Secured Party, Debtor will not sell, exchange, lease or otherwise dispose of the Collateral or any of the Debtor's rights therein or under this Agreement. Debtor will not permit anything to be done that may impair the value of any of the Collateral.

3. Events of Default: Debtor shall be in default under this Agreement upon the happening of any of the following events or conditions:

(a) Default in the payment or performance of the Note or any other obligations, covenant or liability contained or referred to in this Agreement;

(b) Any warranty, representation or statement made or furnished to Secured Party by or in behalf of Debtor proves to have been false in any material respect when made or furnished;

(c) Any event which results in the acceleration of the maturity of the Note or any other indebtedness of Debtor to Secured Party or others under any mortgage, indenture, security agreement, contract or other undertaking of Debtor;

(d) Loss, theft, substantial damage, destruction, sale or encumbrance to or of any of the Collateral or the making of any levy, seizure, or attachment thereof or thereon;

(e) Any time the Secured Party believes that the prospect of payment of any indebtedness secured hereby or the performance of this Agreement is impaired;

(f) Death, dissolution, termination of existence, insolvency, business failure, appointment of a receiver for any part of the Collateral, assignment for the benefit of creditors or the commencement of any proceeding under any bankruptcy or insolvency law by or against Debtor;

(g) The making of any levy against or seizure, garnishment or attachment of any Collateral, the consensual encumbrance thereof by Debtor, or the sale, lease or other disposition of Collateral by Debtor without the prior written consent of the Secured Party as required elsewhere in this Agreement; and

(h) When in the judgment of the Secured Party the Collateral becomes unsatisfactory or insufficient in character or value, and upon request Debtor fails to provide such additional collateral as required by the Secured Party.

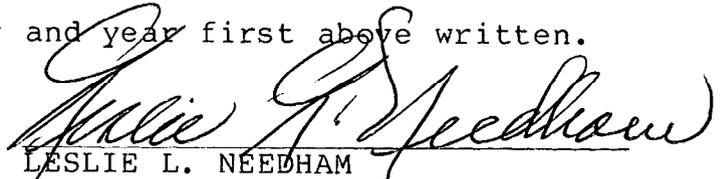
4. Remedies: Upon the occurrence of such event of default and at any time thereafter, Secured Party may declare all obligations secured hereby immediately due and payable and may proceed to enforce payment of the same and exercise any and all of the rights and remedies provided by the Uniform Commercial Code as enacted in the State of Oklahoma as well as all other rights and remedies possessed by Secured Party. Secured Party may require Debtor to assemble the Collateral and make it available to Secured Party at any place to be designated by 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,

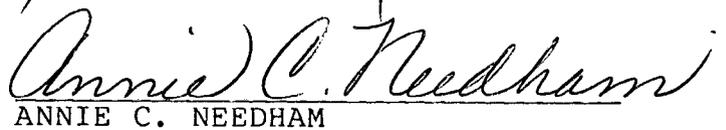
Secured Party will give Debtor reasonable notice of the time and place of any public sale thereof or of the time after which any private sale or any other intended disposition thereof is to be made. The requirements of reasonable notice shall be met if such notice is mailed, postage pre-paid, to the address of Debtor shown at the beginning of this Agreement at least ten (10) days before the time of the sale or disposition. Expenses of retaking, holding, preparing for sale, selling or the like shall include Secured Party's reasonable attorney's fees and legal expenses.

5. No Waiver; Cumulative Remedies: No remedy herein conferred upon or reserved to the Secured Party is intended to be exclusive of any other remedy or remedies including those of any Note or other evidence of indebtedness held by Secured Party or any other collateral or security held by Secured Party to secure the payment of such indebtedness, and each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder, or now or hereafter existing at law or in equity. Exercise or omission to exercise any right of Secured Party shall not affect any subsequent right of Secured Party to exercise the same.

6. Binding Effect: This Agreement shall be binding on the respective heirs, personal representatives, successors and assigns of Debtor and shall inure to the benefit of Secured Party, and its successors and assigns and it embodies the entire Agreement and understanding among the parties hereto, and there are no other agreements or understandings, oral or written among the parties hereto with respect to the subject matter of this Agreement. No alteration, modification or change in this Agreement shall be valid unless by a like instrument signed by Debtor and Secured Party.

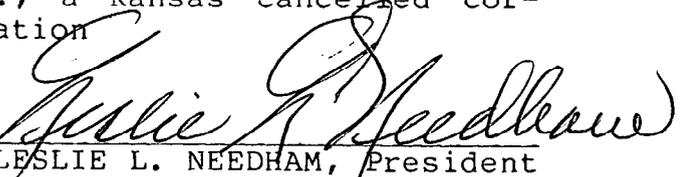
SIGNED AND DELIVERED, the day and year first above written.


LESLIE L. NEEDHAM


ANNIE C. NEEDHAM

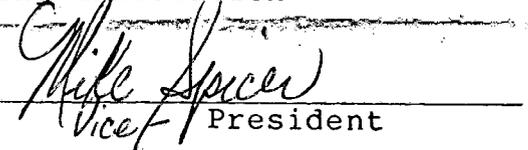
and

NEEDHAM TRANSPORTATION CO.,
INC., a Kansas cancelled corporation

By: 
LESLIE L. NEEDHAM, President

"DEBTOR"

CENTRAL NATIONAL BANK AND TRUST
COMPANY OF ENID, a national
banking association

By: 
Vice President

"SECURED PARTY"

