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ATTORNEYS & COUNSELORS

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SHERRY S. THOMAS

August 25, 1983

14134

RECORDATION NO. _____ FILED 1983

AUG 30 1983 9 45 PM

INTERSTATE COMMERCE COMMISSION

Secretary of the Interstate
Commerce Commission
Washington, D.C. 20423

Re: Security Agreement: Debtor: Lamco, Inc.
Secured Party: Commercial Bancshares

*See Record
12266*

Gentlemen:

On behalf of our client, Commercial Bancshares, Inc., enclosed please find three (3) original, executed copies, of the above captioned Security Agreement for recordation pursuant to §1116 of the Code of Federal Regulations. A general description of the eleven (11) general purpose railroad tank cars covered by such Agreement is attached to the Agreement by Exhibit.

Upon recordation, please return the original, recorded instrument to the undersigned at Winters, Deaton & Briggs, 9055 Katy Freeway, Suite 300, Houston, Texas 77024.

Also enclosed herewith is this firm's check in the amount of \$50.00 to cover your cost of recordation.

Should you require anything further, please call collect, requesting the undersigned. Your assistance in this regard is greatly appreciated.

Very truly yours,

Sherry S. Thomas
Sherry S. Thomas

/jkm Enclosures

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No. _____
Date AUG 30 1983
Fee \$ 50.00
ICC Washington, D.C.

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Interstate Commerce Commission
Washington, D.C. 20423

8/30/83

OFFICE OF THE SECRETARY

Ms. Sherry S. Thomas
Winters, Deaton, & Briggs
9055 Katy Freeway, Suite 300
Houston, Texas 77024

Dear **Ms. Thomas:**

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on **8/30/83** at **9:45am**, and assigned re-
recording number(s) **14134**.

Sincerely yours,

Agatha L. Mergenovich
Agatha L. Mergenovich
Secretary

Enclosure(s)

SE-30
(7/79)

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SECURITY AGREEMENT

INTERSTATE COMMERCE COMMISSION

THIS Security Agreement made the 26th day of JULY, 1983, by and between LAMCO, INC., jointly and severally, (hereinafter referred to collectively as "Debtor" whether one or more) residing or having its principal place of business at 777 POST OAK BLVD., SUITE 504, HOUSTON, and COMMERCIAL BANCSHARES, INC., having its principal place of business at 3100 RICHMOND #405 HOUSTON, HARRIS County, Texas ("Secured Party").

W I T N E S S E T H:

1. To secure the payment, with interest thereon, and the performance and fulfillment of any and all Obligations (as hereinafter defined) of Debtor to Secured Party, Debtor hereby grants to Secured Party, a security interest and lien in and on the following:

SEE SCHEDULE "A" ATTACHED HERETO AND MADE A PART HEREOF

and any and all other property of Debtor, wherever located, now owned or hereafter acquired, including without limitation the items described on Exhibits, if any, attached hereto and made a part hereof, and all of the following (all such property covered hereby, including the items described on Exhibits, if any, attached hereto, and in (b) through (f), inclusive, hereinafter, being hereinafter referred to as the "Collateral") to-wit:

- a. All accounts now owned or existing as well as any and all that may hereafter arise or be acquired by Debtor, and all the proceeds and products thereof, including without limitation, all notes, drafts, acceptances, instruments, and

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chattel paper arising therefrom, and all returned or repossessed goods arising from or relating to any such accounts, or other proceeds of any sale or other disposition of inventory;

All of Debtor's inventory, including all goods, merchandise, raw materials, goods in process, finished goods, and other tangible personal property now owned or hereafter acquired and held for sale or lease or furnished or to be furnished under contracts for service or used or consumed in Debtor's business and all additions and accessions thereto and contracts with respect thereto and all documents of title evidencing or representing any part thereof, and all products and proceeds thereof, including, without limitation, all of such which is now or hereafter located at the following locations:

ANY AND ALL LOCATIONS

All of Debtor's fixtures and appurtenances thereto, and such other goods, chattels, fixtures, equipment, and personal property affixed or in any manner attached to the real estate and/or building(s) or structure(s), including all additions and accessions thereto and replacements thereof and articles in substitution therefor, howsoever attached or affixed, located at the following locations: (legal description)

ANY AND ALL LOCATIONS

The record owner of the real estate is: _____;

as well as all other fixtures and appurtenances thereto, goods, chattels, equipment, and personal property (including additions, accessions thereto, and replacements thereof) belonging to Debtor and affixed or attached to real estate, wherever located;

All equipment and machinery of every nature and description whatsoever now owned or hereafter acquired by Debtor including all appurtenances and additions thereto and substitutions therefor, wheresoever located, including all tools, supplies, parts, and accessories used in connection therewith;

All of Debtor's interest under any chattel paper, lease agreements and other instruments or documents, whether now existing or owned by Debtor or hereafter arising or acquired by Debtor, evidencing both a debt and security interest in or lease of specific goods;

All of Debtor's interest in any and all crops, livestock, and supplies used or produced by Debtor in farming operations wheresoever located; Debtor's residence is in the county shown at the beginning of this Agreement, and Debtor agrees to promptly notify Secured Party of any change in the county of Debtor's residence; all of Debtor's crops or livestock are presently located in the following location: (legal description)

All of Debtor's now owned or existing as well as hereafter acquired or arising instruments, notes receivable, documents, stocks, bonds, or other investment securities.

All of Debtor's now owned or existing as well as hereafter acquired goods, chattels, machinery, equipment, furniture, fixtures, and property of every kind and nature, wherever located; and all other personal property now owned or hereafter acquired by Debtor other than goods, accounts, chattel paper, documents, and instruments, including, but not limited to, cash and cash deposits wherever located and whether or not in the possession or control of Debtor.

- b. All substitutes and replacements, attachments, accessories, accessions and other additions to, tools, parts, and equipment used in connection with, and proceeds and products of, the Collateral (including all income and benefits resulting from any of the Collateral, such as dividends payable or distributable in cash, property, or stock; interest, premium, and principal payments; redemption proceeds and subscription rights; and shares or other proceeds of conversions or splits of any securities in Collateral) and returned or repossessed Collateral, any of which, if received by Debtor, shall be delivered immediately to Secured Party.
- c. The balance of every deposit account of Debtor under control of Secured Party and any other claim of Debtor against Secured Party now or hereafter existing, liquidated or unliquidated, and all money, instruments, securities, documents, chattel paper, credits, claims, demands, income, and any other property, rights, and interests of Debtor which at any time shall come into the possession or custody or under the control of Secured Party or any of its agents, affiliates, or correspondents, for any purpose, and the proceeds of any thereof. Secured Party shall be deemed to have possession of any of the Collateral in transit to or set apart for it or any of its agents, affiliates, or correspondents. The holder of any participation in the Obligations shall have a right of setoff with respect to any obligation of such holder to Debtor to satisfy the Obligations. Secured Party shall have the right at any time and from time to time to restrict the right of Debtor to withdraw from or make claim upon any deposit account or other property or interest of Debtor under control or possession of Secured Party. Secured Party shall have no liability to Debtor or any third party for any penalty or loss of interest suffered by Debtor or said third party in the event Secured Party exercises its rights hereunder as to any of the above described accounts, property, claims, or interest.
- d. All policies of insurance covering the Collateral and proceeds thereof, as well as all policies of insurance covering or insuring the life of Debtor, including the cash value thereof. Debtor agrees, upon the request of
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Secured Party, to execute assignments of said policies to Secured Party.

- e. All security for the payment of any of the Collateral, and all goods which gave or will give rise to any of the Collateral or are evidenced, identified, or represented therein or thereby.
- f. All property similar to the above hereafter acquired by Debtor.

The security interest hereunder shall attach to after acquired consumer goods only to the extent permitted by Section 9.204(b) of the Texas Uniform Commercial Code.

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 the Obligations (hereinafter defined) 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 right to call for further additional collateral. Once tendered by Debtor, such additional collateral shall be subject to all the terms and provisions of this Security Agreement.

2. The term "Obligations" as used herein shall mean and include the following:

- a. THE promissory note dated July 7, 1983 ~~of seven~~  1983 ~~date~~ herewith in the principal sum of EIGHT HUNDRED SEVENTY SEVEN THOUSAND and 00 /100 Dollars (\$ 877,000.00) executed by Debtor, payable to the order of Secured Party at the principal place of business of Secured Party.
- b. Any and all loans, advances, payments, extensions of credit, endorsements, guaranties, benefits, financial accommodations, lease agreements or agreements of whatever nature, heretofore, now or hereafter made, granted, or

extended by Secured Party or which Secured Party has or will become obligated to make, grant, or extend to or for the account of Debtor, or in which Secured Party has or acquires an interest, and any and all interest, commissions, obligations, liabilities, indebtedness, charges, and expenses heretofore or hereafter chargeable against Debtor by Secured Party or owing by Debtor to Secured Party or upon which Debtor may be or have become liable as endorser or guarantor, and any and all renewals, extensions, or rearrangements of any of the foregoing, no matter how or when arising and whether under any present or future agreement or instrument between Debtor and Secured Party or otherwise, including, without limitation, any and all obligations, indebtedness, and liability arising from any agreements of Debtor to Secured Party, such obligations, indebtedness, and liability being of any and every kind, absolute or contingent, joint or several, secured or unsecured, due or not due, contractual or tortious, liquidated or unliquidated, arising by operation of law or otherwise, direct or indirect.

- c. Secured Party's participation in any debt of Debtor to another person.
- d. All costs incurred by Secured Party to obtain, preserve, perfect, and enforce this Security Agreement and security interest, collect the Obligations, and maintain, preserve, collect, and enforce the Collateral, including but not limited to taxes, assessments, insurance premiums, repairs, reasonable attorney's fees and legal expenses, feed, rent, storage costs, and expenses of sale.

- e. Interest on the above amounts as agreed between Secured Party and Debtor, or if there is no agreement, at the highest lawful rate.
- f. All debt, obligations, and liabilities of each of the following: CHARLES C. WEBB, INDIVIDUALLY;
WAYNE A. JANSEN, INDIVIDUALLY (if such blank is completed, such party or parties, together with the Debtor named above, are hereinafter referred to collectively as "Debtor") to Secured Party of the kinds described in this Section now existing or hereafter arising.

3. Debtor covenants and agrees with and warrants to Secured Party that the Collateral described is in the possession of Debtor at its residence or principal place of business whichever is appropriate (which is Debtor's address shown above), unless a different location is specifically shown on any Exhibit attached hereto for any one or more items, that all of the Obligations are acknowledged and declared to be secured by this Security Agreement and that Debtor will fully and faithfully pay, perform, and fulfill all of the Obligations, with late charges thereon from and after maturity, whether by acceleration or otherwise, at the maximum rate permitted by applicable law. Debtor further covenants and agrees with and warrants to Secured Party that:

- a. Debtor owns or will use the proceeds of any loans by Secured Party to become the owner of, the Collateral. The Collateral is free and clear of all liens, encumbrances, set-off, restrictions, and claims of every kind, nature, and description (except any held by Secured Party); and Debtor will warrant and defend the Collateral against all claims and demands of all persons.
- b. Debtor has full power and authority to make this Agreement, without the consent of any third party.
- c. Debtor will keep the Collateral free and clear of all attachments, levies, taxes, liens, and encumbrances of every kind, nature, and description; Debtor, at its own cost and expense, will maintain and keep the Collateral in a good state of repair, will not waste nor abuse nor destroy the same or any part thereof and will not be negligent in the care and use thereof; and Debtor will not sell, assign, mortgage, lease, pledge, or otherwise dispose of

the Collateral, nor any interest therein without the prior written consent of Secured Party. There is no financing statement now on file in any public office covering all or any part of the Collateral, and so long as any amount remains unpaid on any Obligations of the Debtor to Secured Party, the Debtor will not execute and there will not be on file in any public office any such financing statement or statements except any financing statements filed or to be filed in respect to the security interest hereby granted.

- d. Secured Party is hereby authorized to file one or more financing statements covering the Collateral and/or a reproduction hereof as a financing statement.
- e. All account debtors and other obligors whose debts or obligations are part of the Collateral have no right to set-off, counter-claims, or adjustments, and no defenses in connection therewith.
- f. Debtor will insure the Collateral in the name of Secured Party, against loss or damage by fire and extended coverage perils, theft, burglary, pilferage, and also, where requested by Secured Party, against other hazards, with companies, in amounts and under policies acceptable to Secured Party, the proceeds to be payable to Secured Party, and all premiums thereon shall be paid by Debtor and the policies assigned and delivered to Secured Party. Debtor hereby irrevocably appoints Secured Party as Debtor's Attorney in Fact to make claim for, receive payment of, and execute and endorse all documents, checks, or drafts received in payment for any loss or damage under any of said insurance policies and to execute any documents or statements referred to herein. All policies of insurance shall provide for written notice to Secured Party at least ten (10) days prior to cancellation, or material change in coverage.
- g. Debtor will not remove the Collateral from its present location without the prior written consent of Secured Party nor change its present business location without at least thirty (30) days' prior written notice to Secured Party and at all times will allow Secured Party or its representatives free access to and right of inspection of the Collateral, which shall remain personalty and not become part of any realty, and nothing shall prevent Secured Party from removing same or so much thereof as Secured Party, in its sole discretion may determine, from any premises to which it may be attached and/or upon which it may be located upon breach of this Agreement; Debtor agrees to deliver to Secured Party appropriate waivers, satisfactory to Secured Party, of owners and/or mortgagees of any such premises.
- h. Debtor shall comply (so far as may be necessary to protect the Collateral and this security interest thereon) with all of the terms and conditions of leases covering the premises wherein the Collateral is located and with any orders, ordinances, laws, or statutes of any city, state, or other governmental department

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having jurisdiction with respect to the premises or the conduct of business thereon.

- i. Where requested by Secured Party, Debtor will execute any written instruments which are necessary in the judgment of the Secured Party to obtain, maintain, and perfect the security interest hereunder and do any other acts necessary to more fully effectuate the purposes and provisions of this instrument.
- j. Debtor will indemnify and save Secured Party harmless from all loss, costs, damage, liability, or expense including reasonable attorneys' fees that Secured Party may sustain or incur, which, in the sole discretion of Secured Party, are necessary to preserve, obtain, or enforce payment, performance, or fulfillment of any of the Obligations or in the enforcement, obtaining, or preserving of this Security Agreement or in the prosecution or defense of any action or proceeding either against Debtor or against Secured Party concerning any matter growing out of or connected with this Security Agreement and/or any of the Obligations and/or any of the Collateral. Debtor shall reimburse Secured Party for these costs on demand.
- k. If Debtor is a corporation, the execution of this Security Agreement has been duly consented to and authorized by all of the stockholders of Debtor and duly authorized by its Board of Directors. Debtor agrees to deliver to Secured Party evidence thereof satisfactory to Secured Party immediately upon request.
- l. Debtor shall (i) furnish Secured Party any financial statements of Debtor or reports to Debtor by accountants or others pertaining to Debtor's business upon request, and any information with respect to the Collateral requested by Secured Party; (ii) allow Secured Party to inspect the Collateral, at any time and wherever located, and to inspect and copy, or furnish Secured Party with copies of, all records relating to the Collateral and the Obligations; (iii) furnish Secured Party such information as Secured Party may request to identify inventory, accounts, and general intangibles in Collateral, at the time and in the form requested by Secured Party; and (iv) deliver upon request to Secured Party shipping and delivery receipts evidencing the shipment of goods and invoices evidencing the receipt of, and the payment for, inventory in Collateral.
- m. Debtor will preserve the liability of all obligors on any Collateral, will preserve the priority of all security therefor, and will deliver to Secured Party the original certificates of title on all motor vehicles securing the Obligations. Secured Party shall have no duty to preserve such liability or security, but may do so at the expense of Debtor, without waiving Debtor's default.
- n. Without the written consent of Secured Party, Debtor shall not agree to any modification of any of the terms of any accounts, contracts,

chattel paper, general intangibles, or instruments in Collateral.

- o. 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, settle, 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; but to the extent Secured Party does not so elect, Debtor shall continue to collect the accounts. If requested by Secured Party, 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; provided, however, that prior to default by Debtor in the payment of any Obligations to Secured Party or until requested by Secured Party, whichever first occurs, the Debtor need transmit to Secured Party only the proceeds of accounts specifically set forth as follows: ALL ACCOUNTS LISTED ON THE SCHEDULE "A" ATTACHED TO AND MADE A PART OF THIS SECURITY AGREEMENT.
- p. Upon Secured Party's demand, Debtor will deposit, upon receipt and in the form received, with any necessary endorsement, all payments received as proceeds of Collateral, in a special bank account in a bank of Secured Party's choice over which Secured Party alone shall have power of withdrawal. The funds in said account shall further secure the Obligations. Secured Party is authorized to make any endorsement in Debtor's name and behalf. Pending such deposit, Debtor shall not mingle any such payments with any of Debtor's other funds or property, but will hold them separate and in an express trust for Secured Party. Secured Party may from time to time apply the whole or any part of the funds in the special account against the Obligations.
- q. Unless Secured Party notifies Debtor in writing that it dispenses with any one or more of the following requirements, Debtor shall:
- (i) Inform Secured Party immediately of the rejection of goods, delay in delivery or performance, or claim made, in regard to any Collateral;
 - (ii) Keep returned goods segregated from Debtor's other property, and hold the goods as trustee for Secured Party until it has paid Secured Party the amount loaned against the related account or chattel paper and deliver the goods on demand to Secured Party; and
 - (iii) Pay Secured Party the unpaid amount of any account in Collateral (a) if the

account is not paid when due; (b) if purchaser rejects the goods or services covered by the account; or (c) if Secured Party shall at any time reject the account as unsatisfactory. Secured Party may retain the account in Collateral. Secured Party may charge any deposit account of Debtor with any such amounts.

- r. Debtor at all times will maintain accurate books and records covering the Collateral. Debtor immediately will mark all books and records with an entry showing the absolute assignment of all accounts in Collateral to Secured Party, and Secured Party is hereby given the right to audit the books and records of Debtor relating to Collateral at any time and from time to time. The amounts shown as owed to Debtor on Debtor's books and on any assignment schedule will be the undisputed amounts owing and unpaid. Debtor shall disclose to Secured Party all agreements modifying any account, instrument, or chattel paper.
- s. If disposition of any Collateral gives rise to an account, chattel paper, or instrument, Debtor immediately shall notify Secured Party, and upon request of Secured Party shall assign or endorse the same to Secured Party. No Collateral may be sold, leased, manufactured, processed, or otherwise disposed of by Debtor in any manner without the prior written consent of Secured Party, except inventory sold, leased, manufactured, processed, or consumed in the ordinary course of business.
- t. Each account in Collateral will represent the valid and legally enforceable obligation of third parties.
- u. Debtor shall give Secured Party written notice of each office of Debtor in which records of Debtor pertaining to accounts in Collateral are kept, and each location at which inventory in Collateral is or will be kept, and of any change of any such location. If no such notice is given, all records of Debtor pertaining to accounts and all inventory are and shall be kept at Debtor's address shown above.
- v. Debtor will not use the Collateral illegally nor permit the Collateral to be affixed to real or personal property without the prior written consent of Secured Party. Debtor will not permit any of the Collateral to be removed from the locations specified herein without the written consent of Secured Party.
- w. If the Collateral is chattel paper, documents, instruments, or investment securities or other instruments, Secured Party may deliver a copy of this Security Agreement to the broker or seller thereof, or any person in possession thereof, and such delivery shall constitute notice to such person of Secured Party's security interest therein and shall constitute Debtor's instruction to such person to deliver to Secured Party certificates or other evidence of the same as soon as available. Debtor will deliver all investment securities, other instruments, documents, and chattel paper which are part of

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the Collateral to the Secured Party immediately, or if hereafter acquired, immediately following acquisition, appropriately endorsed to Secured Party's order, or with appropriate, executed powers. Debtor waives presentment, demand, notice of dishonor, protest, and all other notices with respect thereto. Secured Party may, before or after default by Debtor, transfer any stock or other investment securities to the name of any designee of Secured Party, receive all benefits therefrom to be applied toward the Obligations, and exercise voting rights as to such stock or investment securities. Debtor hereby appoints the president or any vice president of Secured Party as its proxy to vote such stock or investment securities as such proxy decides. Said appointment is deemed a power coupled with interest and is irrevocable.

- x. Debtor has perfected or will perfect a security interest by means satisfactory to Secured Party in goods covered by chattel paper in Collateral.
- y. All balance sheets, earnings statements, and other financial data which have been or hereafter may be furnished to Secured Party to induce it to permit the Obligations or to make this Security Agreement truly represent and shall truly represent the financial condition and operations of Debtor as of the dates and for the periods shown thereon; and all other information furnished to Secured Party is and shall be accurate and complete insofar as necessary to give Secured Party a true and accurate knowledge of the subject matter.
- z. Secured Party may present for conversion any instrument or investment security in Collateral which is convertible into any other instrument or investment security or a combination thereof with cash. However, Secured Party shall not have any duty to present for conversion any instrument in Collateral.

4. If Debtor shall default in the performance or fulfillment of any of the terms, conditions, promises, covenants, provisions, or warranties herein, Secured Party may, at its option, without waiving its right to enforce this Security Agreement according to its terms, immediately or at any time thereafter, and without notice to or demand upon Debtor, perform or fulfill the same, or cause the performance or the fulfillment of the same, for the account and at the sole cost and expense of Debtor, and the cost and expense thereof (including reasonable attorneys' fees) shall be a lien on the Collateral, added to the amount of the Obligations, and shall be payable on demand with interest at the maximum rate allowed by law.

5. It shall be an event of default hereunder if (i) Debtor shall default in the prompt payment, performance, or fulfillment of any of the Obligations, (ii) Debtor shall die or cease doing business, or shall become insolvent, or make an assignment for the benefit of creditors, (iii) bankruptcy proceedings or proceedings for arrangement or reorganization under any Bankruptcy Act or proceedings for the appointment of a receiver, trustee, liquidator, or custodian for Debtor or any of Debtor's property shall be commenced by or against Debtor, (iv) Debtor shall fail punctually and faithfully to fulfill, observe, or perform any of the terms, conditions, covenants, and provisions contained in this Security Agreement or in any present or future agreement or instrument between Debtor and Secured Party, or in which Secured Party has or acquires an interest, (v) any of the warranties, covenants, or representations made to Secured Party be or become untrue or incorrect in any respect, (vi) there shall be a change in the management, operations, ownership of the stock or control of Debtor, (vii) Secured Party at any time deems the security afforded by this Security Agreement unsafe, inadequate, or at any risk, (viii) Debtor defaults with respect to any debt to or agreement with any other party, (ix) any portion of the Collateral is sold, lost, stolen, transferred, or encumbered in violation hereof, (x) a judgment against Debtor becomes final, (xi) any liability or agreement of third parties to Debtor with regard to the Collateral shall not be paid or performed in accordance with the terms thereof, or (xii) any event occurs which Secured Party, in good faith, feels would endanger Debtor's ability to repay any or all of the Obligations. Upon the occurrence of any such event of default all Obligations shall at once, at the option of Secured Party, become immediately due and payable without notice to Debtor, and in such event it shall be lawful for Secured Party to take possession of the Collateral at any time, wherever it may be, and to enter any of the premises of Debtor with or without process of law, and search for, take possession of, remove, or

keep and store the same in said premises, without liability for trespass nor charge for storage of the Collateral, until sold, and to sell the Collateral or any part thereof at public or private sale, without notice or advertisement, such notice or advertisement being, (to the extent allowed by law), expressly waived by Debtor. To the extent notice is required by law and cannot be waived by Debtor, the requirements of reasonable notice shall be met if such notice is mailed, postage prepaid, to the address of the Debtor shown at the beginning of this Security Agreement at least five (5) days before the time of the sale or disposition. The Collateral may be sold for cash or on credit, and on such terms as Secured Party may in its sole discretion elect in such county and at such places as Secured Party may elect and without having the Collateral at the place of sale. Secured Party may bid or become the purchaser at any such sale and Debtor waives any and all rights of redemption from any such sale. The proceeds of any sale shall be applied first to pay all costs, expenses, and charges for pursuing, searching, taking, removing, keeping, advertising, and selling the Collateral, including court costs, if any, reasonable attorneys' fees but in no event less than 10% of the unpaid Obligations, and second to the payment, partly or entirely, of any of the Obligations as Secured Party may in its sole discretion elect, returning the surplus if any to Debtor, who shall remain liable to Secured Party for any deficiency, and Debtor hereby irrevocably consents to the appointment of a receiver for the Collateral and/or all other property of Debtor, and of the rents, issues, and profits thereof after such sale, and such receivership may continue until such deficiency is satisfied in full. Debtor expressly waives, to the fullest extent allowed by law, any right to notice or hearing in any action to recover possession of any or all of the Collateral. Secured Party shall not be liable for failure to collect any account or instrument, or for any act or omission on the part of the Secured Party, its officers, agents, or employees, except wilful misconduct. The foregoing rights and

powers of Secured Party will be in addition to, and not a limitation upon, any rights and powers of Secured Party given by law, in this Agreement, or otherwise. In any action in the nature of replevin or sequestration, Debtor agrees that if it contests such action it will post a bond written by a national insurance company authorized to execute such bonds in the state or territory of such proceedings, such bond to be no less than the value of the subject matter of such replevin or the unpaid balance on all Obligations then owing to Secured Party, whichever be less.

6. Secured Party may, upon the occurrence of an event of default and at any time thereafter, with or without exercising any of the rights or remedies aforesaid and without prior notice or demand to Debtor, appropriate and apply toward the payment of the Obligations any and all balances, sums, cash, property, credits, deposits, accounts, reserves, collections, drafts, notes, or checks coming into Secured Party's hands and belonging or owing to Debtor, and for such purposes, endorse the name of Debtor on any such instrument made payable to Debtor for deposit, discount, or collection. Such applications may be made or any monies paid to Secured Party may be applied, without notice to Debtor, partly or entirely to any of the Obligations as Secured Party in its sole discretion may elect. In its sole discretion, Secured Party may apply and/or change applications of any sums paid and/or to be paid by or for Debtor under any circumstances to any Obligations of Debtor to Secured Party, presently existing or otherwise.

7. No delay or failure on the part of Secured Party in exercising any right, privilege, remedy, or option hereunder or under any other document securing the performance of any Obligations shall operate as a waiver of such right, privilege, remedy, or option; nor shall any single or partial exercise of any power or right preclude other or further exercise thereof nor the exercise of any other power or right; and no waiver whatever shall be valid unless in writing, signed by an officer of Secured Party and then only to the extent therein set forth.

The acceptance by Secured Party of any payment of Debtor subsequent to the occurrence of an event of default shall not be deemed a waiver of any right of Secured Party. Further, Secured Party shall have the right to enforce any one or more remedies available to it successively, alternately, or concurrently.

8. The books and records of Secured Party containing entries with respect to the Obligations shall be admissible in evidence in any action or proceeding, shall be binding upon Debtor for the purpose of establishing the items therein set forth and shall constitute prima facie proof thereof.

9. Only a writing, signed by an officer of Secured Party and by Debtor, shall be effective to modify this Security Agreement, but only to the extent therein specifically set forth, or to change, modify, or terminate any Obligation, or any other agreement between Debtor and Secured Party. No such change, modification, or termination may result from course of conduct or usage of trade.

10. This Security Agreement may be assigned along with any and all Obligations without notice to Debtor and upon such assignment Debtor agrees not to assert against any assignee hereof any defense, set-off, recoupment, claim, counterclaim, or cross complaint which Debtor may have against Secured Party, whether arising hereunder or otherwise, and such assignee shall be entitled to at least the same rights as Secured Party.

11. All of the rights, remedies, options, privileges, and elections given to Secured Party hereunder shall enure to the benefit of Secured Party, any transferee or assignee of this Security Agreement, and their respective successors and assigns; and all the terms, conditions, promises, covenants, provisions, and warranties of this Security Agreement shall enure to the benefit of and shall bind the representatives, heirs, successors, and assigns of the respective parties. In the event of any assignment or transfer by Secured Party of any of its interest in any Obligations or in any Collateral, Secured Party thereafter shall be fully discharged from any

responsibility with respect to any Obligations or Collateral so assigned or transferred. Each person signing this Security Agreement warrants full authority to sign for the party named and said person, individually, together with the party named, shall be jointly and severally liable for the unpaid balance of the Obligations in the event of the breach of this provision and/or in the event Debtor fails to pay its Obligations in full to Secured Party immediately upon the sale, transfer, assignment, or conversion of any of the Collateral.

12. Debtor agrees that, upon the request of Secured Party after the occurrence of any event of default, to assemble, segregate, and hold all or any part of the Collateral in a fiduciary capacity and to adequately maintain service and insure said Collateral and to protect same from use and/or abuse, all without charge to Secured Party, such fiduciary duty to terminate only upon the actual delivery of the Collateral to Secured Party.

13. Debtor, recognizing that should an event of default occur no remedy at law would provide adequate relief to Secured Party, agrees that Secured Party shall be entitled to temporary and permanent injunctive relief without the necessity of proving actual damages.

14. Some of the Collateral may be in the hands of Debtor under one or more other security agreements which are or may be held by Secured Party and with respect to such Collateral, this Security Agreement covers any equity that Debtor may now or in the future have in such Collateral and Secured Party by accepting this Security Agreement shall not in any manner be considered as having waived any security interest arising independently hereof nor shall this Security Agreement be construed as adversely affecting any rights of Secured Party under any other security agreement nor as a waiver of any of the terms and provisions of any other security agreement, guaranty, or endorsement, all of which shall remain and continue in full force and effect.



15. Intending that each and every provision of this Security Agreement be fully effective and enforceable according to its terms, the parties agree that the validity, enforceability, and effectiveness of each provision hereof shall be determined by the laws of the State of Texas; however, if any one or more provisions hereof are in conflict with any applicable statute or law and therefore not valid or enforceable, then each such provision shall be deemed null and void but to the extent of such conflict only and without invalidating or affecting the remaining provisions hereof.

16. Debtor hereby designates and appoints _____
A. VIRGIL PACE, JR. _____, of 7606 RIVERPOINT, HOUSTON _____,
HARRIS _____ County, Texas, and RALPH E. BURDA _____,
of 24 RIVER CREEK WAY SUGARLAND _____, FORT BEND _____ County,
Texas, or either of them as Debtor's true and lawful Attorney
in Fact and agent for Debtor and in Debtor's name, place, and
stead to accept service of any process, Secured Party agreeing
to notify Debtor at Debtor's address, as shown herein, by
certified mail within five (5) days of such service having been
effected. Debtor hereby specifically agrees that Secured Party
may, in its sole discretion and option, select venue and
jurisdiction regarding any matter arising hereunder and with
respect to the Obligations to be in the county of Secured Party
(HARRIS _____ County, Texas) or in the county of Debtor.

17. Any notices relating hereto shall be in writing and delivered in person to an officer of the party to whom addressed or mailed by certified mail to such party at its address specified herein, or at such other address as may hereafter be specified by like notice by either party to the other. Reasonable notification hereunder shall be any notification given or sent at least five (5) days prior to the event for which such notification is sent.

18. Debtor appoints Secured Party Debtor's Attorney in Fact with full power in Debtor's name and behalf to do every act which Debtor is obligated to do or may be required to do hereunder; however, nothing in this paragraph shall be

construed to obligate Secured Party to take any action hereunder.

19. Debtor waives notice of the creation, advance, increase, existence, extension, or renewal of, and of any indulgence with respect to, the Obligations; waives presentment, demand, notice of dishonor, and protest; waives notice of the amount of the Obligations outstanding at any time, notice of any change in financial condition of any person liable for the Obligations or any part thereof, notice of any event of default, and all other notices respecting the Obligations; and agrees that maturity of the Obligations and any part thereof may be accelerated, extended, or renewed one or more times by Secured Party in its discretion, without notice to Debtor.

20. No renewal or extension of or any other indulgence with respect to the Obligations or any part thereof, no release of any security, no release of any person (including any maker, endorser, guarantor, or surety) liable on the Obligations, no delay in enforcement of payment, and no delay or omission or lack of diligence or care in exercising any right or power with respect to the Obligations or any security therefor or guaranty thereof or under this Security Agreement shall in any manner impair or affect the rights of Secured Party under the law, hereunder, or under any other agreement pertaining to the Collateral. Secured Party need not file suit or assert a claim for personal judgment against any person for any part of the Obligations or seek to realize upon any other security for the Obligations, before foreclosing upon the Collateral for the purpose of paying the Obligations. Debtor waives any right to the benefit of or to require or control application of any other security or proceeds thereof, and agrees that Secured Party shall have no duty or obligation to Debtor to apply to the Obligations any such other security or proceeds thereof.

21. This Agreement shall constitute a continuing agreement, applying to all future as well as existing transactions, whether or not of the character contemplated at

the date of this Agreement, and if all transactions between Secured Party and Debtor shall be closed at any time, shall be equally applicable to any new transactions thereafter. Provisions of this Agreement, unless by their terms exclusive, shall be in addition to other agreements between the parties.

22. No agreement relating to the Obligations shall be construed to be a contract for or to authorize charging or receiving, or require the payment or permit the collection of, interest at a rate or in an amount above that authorized by law, and any interest payable hereunder or with respect to the Obligations which is in excess of the maximum permitted by law shall, in the event of acceleration of maturity or prepayment, be cancelled automatically as of the date of such acceleration or prepayment and shall be at the option of Secured Party either refunded to Debtor (if theretofore paid) or credited on the Obligations. Any interest computation hereunder or with respect to the Obligations shall be at not more than the maximum legal rate upon the principal amount which remains unpaid from time to time, it being the intention of the parties hereto to conform strictly to the laws of the State of Texas and the United States now in force; and in the event it should be held that interest payable hereunder, with respect to the Obligations or under any instrument securing the payment of the Obligations is in excess of the maximum permitted by law, the interest chargeable hereunder, with respect to the Obligations or under any such security instrument shall be reduced to the maximum permitted by law. It is further agreed that without limitation of the foregoing, all calculations of the rate of interest contracted for, charged, or received hereunder, with respect to the Obligations or under such other documents which are made for the purpose of determining whether such rate exceeds the maximum lawful contract rate, shall be made, to the extent permitted by the laws of the State of Texas and the United States, by amortizing, prorating, allocating, and spreading in equal parts during the period of the full stated term of the Obligations, all interest at any time contracted

for, charged, or received from Debtor or otherwise by Secured Party in connection with the Obligations. This provision shall override and supersede all other provisions of any agreement relating to the Obligations.

23. This Agreement shall be construed according to the laws of Texas. It is performable by Debtor in the county of Secured Party's address set out above.

24. If any of the Obligations, secured in whole or in part by this Security Agreement are loans or other extensions of credit made under the authority of Article 5069, Texas Revised Civil Statutes (hereinafter called "Consumer Credit Code Obligations") then as to such Consumer Credit Code Obligations, the provisions of said Article 5069 mandatory upon the person making said loans or extending such credit shall control over any contrary provision herein.

25. Time is of the essence in this Agreement and the obligations of Debtor herein.

IN WITNESS WHEREOF, Debtor has caused this instrument to be duly executed, the day and year first above written.

DEBTOR LAMCO, INC.

(CORPORATE SEAL)

ATTEST:

By: _____
Secretary

By: Wayne A. Jansen
(Signature)
Name: WAYNE A. JANSEN
Title: PRESIDENT

By: _____
(Signature)
Name: _____
Title: _____

By: _____
(Signature)
Name: _____
Title: _____

SCHEDULE "A"

This SCHEDULE is attached to and made a part of the Security Agreement dated *July 26, 1983* with Lamco, Inc. as Debtor.

Eleven (11) 23,500 gallon general purpose railroad tank cars, type DOT 111A100W3, registered LAMX 23580, LAMX 23581, LAMX 23582, LAMX 23583, LAMX 23584, LAMX 23602, LAMX 23607, LAMX 23613, LAMX 23623, LAMX 23624, LAMX 23548. Each with all attachments, accessories, equipment, accessions, replacements and substitutions.

Twenty-one (21) Notes Receivable listed below:

<u>Date</u>	<u>Maker</u>	<u>Original Principal</u>
12-19-79	Bob E. Atnip	\$43,200.00
04-18-79	Wayne A. Jansen	24,300.00
11-05-79	Wayne A. Jansen	15,300.00
04-18-79	Allen R. Cleveland	21,600.00
11-05-79	Allen R. Cleveland	13,600.00
04-18-79	Roy L. Lassiter	24,300.00
11-14-79	Roy L. Lassiter	15,300.00
12-19-79	Roy L. Lassiter	37,200.00
04-20-79	Colonel Lewis P. Ensign	21,600.00
11-14-79	Colonel Lewis P. Ensign	13,200.00
12-31-79	Joe B. Foster	45,920.00
12-29-78	Charles C. Webb	53,910.00
12-29-78	Jack N. McCrary	156,600.00
04-18-79	William A. Thompson	24,300.00
08-27-79	William A. Thompson	15,300.00
	Walter B. Smith and	
12-19-79	Mary Sumrall Smith	37,200.00
12-29-78	J. Donald Bowen	64,800.00
04-01-79	J. Donald Bowen	13,200.00
04-01-79	J. Donald Bowen	13,200.00
04-19-79	J. Donald Bowen	13,200.00
12-28-78	John Benson	34,800.00

LAMCO, INC.

By: 
Wayne A. Jansen - President