



Citizens National Bank

Member: Cullen/Frost Bankers. A Family of Texas Banks

Jerold Sassman
Assistant Vice President

April 22, 1980

11738
RECORDATION NO. Filed 1425

APR 29 1980 - 11 50 AM

INTERSTATE COMMERCE COMMISSION

RECEIVED
APR 29 11 44 AM '80
I.C.C.
FEE OPERATION BR.

Ms. Mildred Lee
Office of the Secretary of the
Interstate Commerce Commission
Washington, D. C. 20423

Re: Recordation Pursuant to
49 U.S.C.A./20c of
Security Agreement
Relating to Railroad Cars

Dear Ms. Lee:

Pursuant to 49 U.S.C.A./20c, and in accordance with 49 C.F. R.,
Section 1116, enclosed for recordation are the original and two
copies counterparts of the Security Agreement described below.
Also enclosed is a check in the amount of \$50.00 in payment of
the recordation fee. The original and one copy is to be file-
stamped and returned to:

Citizens National Bank of San Antonio
P. O. Box 29009
San Antonio, Texas 78284
Attn: Jerry Sassman

120A083
Date APR 29 1980
Fee \$ 50.00
ICC Washington, D.C.

The parties to the Security Agreement are as follows:

Debtor Charles W. Johnson
7702 Louis Pasteur Dr.
San Antonio, Texas 78229

Secured Party/Lender: Citizens National Bank of San Antonio
P.O. Box 29009
San Antonio, Texas 78284

The Security Agreement relates to one "Open Top Hopper Car", rail-
road car bearing identification number TRAX number 1112, the
rights of the Debtor under the Purchase Order between the Debtor
and LICO (Lease Investment Corp.), the rights of the Debtor under
the Management Agreement between the Debtor and LICO (Lease
Investment Corp.) and the rights of the Debtor under any leases
of the above described railroad car.

Interstate Commerce Commission
Washington, D.C. 20423

5/5/80

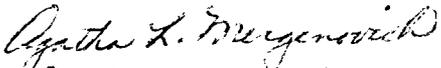
OFFICE OF THE SECRETARY

Jerold Sassman
Assistant Vice President
Citizens Natl. Bank
Fredericksburg Road at N.W. Loop 410
P.O.Box 29009
San Antonio, Texas 78284

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 **4/29/80** at **11:50am** and assigned re-
recording number (s). **11738**

Sincerely yours,


Agatha L. Mergenovich
Secretary

Enclosure(s)

SECURITY AGREEMENT - General

DATE

April 11, 1980

A. PARTIES

CITIZENS NATIONAL BANK OF SAN ANTONIO
FREDERICKSBURG ROAD at N.W. LOOP 410

INFORMATION CONCERNING THIS SECURITY INTEREST MAY BE OBTAINED AT THE OFFICE OF THE BANK SHOWN ABOVE)

DEBTOR

Charles W. Johnson

ADDRESS (RESIDENCE - SHOW COUNTY, IF MAILING ADDRESS DIFFERENT, INSERT MAILING ADDRESS AS WELL)

7702 Louis Pasteur, Drive, San Antonio, Texas 78229

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INTERSTATE COMMERCE COMMISSION

3. AGREEMENT

Subject to the applicable terms of this security agreement, debtor grants to bank a security interest in the collateral to secure the payment of the obligation.

C. OBLIGATION

1. The following is the obligation secured by this agreement:

- a. All indebtedness, obligations, and liabilities of any kind of debtor to bank, now or hereafter existing, arising directly between debtor and bank or acquired outright, conditionally, or as collateral security from another by the bank, 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, and including, but not as a limitation upon any of the foregoing, any indebtedness, obligation, or liability to bank by debtor as a member of any partnership, syndicate, association or other group, whether incurred by the debtor as principal, surety, indorser, accommodation party or otherwise.
- b. All indebtedness, obligations, and liabilities of debtor to any person to the extent of any participation or interest therein created or acquired for such person, or granted to such person, by bank.
- c. All costs incurred by bank to obtain, preserve, and enforce this security interest, collect the obligation, and maintain and preserve the collateral, and 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.
- d. Interest on the above amounts, as agreed between bank and debtor, [or if no such agreement, at the maximum rate permitted by law.]
- e. All indebtedness, obligations, and liabilities of _____ to bank of the kinds described in this Item C, now existing or hereafter arising.

D. COLLATERAL

1. The security interest is granted in the following collateral:

a. Describe collateral. Include the following information:

- (1) For oil, gas or other minerals to be extracted, timber to be cut, and fixtures (goods to be affixed to real estate), describe real estate concerned and record owner of the land.
- (2) If debtor's residence is outside the state: give location of consumer goods.

Equipment, consisting of one(1) open top Hopper Car, rapid discharge, 100 Ton capacity 2300 cubic feet capacity, Mfg. by Oretner Freight Car Co., Invoice #2-239, Trax number 1112.

All accounts receivables and Contract Rights in and to and arising from the use of one Railroad Hopper Car, Trax No. 1112.

Chattel Paper consisting of Leases on One Railroad Hopper car, Trax #1112

Assignment of all Rights, Title and Interest in and to Management agreements with LICO (Lease Investment Corp.)

In accordance with No. 49U.S.C.A./20c, in accordance with 49C.F.R, section 1116

- b. All proceeds of, substitutes and replacements for, accessions, attachments, and other additions to, and tools, parts, and equipment used in connection with, the above property. However, such shall not be construed to mean that bank consents to any sale of such collateral.
- c. All property similar to the above hereafter acquired by debtor.
- d. The balance of every deposit account of debtor with bank and any other claim of the debtor against bank, now or hereafter existing and all money, instruments, securities, documents, chattel paper, credits, claims, demands 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 the bank or any of its agents, associates or correspondents, for any purpose, and shall include the proceeds of any thereof. The bank shall be deemed to have possession of any of the collateral in transit to or set apart for it or any of its agents, associates or correspondents.

2. Classify goods under one or more of the following Uniform Commercial Code categories:

- Consumer goods
- Farming
- Equipment for business use
- Inventory

3. If this block is checked, this is a purchase money security interest, and debtor will use funds advanced to purchase the collateral, or bank may disburse funds direct to the seller of the collateral, and to purchase insurance on the collateral.

4. If any of the collateral is accounts, give the location of the office where the records concerning them are kept, if other than debtor's address in Item A: _____

E. ADDITIONAL TERMS ON BANK

CITIZENS NATIONAL BANK OF SAN ANTONIO

DEBTOR


BY _____
Vernon T. Sanford, Jr. SIGNATURE


BY _____
Charles W. Johnson SIGNATURE

Senior Vice President

TYPED NAME AND TITLE

TYPED NAME AND TITLE

F. DEBTOR'S WARRANTIES

1. **Financing Statements.** No financing statement covering the collateral or any proceeds thereof is on file in any public office, other than financing statements relating to this security interest.
2. **Ownership Free Of Encumbrances.** Except for the security interest granted hereby, debtor now owns, or will use the proceeds of any advances by bank to become the owner of, the collateral free from any prior lien, security interest or encumbrance.
3. **Fixtures and Accessions.** None of the collateral is affixed to real estate or is an accession to other goods, or will become a fixture or accession, except as expressly set out herein.
4. **Claims of Debtors on Collateral.** Debtor warrants that all account debtors and obligors whose obligations are part of the collateral are to the extent permitted by law prevented from asserting against bank any claims or defenses they have against sellers.
5. **Accuracy of Financial Statements.** All balance sheets, earnings statements and other financial data which have been or may hereafter be furnished to bank to induce it to enter into this agreement or in conjunction herewith, do or shall truly represent the financial condition and operations of debtor as of the dates and for the periods shown thereon and all other information, reports, papers and data furnished to bank are or shall be, at the time furnished, accurate and correct in all material respects and complete in so far as necessary to give bank a true and accurate knowledge of the subject matter.

G. DEBTOR'S COVENANTS

1. **Ownership of Collateral.** At the time debtor pledges, sells, assigns, or transfers to bank, or grants bank a security interest in any collateral or any interest therein, debtor shall be the absolute owner hereof and shall have the right to pledge, sell, assign or transfer the same. Debtor shall defend the collateral against all claims and demands of all persons at any time claiming the same or any interest therein adverse to bank.
2. **Insurance.** Upon bank's request, debtor shall insure the collateral with companies acceptable to bank against such casualties and in such amounts as bank shall require. All insurance policies shall be written for the benefit of debtor and bank as their interests may appear and such policies or certificates evidencing the same shall be furnished to bank. All policies of insurance shall provide for written notice to bank at least 10 days prior to cancellation. Risk of loss or damage is in debtor to the extent of any deficiency in any effective insurance coverage. Bank is hereby appointed debtor's attorney-in-fact to endorse any draft or check which may be payable to debtor in order to collect any return of unearned premiums or the proceeds of such insurance.
3. **Maintenance.** Debtor shall keep the collateral in good condition, and free from liens and other security interests, except liens for current taxes not due, and shall not create or suffer to exist any lien or security interest in collateral hereafter acquired except for the security interest hereby granted. Debtor shall pay all costs necessary to obtain, preserve, defend, and enforce this security interest, collect the obligation, and preserve, defend, enforce, and collect the collateral, including, but not as a limitation upon any of the foregoing, the payment of taxes, assessments, insurance premiums, repairs, reasonable attorney's fees and legal expenses, feed, rent, storage costs, and expenses of sales. Whether collateral is or is not in bank's possession, and without any obligation to do so, bank may, at its option, pay any such costs and expenses, discharge encumbrances on collateral, and pay for insurance of collateral. Debtor agrees to reimburse the bank on demand for any payments so made and until such reimbursement, the amount of any such payment, shall be a part of the obligation secured under Item C(1)(c) hereof.
4. **Information and Inspection.** Debtor shall furnish bank with any financial statements or reports, and any information with respect to collateral requested by bank, will allow bank to inspect the collateral, at any time and wherever located, and will allow bank to inspect and copy, or will furnish bank with copies of, all records relating to the collateral and obligation. Debtor shall furnish bank such information as bank may request to identify inventory, accounts receivable assigned hereunder, at the times and in the form and substance requested by bank. Debtor will also, upon request, deliver to bank shipping and delivery receipts evidencing the shipment of goods and invoices evidencing the receipt of, and the payment for, all inventories assigned hereunder.
5. **Additional Documents.** Debtor shall sign any papers furnished by bank which are necessary in the judgment of bank to obtain, maintain and perfect the security interest and to assist bank in complying with the Federal Assignment of Claims Act, where necessary to enable bank to become an assignee under such Act, and any expense of bank so incurred shall be a part of the obligation under Item C(1)(c) hereof.
6. **Parties Liable on Collateral.** Debtor will take necessary steps to preserve the liability of account debtors, obligors, and secondary parties to the obligations which are part of the collateral. Bank shall have no duty to preserve such liability but it may do so, and any expense of bank so incurred shall be a part of the obligation secured under Item C(1)(c) hereof.
7. **Modification of Accounts.** Debtor will not agree to any material modification of any of the terms of any accounts receivable or instruments assigned hereunder without the written consent of bank. Debtor will not, without the written consent of bank, sell, encumber, or otherwise dispose of inventory assigned hereunder except in the ordinary course of business.
8. **Right of Bank to Notify Account Debtors.** Bank shall have the right at any time, whether debtor is or is not in default, to notify persons obligated on any instruments or accounts which are part of the collateral to make payment thereof directly to bank and bank may take control of all proceeds of any of the collateral. Until such time as bank elects to exercise such rights, debtor, as the agent of bank, shall collect and enforce all such accounts. The cost of such collection and enforcement, including attorney's fees and expenses, shall be borne by debtor, whether the same is incurred by bank or debtor. If paid by bank, such payment shall become a part of the obligation secured under Item C(1)(c) hereof.
9. **Delivery of Receipts to Bank—Rejected Goods.** Upon bank's demand, debtor will, upon receipt of checks, drafts, cash or other remittances in payment of an instrument, or on account of debtor's accounts or received as proceeds of inventory assigned hereunder, deposit all of the same in a special bank account maintained with the bank to be designated by bank over which bank alone has power of withdrawal. The funds in said account shall be held by bank as security for the obligation. Said proceeds shall be deposited in the form received, except the indorsement of debtor where necessary to permit collection of items, which indorsement debtor agrees to make, but which the bank is authorized to make on debtor's behalf. Pending such deposits, debtor agrees that it will not mingle any such checks, drafts, cash or other remittances with any of debtor's funds or property, but will hold them separate and apart therefrom and upon an express trust for bank until deposit thereof is made in the special account. Bank will, from time to time, apply the whole or any part of the collected funds on deposit in the special account against the principal or interest of any loans made hereunder, or debtor's other indebtedness secured hereby. Any portion of said funds on deposit which bank elects not to so apply may be paid by bank to debtor.
Unless bank notifies debtor in writing that it dispenses with any one or more of the following requirements, debtor will:
 - a. inform bank immediately of the rejection of goods, delay in delivery or performance, or claims made, in regard to any account assigned to bank;
 - b. keep returned goods segregated from debtor's other property, and hold such goods as trustee for bank until it has paid the bank the amount loaned against the related account, and deliver such goods on demand to bank, which shall have a security interest in such goods;
 - c. pay bank the unpaid portion of any assigned account (1) if such account is not paid promptly after its maturity; (2) if purchaser does not accept the goods or services; (3) if bank shall at any time reject the account as unsatisfactory; and until such payment is made by debtor, bank may retain any such account as security and may charge any deposit account of debtor with any such amounts.
10. **Books of Account.** Debtor will, at all times, maintain accurate books and records covering the collateral. Immediately upon the execution of this agreement, debtor will mark all books and records with an entry showing the absolute assignment of all accounts assigned hereunder to bank, and bank is hereby given the right to audit the books and records of debtor relating to said collateral at any time, and from time to time, as bank deems proper.
11. **Disposition of Inventory.** At any time the disposition of inventory assigned hereunder gives rise to an account, debtor shall immediately notify bank of the disposition of said inventory, or part thereof, and assign said account to bank. Each such account, and any other account submitted to bank hereunder, will represent the valid and legally enforceable indebtedness of a bona fide customer arising from the sale or lease of goods or rendition of services by debtor, will not be subject to return for credit or substitution for any reason known to debtor; and will be subject to no set-offs, counter-claims, adjustments, or defenses, such goods will have been delivered to the customer and such services will have been performed for the customer, and such goods and services will have been accepted by the customer. The amount shown as to each account on debtor's books and on the assignment schedule, if any, will be the true and undisputed amount owing and unpaid thereon.
12. **Location of Accounts Receivable and Inventory.** Debtor shall give bank written notice of each office of debtor in which records of debtor pertaining to accounts which are collateral are kept, and each location at which inventory which is collateral is or will be kept, and of any change of said office, offices, location, or locations. Except as such notice is given, all records of debtor pertaining to accounts are and shall be kept in the location shown at the beginning hereof, and all inventory is and shall be kept at debtor's address shown at the beginning hereof.
13. **Notice of Changes.** Debtor will notify bank of any change occurring in or to the collateral, of a change in debtor's residence, or in any fact or circumstance warranted or represented by debtor in this agreement or furnished to bank, or if any event of default occurs, prior to or immediately following the occurrence thereof.
14. **Use and Removal of Collateral.** Debtor 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 bank. Debtor will not permit any of the collateral to be removed from the locations specified herein without the written consent of the bank. Debtor will not sell, lease, otherwise transfer, manufacture, process or assemble the collateral, or furnish the same under contracts of service, except goods identified herein as inventory.
15. **Possession of Collateral.** Debtor will transfer possession of all instruments, securities, documents, and chattel paper which are part of the collateral to the bank immediately, or, if hereafter acquired, immediately following acquisition, appropriately indorsed to bank's order, or with appropriate powers, and, regardless of the form of such indorsement, debtor hereby waives presentment, demand, notice of dishonor, protest, and notice of protest, and all other notices with respect thereto.
16. **Chattel Paper.** Debtor has or will perfect a security interest, using a method satisfactory to the bank in goods covered by chattel paper which is part of the collateral.

H. RIGHTS AND POWERS OF BANK

1. Bank may, in its discretion, before or after default: require debtor to give possession or control of the collateral to bank; indorse as debtor's agent any instruments, securities, or chattel paper in the collateral; contact account debtors directly to verify information furnished by debtor; take control of proceeds, including stock received as dividends or by reason of stock splits, and use cash proceeds to reduce any part of the obligation; take any action debtor is required to take or any other necessary action to obtain, preserve, and enforce this security interest, and maintain and preserve the collateral without notice to debtor, and add costs of same to the obligation (but bank is under no duty to take any such action); release collateral in its possession to debtor, temporarily or otherwise; require additional collateral; reject as unsatisfactory any property hereafter offered by debtor as collateral; set standards, from time to time to govern what may be used as after acquired collateral; designate, from time to time a certain per cent of the collateral as the loan value and require debtor to maintain the obligation at or below such figure; take control of funds generated by the collateral, such as cash dividends, interest and proceeds or refunds from insurance, and use same to reduce any part of the obligation; vote any stock which is part of the collateral; and exercise all other rights which an owner of such stock may exercise. Bank may at any time in its discretion transfer any of the collateral or evidence thereof into its own name or that of its nominee and receive the proceeds therefrom and hold the same as security for the obligation, or apply the same thereon. Bank may, but shall be under no duty to, demand, collect, receipt for, settle, compromise, adjust, sue for, foreclose, or realize upon collateral, in its own name or in the name of debtor, as the bank may determine. Bank shall not be liable for the failure to collect any account or for any act or omission on the part of the bank, its officers, agents, or employees, except willful misconduct. The foregoing rights and powers of bank shall be in addition to, and not a limitation upon, any rights and powers of bank given by law, custom, elsewhere by this agreement, or otherwise.

I. DEFAULT

1. **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 timely payment or performance of any obligation, covenant or liability contained herein or secured hereby;
 - b. Any warranty, representation or statement made or furnished to bank 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 indebtedness of debtor to others under any indenture, agreement or undertaking;
 - d. Substantial change in any fact warranted or represented in this agreement;
 - e. Sale, loss, theft, destruction, encumbrance, or transfer of any collateral, or substantial damage thereto;
 - f. Any time the bank believes that the prospect of payment of any obligation secured hereby or performance of this agreement is impaired;
 - g. On debtor's death, incapacity, dissolution, merger or consolidation, termination of existence, insolvency, business failure, appointment of a receiver for any part of the collateral, commission of an act of bankruptcy, assignment for the benefit of creditors or the commencement of any proceeding under any bankruptcy or insolvency law by or against debtor, or any partnership of which debtor is a partner, or any maker, drawer, acceptor, indorser, guarantor, surety, accommodation party, or other person liable upon or for any obligation or collateral;
 - h. Cancellation of any required insurance;
 - i. Levy on, seizure, or attachment of the collateral, or any part thereof;
 - j. Judgment against debtor;
 - k. Filing any financing statement with regard to the collateral, other than relating to this security interest; or attachment of any lien except a lien for current ad valorem taxes not yet due to any portion of the collateral;
 - l. Bank receives notice of a purchase money security interest in inventory covered by this agreement;
 - m. Failure of debtor immediately to furnish additional collateral satisfactory to bank upon the request of bank.
2. **Remedies of Bank upon Default.** When an event of default occurs, and at any time thereafter, bank may declare all obligations secured hereby immediately due and payable and may proceed to enforce payment of the same and to exercise any and all of the rights and remedies provided by the Uniform Commercial Code as well as all other rights and remedies possessed by bank under this agreement or otherwise. Bank shall have the right to peaceably enter the premises where the collateral is located and either remove the same or render it unusable. Bank may require debtor to assemble the collateral and make it available to bank at any place to be designated by the bank 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, bank 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. Expenses of retaking, holding, preparing for sale, selling, leasing, or the like shall include bank's reasonable attorney's fees and legal expenses. Bank shall be entitled to immediate possession of all books and records evidencing any accounts covered by this agreement and shall have authority to enter upon any premises upon which the same may be situated and remove the same therefrom. Debtor shall be entitled to any surplus and shall be liable to bank for any deficiency arising from accounts or chattel paper included in the collateral through sale thereof to bank. If bank disposes of the collateral following default, the proceeds of such disposition available to satisfy the obligation shall be applied by bank to the obligation in such order and in such manner as bank in its discretion shall decide. All remedies of bank shall be cumulative of one another and of all remedies otherwise conferred upon bank by any applicable law or other agreement.

J. GENERAL

1. **Assignment of Collateral by Bank.** The bank may assign all or any part of the obligation, and may assign, transfer, or deliver to any transferee of any of the obligation any or all of the collateral and thereafter shall be fully discharged from all responsibility with respect to the collateral so assigned, transferred or delivered. Such transferee shall be vested with all the powers and rights of the bank hereunder with respect to such collateral, but the bank shall retain all rights and powers hereby given with respect to any of the collateral not so assigned or transferred.
2. **Waiver.** No delay on the part of the bank in exercising any power or right shall operate as a waiver thereof; nor shall any single or partial exercise of any power or right preclude other or further exercise thereof or the exercise of any other power or right. No waiver by bank of any right hereunder or of any default by debtor shall be binding upon bank unless in writing, and no failure by bank to exercise any right hereunder or waiver of any default of debtor shall operate as a waiver of any other or further exercise of such right or of any further default.
3. **Parties Bound.** The rights of bank hereunder shall inure to the benefit of its successors and assigns. The terms of this agreement shall be binding upon the heirs, executors, administrators, successors, and assigns of the parties hereto. All representations, warranties and agreements of debtor are joint and several if debtor is more than one and shall bind debtor's personal representatives, heirs, successors, and assigns. 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 the bank and the debtor shall be at any time closed, shall be equally applicable to any new transactions thereafter; and shall so continue in force notwithstanding any change in any partnership party hereto, whether such change occurs through death, retirement or otherwise.
4. **Definitions.** Unless the context indicates otherwise, definitions in the Uniform Commercial Code apply to words and phrases in this agreement; if Code definitions conflict, Article 9 definitions apply.
5. **Notice.** Notice mailed postage prepaid to debtor's address given above or to debtor's most recent address as shown by notice of change on file with bank at least 5 days prior to the related act (or if the Uniform Commercial Code elsewhere specifies a longer period, such longer period) shall be deemed reasonable.
6. **Modifications.** No provision hereof shall be modified or limited except by a written agreement expressly referring hereto and to the provision so modified or limited and signed by both parties to the agreement, nor by course of conduct, usage of trade, or by the law merchant.
7. **Severability.** The unenforceability of any provision of this agreement shall not affect the enforceability or validity of any other provision hereof.
8. **Financing Statement.** Bank is authorized on behalf of debtor to complete and sign one or more financing statements with respect to any collateral covered by this agreement and to file the same in any appropriate office or place.
9. **Applicable Law.** This agreement shall be construed according to the laws of the State of Texas.
10. **Venue.** It is agreed that venue in any proceeding hereunder shall be in Bexar County, Texas.

THE STATE OF TEXAS
COUNTY OF BEXAR

Before me, the undersigned authority, on this day personally appeared Charles W. Johnson known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

Given under my hand and seal of office on this 11th day of April, 1980

Norma M. Boutot
Notary Public in and for Bexar County, Texas

DO NOT
Notary Public