

# US RAIL SERVICES

A U.S. Leasing Company

United States Rail Services, Inc.  
633 Battery Street  
San Francisco, California 94111  
(415) 445-7690

RECORDATION NO. 12176-A Filed 1425

SEP 10 1980 10:25 AM

INTERSTATE COMMERCE COMMISSION

September 10, 1980

C-263A042

No.

Date SEP 19 1980

Fee \$ 50.00

ICC Washington, D. C.

Interstate Commerce Commission  
Washington, D. C. 20423

Attn: Mrs. Lee

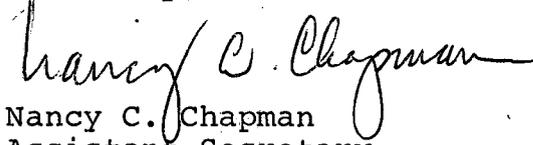
Dear Mrs. Lee:

Enclosed is a check for \$50.00 to cover the filing of the Security Agreement between Mr. & Mrs. Henry Schmidt and United States Rail Services, Inc. This Security Agreement should be filed under Recordation No. 12176.

Please let me know whenever you notice any other discrepancies. We would be happy to forward additional filing fees.

Thank you for your attention in this matter.

Sincerely,



Nancy C. Chapman  
Assistant Secretary

NCC:js

Enclosure (1)

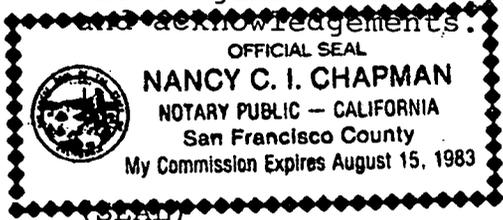
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I.C.C.  
FEE OPERATION BR.

12176 *A*  
RECORDATION NO. .... Filed 1425

SEP 10 1980 -10 42 AM

STATE OF CALIFORNIA )  
 ) SS INTERSTATE COMMERCE COMMISSION  
CITY AND COUNTY OF SAN FRANCISCO)

On this 21st day of August, 1980 before me personally appeared D. A. Summers (name), Vice President and General Manager (office), of United States Rail Services, Inc. (formerly called Rail-U.S. Leasing Incorporated) to me personally known who being by me duly sworn, says that he has compared the following security agreement (title of document) dated June 27, 1980 between United States Rail Services, Inc. and Henry William & Bettress Ann Schmidt with the original and that such copy is a true and complete copy of the original document, including date, signature



*Nancy C. I. Chapman*

My commission expires: *August 15, 1983*

SECURITY AGREEMENT

THIS SECURITY AGREEMENT is made and dated this 27th day of June , 1980, and is granted to United States Rail Services, Inc. , a California corporation ("Secured Party") by Henry William & Bettress Ann Schmidt ----- , a(n)----- ("Debtor").

FOR GOOD AND VALUABLE CONSIDERATION, the receipt and adequacy of which are hereby acknowledged, Debtor hereby agrees as follows:

1. Grant of Security Interest. Debtor hereby grants to Secured Party a security interest under the Uniform Commercial Code, as enacted and from time to time in effect in the State of California ("UCC"), in the property described in Paragraph 2 below (the "Collateral") to secure payment and performance of the obligations of Debtor to Secured Party described in Paragraph 3 below (the "Obligations").

2. Collateral. The Collateral shall consist of the following:

(a) The items of railroad rolling stock more particularly described in Exhibit A attached hereto, any and all additions or accessions thereto, any substitutions therefor and any proceeds thereof (individually an "Item" and collectively, the "Equipment");

(b) All accounts, contract rights, instruments, and other rights of Debtor with respect to the Equipment, including but not limited to, any and all leases of any Item, the Management Agreement dated June 12, 1980 with respect to the Equipment between Debtor and Secured Party ("Management Agreement"), any and all rents and other monies which are now or may hereafter be payable to Debtor on account of the Equipment and such agreements, and any and all guarantees, endorsements, warranties, indemnity agreements, maintenance agreements, insurance policies, or other agreements pertaining to such agreements or the Equipment, and any and all monies due or to become due and payable under the foregoing; and

(c) All proceeds of any of the above, but without power of sale.

3. Obligations. The Obligations of Debtor secured by this Security Agreement shall consist of any and all debts, obligations and liabilities of Debtor to Secured Party rising out of,

connected with or related to this Security Agreement, including, without limitation, Debtor's obligations under the Management Agreement, one or more Secured Notes (the "Notes") from Debtor to Secured Party which make reference to this Security Agreement and all other agreements to which Debtor and Secured Party are parties. Obligations shall also include interest, penalties, damages, cost and expenses (including reasonable attorneys' fees and court costs) incurred or suffered by Secured Party as the result of any default by Debtor under or in connection with any of the Obligations.

4. Representations and Warranties. Debtor hereby represents and warrants that:

(a) Debtor is the owner of the Collateral and that no person, entity, agency or government has any right, title, claim or interest (by way of security interest or other lien or charge or otherwise) in, against or to the Collateral;

(b) all information heretofore, herein or hereafter supplied to Secured Party by or on behalf of Debtor with respect to the financial condition of Debtor or the Collateral is true and correct; and

(c) This Security Agreement, the Management Agreement and the Notes have been duly executed and delivered and constitute the legal, valid and binding obligations of Debtor, enforceable in accordance with their terms.

5. Covenants of Debtor. In addition to all covenants and agreements of Debtor set forth in Obligations or made in connection therewith, which are incorporated herein by this reference, Debtor hereby agrees:

(a) to do all acts that may be necessary to maintain, preserve and protect the Collateral;

(b) not to use or permit any Collateral to be used unlawfully or in violation of any provision of this Security Agreement, or any applicable statute, regulation or ordinance or any policy of insurance covering the Collateral;

(c) to pay promptly when due all taxes, assessments, charges, encumbrances and liens now or hereafter imposed upon or affecting any Collateral;

(d) to procure, execute and deliver from time to time any endorsements, assignments, financing statements and other writings deemed necessary or appropriate by Secured Party to perfect, maintain and protect its security

interest hereunder and the priority thereof and at the request of Secured Party to deliver promptly to Secured Party all originals of Collateral or proceeds consisting of chattel paper or instruments;

✓ (e) to appear in and defend any action or proceeding which may affect its title to or Secured Party's interest in the Collateral;

(f) to keep separate, accurate and complete records of the Collateral and to provide Secured Party with such records and such other reports and information relating to the Collateral as Secured Party may request from time to time;

✓ (g) except as contemplated by the Management Agreement, not to surrender or lose possession of (other than to Secured Party), sell, encumber, lease, rent or otherwise dispose of or transfer any Collateral or right or interest therein and to keep the Collateral free of all levies and security interests or other liens or charges except those approved in writing by Secured Party;

✓ (h) to keep the Equipment in good condition and repair;

(i) at any reasonable time and subject to the rights of any lessees of the Collateral, upon demand by Secured Party, to exhibit to and allow inspection by Secured Party (or persons designated by Secured Party) of the Collateral;

— (j) to keep and operate the Collateral solely within the continental limits of the United States;

— (k) to place upon the Equipment appropriate identifying marks to indicate Debtor is owner and Secured Party holds a security interest therein;

(l) to insure the Collateral, with Secured Party named as loss payee, in form and amounts, with companies, and against risks and liabilities satisfactory to Secured Party, and Debtor hereby assigns the policies to Secured Party, agrees to deliver them to Secured Party at its request, and agrees that Secured Party may make any claim thereunder, collect and receive payment of and endorse any instrument in payment of loss or return premium or other refund or return, and apply such amounts received, at Secured Party's election, to replacement of Collateral;

(m) to furnish Secured Party: (i) a fiscal year end financial statement including balance sheet and profit and loss statement within one hundred twenty (120) days after

the close of each fiscal year, (ii) any other information normally provided by Debtor to the public and (iii) such other financial data or information relative to this Security Agreement and the Collateral as Secured Party may from time to time reasonably request.

6. Authorized Action by Secured Party. Debtor hereby irrevocably appoints Secured Party as its attorney-in-fact to do (but Secured Party shall not be obligated to and shall incur no liability to Debtor or any third party for failure to do so) any act which Debtor is obligated by this Security Agreement to do, and to exercise such rights and powers as Debtor might exercise with respect to the Collateral for the account of and at the sole cost and expense of Debtor, including, without limitation, the right to:

(a) collect by legal proceedings or otherwise and endorse, receive and receipt for all dividends, interest, payments, proceeds and other sums and property now or hereafter payable on or on account of the Collateral;

(b) enter into any extension, reorganization, deposit, merger, consolidation or other agreement pertaining to, or deposit, surrender, accept, hold or apply other property in exchange for the Collateral;

(c) insure, process and preserve the Collateral;

(d) transfer the Collateral to its own or its nominee's name; and

(e) make any compromise or settlement, and take any action it deems advisable, with respect to the Collateral.

7. Releases. When the Notes are paid and all Obligations of Debtor performed either at maturity of the Notes or earlier; if allowed by the terms of the Notes, Secured Party shall release its security interest in the Collateral by appropriate instrument. In the event any Item shall be lost or destroyed or in the opinion of Debtor and Secured Party, damaged beyond repair (such loss, destruction and damage beyond repair, as agreed, is called "Loss"), Debtor shall pay Secured Party on account of the Notes an amount equal to the principal of the Notes on the day of issue multiplied by a fraction, the denominator of which is the total number of Items originally subject to this Security Agreement when executed and the numerator of which is the number of Items subject to a Loss, plus all interest accrued and unpaid on such portion of principal to be paid in connection with such Loss up to and including the date of payment. Upon such payment of principal and interest, Secured Party will release any interest it has in the Items suffering the Loss to Debtor, as salvage; and provided no event of de-

fault or event which could become an event of default hereunder has occurred and is continuing, any insurance or other payments made to Secured Party on account of the Loss will be paid by Secured Party to Debtor.

8. Priority of Security Agreement. The Management Agreement and rights thereunder and all leases pertaining to the Collateral are subject and subordinate to Secured Party's security interest in the Collateral. The terms of this Paragraph shall be reflected accordingly in all leases pertaining to the Equipment.

9. Events of Default. Upon occurrence of any of the following (herein referred to as "Event of Default"), the entire principal amount outstanding under the Notes and all accrued interest thereon shall at once become due and payable at the option of Secured Party:

(a) Debtor defaults in the payment of any installment of the principal of or interest on the Notes as and when due and payable;

(b) Debtor fails to observe and perform each and every condition, covenant and obligation stated in this Security Agreement or the Obligations which is to be observed or performed by it;

(c) Debtor shall be or become insolvent or any proceeding by or against Debtor shall be instituted under the federal bankruptcy laws, as now or hereafter constituted, or any other applicable federal or state bankruptcy, insolvency or other similar law, or Debtor shall consent to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator (or other similar official) of the Debtor or of any substantial part of its property, or the making by it of any assignment for the benefit of creditors or the failure of the Debtor generally to pay its debts as such debts become due or the taking of corporate action by the Debtor in furtherance of any of the foregoing;

(d) Final judgment for the payment of money in excess of \$5,000.00 shall be rendered against Debtor and the same shall remain undischarged for a period of thirty (30) days during which execution shall not be effectively stayed;

(e) Termination of the Management Agreement; or

(f) All or any portion of the Collateral shall become valueless.

10. Remedies of Secured Party. Upon the occurrence of any Event of Default, Secured Party may, at its option, in addition to its rights under Paragraph 9 above, ~~and without notice to or demand on~~ Debtor and in addition to all rights and remedies otherwise available to Secured Party under the UCC, do any one or more of the following:

with seven (7) days notice to  
advan  
BLS  
HMS  
EM

(a) foreclose or otherwise enforce Secured Party's security interest in any manner permitted by law, or provided for in this Security Agreement;

(b) sell, lease or otherwise dispose of any Collateral at one or more public or private sales, whether or not such Collateral is present at the place of sale, for cash or credit or future delivery, on such terms and in such manner as Secured Party may determine;

(c) recover from Debtor all costs and expenses, including, without limitation, reasonable attorneys' fees, incurred or paid by Secured Party in exercising any right, power or remedy provided by this Security Agreement or by law;

(d) require Debtor to assemble the Collateral and make it available to Secured Party at a place to be designated by Secured Party and store the Collateral at Debtor's risk, without charge to Secured Party;

(e) enter onto property where any Collateral is located and take possession thereof with or without judicial process; and

(f) prior to the disposition of the Collateral, store, process, repair or recondition it or otherwise prepare it for disposition in any manner and to the extent Secured Party deems appropriate.

11. Cumulative Rights. The rights, powers and remedies of Secured Party under this Security Agreement shall be in addition to all rights, powers and remedies given to Secured Party by virtue of the UCC or any other statute or rule of law, or any other agreement, all of which rights, powers and remedies shall be cumulative and may be exercised successively or concurrently without impairing Secured Party's security interest in the Collateral.

12. Waiver. Any forbearance or failure or delay by Secured Party in exercising any right, power or remedy shall not preclude the further exercise thereof, and every right, power or remedy of Secured Party shall continue in full force and effect until such right, power or remedy is specifically waived in a writing executed by Secured Party. Debtor waives any

right to require Secured Party to proceed against any person or to exhaust any Collateral or to pursue any remedy in Secured Party's power.

13. Binding Upon Successors. All rights of Secured Party under this Security Agreement shall inure to the benefit of its successors and assigns, and all obligations of Debtor shall bind its heirs, executors, administrators, successors and assigns.

14. Entire Agreement. This Security Agreement contains the entire security agreement between Secured Party and Debtor.

15. References. The singular includes the plural. If more than one executes this Security Agreement, the term Debtor shall be deemed to refer to each of the undersigned as well as to all of them, and their obligations and agreements hereunder shall be joint and several. If any Debtor is a married person, recourse may be had against his or her separate property as well as community property for the Obligations.

16. Notices. Any written notice, consent or other communication provided for in this Security Agreement shall be considered received when delivered or five (5) days after being sent by registered U.S. mail, with postage prepaid, to the following addresses:

Secured Party:

United States Rail Services, Inc.  
633 Battery Street  
San Francisco, California 94111

Debtor:

Henry William and Bettress Ann Schmidt  
3400 A Pecos  
Austin, TX 78703

Such addresses may be changed by written notice given as provided herein.

IN WITNESS WHEREOF, the Debtor has executed this Instrument on the day and year first written above.

  
Henry William Schmidt

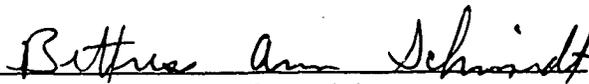
  
Bettress Ann Schmidt

EXHIBIT "A"

Railroad rolling stock as described below:

*EM*  
*9/10/52*

**THREE**

~~3000~~ New general purpose 100-ton, 4,650 cubic feet capacity covered hopper cars manufactured by ACF Industries, Inc. with road numbers RUSX 5006 through 5008.

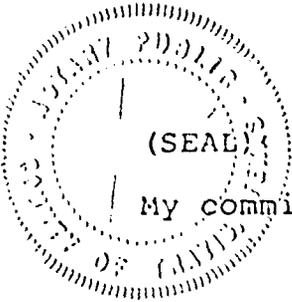
*9/10/52*  
*BA*  
*EM*

PLEASE BE SURE TO FILL IN ALL BLANKS

For Owner who is one individual or two individual Co-owners:

STATE OF Texas )  
 ) SS  
COUNTY OF Travis )

On this 26 day of June, 1980,  
before me personally appeared Henry William Schmidt  
and Betress Ann Schmidt (name of the signer or  
signers of the foregoing instrument), to me known to be the  
person(s) described in and who executed the foregoing  
instrument and he or she acknowledged that he or she executed  
the same as his or her free act and deed.



Norma Hodge  
Notary Public

For Owner which is a corporation:

STATE OF \_\_\_\_\_ )  
 ) SS  
COUNTY OF \_\_\_\_\_ )

On this \_\_\_\_\_ day of \_\_\_\_\_, 1980,  
before me personally appeared \_\_\_\_\_,  
(name of signer of foregoing instrument), to me personally  
known, who being by me duly sworn, says that he is  
the \_\_\_\_\_ (title of office)  
of \_\_\_\_\_ (name of  
corporation), a \_\_\_\_\_ corporation, that the  
seal affixed to the foregoing instrument is the corporate seal  
of said corporation, that said instrument was signed and sealed  
on behalf of said corporation by authority of its Board of  
Directors, and he acknowledged that the execution of the  
foregoing instrument was the free act and deed of said  
corporation.

\_\_\_\_\_  
Notary Public

(SEAL)  
My commission expires: