BUTLER & BINION
1600 ALLIED BANK PLAZA
HOUSTON, TEXAS 77002
(713) 237-3111 CABLE: LERION
TELEX 775532 TWX 8813628

ATTORNEYS AT LAW
A PARTNERSHIP INCLUDING
PROFESSIONAL CORPORATIONS

1747 PENNSYLVANIA AVENUE, N. W.
WASHINGTON, D. C. 20006
(202) 466-6900

635 LITTLEFIELD BUILDING
AUSTIN, TEXAS 78701
(512) 474-6284

October 15, 1984

RECORDATION NO. 14359-A Filed 1425

OCT 23 1984 -11 35 AM

INTERSTATE COMMERCE COMMISSION

Interstate Commerce Commission
12th and Constitution Avenues, N.W.
Room 2303
Washington, D.C. 20423

Attention: Mildred Lee

Re: Document for Recordation

Dear Ms. Lee:

I have attached two originals of an Assignment of Security Agreement, a secondary document to be recorded pursuant to Section 11303 of Title 49 of the U.S. Code. This document is dated as of October 1, 1984, and is submitted in reference to an I.C.C. recorded Security Agreement, I.C.C. recordation number 14339 (filed June 8, 1984).

The names and addresses of the parties to this document are as follows:

Assignor: Allied Bank of Texas
Allied Bank Plaza
P.O. Box 3326
Houston, Texas 77253

Assignee: Allied Bank - West Loop, N.A.
P.O. Box 4401
Houston, Texas 77210

A description of the equipment covered by the security agreement is attached to the security agreement as Exhibit A thereto.

A recording fee of $10.00 is enclosed to cover the cost of recording this memorandum of lease.

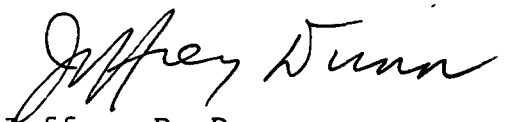
Please return the original and any extra copies not needed by the I.C.C. for recordation to me at Butler & Binion, 1600 Allied Bank Plaza, Houston, Texas 77002.

A short summary of the document to appear in the index follows:

> Assignment of Security Agreement between Allied Bank of Texas, Allied Bank Plaza, P.O. Box 3326, Houston, Texas 77253 ("ABOT"), as Assignor, and Allied Bank - West Loop, N.A., P.O. Box 4401, Houston, Texas 77210 ("West Loop"), as Assignee, dated as of October 1, 1984, by which West Loop received all of ABOT's rights and interest in a Security Agreement between RailTex, Inc., as Debtor, and ABOT, as Secured Party, dated June 1, 1984, I.C.C. recordation number 14339, covering 50 Rapid Discharge bottom dump railcars, marked TRAX 100-1049, inclusive, as more fully described therein and 5 open-top hopper cars, marked TRAX 105-109, inclusive, as more fully described therein.

If you have any questions regarding this matter, or if you need additional information, please do not hesitate to call me collect at (713) 237-3108. Thank you.

Very truly yours,



Jeffrey D. Dunn

JDD/bjp

D42/F

10/23/84

Interstate Commerce Commission
Washington, D.C. 20423

OFFICE OF THE SECRETARY

Jeffrey D. Dunn
Butler & Binion
1600 Allied Bank Plaza
Houston, Texas 77002

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 10/23/84 at 11:35am and assigned re-recordation number(s). 14353-A, 14353-B & 14354-B

Sincerely yours,

James H. Bayne

Secretary

Enclosure(s)

SE-30
(7/79)

RECORDATION NO. 14339 A Filed 1425

OCT 23 1984 11 35 AM

INTERSTATE COMMERCE COMMISSION

ASSIGNMENT OF SECURITY AGREEMENT

ALLIED BANK OF TEXAS, whose address is P.O. Box 3326, Allied Bank Plaza, Houston, Texas 77253, for and in consideration of $10.00 and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, does hereby assign, transfer and set over to ALLIED BANK - WEST LOOP, N.A., P.O. Box 4401, Houston, Texas 77210, its successors and assigns, without recourse, all rights, title and interest of the assignor in and to that certain Security Agreement dated June 1, 1984 by and between RailTex, Inc., a Texas corporation, whose chief executive office and principal place of business is at 4901 Broadway, Suite 231, San Antonio, Texas 78209, and Allied Bank of Texas, as attached hereto as Schedule I.

The Security Agreement was recorded in the I.C.C. recordation records, number 14339, filed June 8, 1984.

EXECUTED as of this first day of October, 1984.

ALLIED BANK OF TEXAS

By: _____

D42/I

THE STATE OF TEXAS §
§
COUNTY OF HARRIS §

BEFORE ME, the undersigned authority, on this day personally appeared Sharon Wiswell, Assistant Vice President of Allied Bank of Texas, a Texas banking corporation, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowleged to me that he executed the same for purposes and considerations therein expressed, in the capacity therein stated and as the act and deed of said corporation.

Given under my hand and seal of office this 16th day of October, 1984.

Velma Lea Holmes
Notary Public in and for
The State of Texas

My Commission Expires:
5-22-88

D42/I

Schedule I

RECORDATION NO. 14339 Filed 1425

JUN 8 1984 -3 15 PM

INTERSTATE COMMERCE COMMISSION

ALLIED BANK OF TEXAS

SECURITY AGREEMENT

RAILTEX, INC., a Texas corporation with its chief executive office and principal place of business at 4901 Broadway, Suite 231, San Antonio, Texas 78209 (hereinafter called "Debtor"), for value received, the receipt and sufficiency of which is hereby acknowledged, hereby grants to Allied Bank of Texas, Allied Bank Plaza, Houston, Harris County, Texas 77002 (hereinafter called "Secured Party"), the security interest and lien hereinafter set forth and agrees with Secured Party as follows:

I.

SECURITY INTEREST

Debtor hereby grants to Secured Party a security interest in and lien upon and agrees that Secured Party has and shall continue to have a security interest in and lien upon the following property, including without limitation the items described on exhibits attached hereto and made a part hereof (all of such property hereinafter sometimes called "Collateral"), to-wit: 55 rail cars being more fully described in Exhibit "A" attached hereto and made a part hereof for all purposes as though set out here in full, together with any and all additions, accessions, and attachments thereto and substitutions therefor, all proceeds (hereinafter defined) thereof and therefrom, and all monies, income, benefits and proceeds thereof attributable, or accruing thereto. The term "proceeds" shall have the same meaning as used in Chapter Nine of the Uniform Commercial Code as now or hereafter adopted in the State of Texas and shall include (without limitation) all accounts, general intangibles, instruments, documents, monies, securities, insurance, chattel paper, income, and other benefits or rights of whatever kind or nature arising from, attributable to or accruing from any and all sales, leases or other dispositions of any or all of the Collateral.

The security interest and lien granted hereby is to secure the payment of (i) that certain promissory note in the original principal sum of $1,230,000, together with any and all extensions, rearrangements and renewals thereof, executed by or in behalf of Debtor and payable to the order of Secured Party in the manner as therein provided; and (ii) any and all other indebtedness and liabilities whatsoever of the Debtor to Secured Party, whether direct or indirect, absolute or contingent, due or to become due, whether now existing or hereafter arising and

howsoever evidenced or acquired, and whether joint or several (all of which are hereinafter sometimes called the "Obligations"). DEBTOR ACKNOWLEDGES THAT THE SECURITY INTEREST AND LIEN HEREBY GRANTED SHALL SECURE ALL FUTURE ADVANCES AS WELL AS ANY AND ALL OTHER OBLIGATIONS AND LIABILITIES OF DEBTOR TO SECURED PARTY WHETHER NOW IN EXISTENCE OR HEREAFTER ARISING.

II.

REPRESENTATIONS, WARRANTIES AND COVENANTS OF DEBTOR

(a) Except for the security interest granted hereby, Debtor is, and, as to the Collateral acquired after the date hereof which is included within the security interest specified in Section I hereof, Debtor will be, the owner of all such Collateral, free from any adverse claim, security interest or encumbrance.

(b) There is no Financing Statement now on file in any public office covering any part of the Collateral, and so long as any amount remains unpaid on all or any part of the Obligations of Debtor to Secured Party, Debtor will not execute, and there will not be on file in any public office, any such Financing Statement or statements, except the Financing Statements filed or to be filed in respect to the security interest hereby granted.

(c) Subject to any limitation stated therein or in connection therewith, all information furnished to Secured Party concerning the Collateral and proceeds thereof, or otherwise for the purpose of obtaining credit or an extension of credit, at the time the same is furnished, is or will be accurate and correct in all material respects.

(d) The Collateral will be used by the Debtor primarily for business use.

(e) The Collateral is inventory leased or held for lease by Debtor and is of the type normally used in more than one jurisdiction.

(f) The only place of business of Debtor is at the address designated at the beginning of this Agreement.

III.

OTHER COVENANTS AND AGREEMENTS OR DEBTOR

(a) The term "account," as used herein, shall have the same meaning as set forth in the Uniform Commercial Code of Texas in effect as of the date of execution hereof, and set forth in any amendment to the Uniform Commercial Code of Texas to become effective after the date of execution hereof, and shall include all accounts, notes, instruments, documents, general intangibles, drafts, acceptances and chattel paper in which at any time or from time to time Secured Party has or is intended to have a security interest pursuant to Section I hereof. As of the time any account becomes subject to such security interest, Debtor shall be deemed to have warranted as to each and all of such accounts that (i) each account and all papers and documents relating thereto are genuine and in all respects what they purport to be, (ii) each account is valid and subsisting and arises out of a bona fide sale of goods sold and delivered to, or out of and for services theretofore actually rendered by Debtor to, the account debtor named in the account for which invoices have been issued and payment for which is due and payable within 30 days, (iii) the amount of the account represented as owing is the correct amount actually and unconditionally owing except for normal cash discounts and is not subject to any setoffs, credits, deductions or countercharges, (iv) Debtor is the owner thereof, free and clear of all liens, encumbrances and security interest of any and every nature whatsoever, and (v) Secured Party has a valid, first priority perfected security interest in each such account.

(b) Debtor will from time to time will execute such further instruments and do such further acts and things as Secured Party may reasonably require by way of further assurance to Secured Party of the matters and things herein provided for.

(c) Debtor shall immediately notify Secured Party of any event causing loss or depreciation in value of the Collateral (other than from normal wear and tear) and the amount of such loss or depreciation.

(d) Debtor will promptly notify Secured Party in writing of any addition to, change in or discontinuance of its place(s) of business as shown in this Security Agreement, the places at which inventory is located as shown herein, the location of its chief executive office and the location of the office where it keeps its records as set forth herein.

(e) Until default, Debtor may use the Collateral in any lawful manner not inconsistent with this Security Agreement or with the terms or conditions of any policy of insurance thereon, and also may lease and rent (without option to purchase) the Collateral provided that all of such leases and rentals are in the ordinary course of business. Debtor may not sell the Collateral, or any part thereof, without the express written consent of Secured Party. Until default, Debtor also may use and consume any raw materials or supplies, the use and consumption of which are necessary in order to carry on Debtor's business.

(f) Debtor agrees to execute and deliver such Financing Statement or Statements, or amendments thereof or supplements thereto, or other instruments as Secured Party from time to time may require in order to comply with the Texas Uniform Commercial Code (or other applicable state law of the jurisdiction where any of the Collateral is located) and to preserve and protect the security interest hereby granted.

(g) Secured Party, at its option, whether before or after default, but without obligation to Debtor, may discharge taxes, liens or security interests or other encumbrances at any time levied or placed upon the Collateral, and may place and pay for insurance thereon, or pay for the repair, improvement, maintenance and preservation of the Collateral and pay any filing or recording fees necessary to preserve and protect the security interest hereby granted. Debtor agrees to reimburse Secured Party on demand for any payment made or any expense incurred by Secured Party pursuant to the foregoing authorization, and such amount shall constitute additional obligations of Debtor which shall be secured by and entitled to the benefits of this Security Agreement. Debtor agrees to pay interest on such amounts at the maximum rate of interest permitted by applicable usury laws from the date such are incurred by Secured Party and until paid by Debtor.

(h) 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 and give acquittal for, any and all amounts due or to become due on the accounts and to endorse the name of 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. Except as otherwise permitted by the proviso to this sentence, all proceeds of collection of accounts received by Debtor forthwith shall be accounted for and transmitted to Secured Party in the form as received by Debtor, and shall not be commingled with any funds of Debtor; provided, however, that prior to default by Debtor in the payment of any Obligations to Secured Party, or until the privilege given to Debtor by this proviso shall be revoked by Secured Party in writing, Debtor need transmit to Secured Party only the proceeds of accounts included in the identification or assignment made pursuant to Section III(d) hereof.

(i) Debtor at all reasonable times shall allow Secured Party by or through any of its officers, agents, attorneys or accountants, to examine or inspect the Collateral, wherever located, and to examine, inspect and make extracts from Debtor's books and records. Debtor shall do, make, execute and deliver all such additional and further acts, things, deeds, insurances and instruments as Secured Party may require, to more completely vest in and assure to Secured Party its rights hereunder and in or to the Collateral.

(j) Debtor shall have and maintain insurance at all times with respect to all tangible collateral covered hereby, insuring against risks of fire (including so-called extended coverage), theft and other risks as Secured Party may reasonably require, containing such terms, in such form and amounts, and written by such companies as may be reasonably satisfactory to Secured Party, all of such insurance to contain loss payable clauses in favor of Secured Party as its interest may appear. All policies of insurance shall provide for 10 days' written minimum cancellation notice to Secured Party and shall be delivered to and held by Secured Party. Secured Party hereby is authorized to act as attorney for Debtor in obtaining, adjusting, settling and cancelling such insurance and endorsing any drafts. Secured Party shall be authorized to apply the proceeds from any insurance to the Obligations secured hereby, whether or not such Obligations are then due and payable.

(k) Debtor will keep and maintain the Collateral in good condition and will make replacements in kind, or by chattels of substantially equal value and service, and all replacements shall be covered by the security interest and lien herein granted to Secured Party, and will endeavor to maintain such Collateral at its present worth, ordinary wear and tear alone excepted.

(l) If Secured Party at any time should 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 Debtor's Obligations to Secured Party 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 same. Debtor agrees that Secured Party shall have no duty or obligation to collect any account, or to take any other action to preserve or protect the Collateral; however, should Secured Party elect to collect any account, Debtor releases Secured Party from any claim or claims for loss or damage arising from any act or omission in connection with such collection.

IV.

DEFAULT AND REMEDIES

(a) Debtor shall be in default under this Security Agreement upon the happening of any of the following events or conditions (herein sometimes called an "Event of Default"): (i) failure of Debtor to pay when due any interest on or any principal or installment of principal of any Obligation of Debtor to Secured Party; (ii) the occurrence of any event which, under the terms of any evidence of indebtedness, indenture, loan agreement, security agreement or similar instrument, permits the acceleration of maturity of any indebtedness of Debtor to Secured Party, or to others than Secured Party; (iii) any representation or warranty made by Debtor herein or made in any statement or certificate furnished to Secured Party by Debtor pursuant hereto or in connection with any loan or loans proves incorrect in any material respect as of the date of the making or issuance thereof; (iv) default occurs in the observance or performance by Debtor of any provision of this agreement or of any note, assignment or transfer under or pursuant thereto; (v) the dissolution, termination of existence, insolvency or business failure of Debtor, or the application for the appointment of a receiver of any part of the property of Debtor, or the commencement by or against Debtor of any proceeding under any bankruptcy arrangement, reorganization, insolvency or similar law for the relief of debtors, or by or against any guarantor or surety for Debtor, or upon the service of any warrant, attachment, levy or similar process in relation to a tax lien or assessment; or (vi) the Collateral, in the judgment of Secured Party, becomes unsatisfactory or insufficient in character or value, and Secured Party shall have given Debtor 15 days prior written notice.

(b) Upon the occurrence of an Event of Default, or if Secured Party deems payment of Debtor's Obligations to Secured Party to be insecure, and Secured Party shall have given Debtor 15 days prior written notice, and at any time thereafter, Secured Party, at its option, without demand, notice of intention to accelerate, notice of acceleration, notice of nonpayment, presentment, protest, notice of dishonor or any other notice whatsoever, to Debtor, may declare all Obligations secured hereby immediately due and payable, and Secured Party thereupon shall have the rights and remedies of a Secured Party under the Texas Uniform Commercial Code and as otherwise granted herein or under any applicable law or in any other agreement executed by Debtor (all of which rights and remedies shall be cumulative), including, without limitation, the right to sell, lease or otherwise dispose of any or all of the Collateral and to apply the proceeds thereof toward payment of any costs, expenses, attorneys' fees and legal expenses thereby incurred by Secured Party and toward payment of the Obligations in such order or manner as Secured Party may elect. Secured Party shall have the right to take immediate possession of the Collateral, with or without process of law, and for that purpose Secured Party may enter upon any premises on which the Collateral or any part thereof may be situated and remove the same therefrom. Secured Party may require Debtor to assemble the Collateral and make it available to Secured Party at a place to be designated by Secured Party which is reasonably convenient to both parties. Unless the Collateral is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, Secured Party will send Debtor reasonable notice of the time and place of any public sale thereof or of the time after which any private sale or other disposition thereof is to be made. The requirement of sending a reasonable notice shall be met if such notice is mailed, postage prepaid, to Debtor at the address designated at the beginning of this Security Agreement at least ten days before the time of the sale or disposition. Expenses of collection, including legal expenses, plus interest thereon at a rate per annum at all times equal to the maximum rate permitted by applicable usury laws, shall constitute additional Obligations of Debtor which shall be due on demand and which shall be secured by and entitled to the benefits of this Security Agreement. If the proceeds of any sale or other lawful disposition by Secured Party of the Collateral following its retaking, are insufficient to pay the expenses of retaking, repairing, holding, preparing the Collateral for sale, selling it and the like, to satisfy the Obligations of Debtor to Secured Party, then Debtor agrees to pay any deficiency, but Debtor shall be entitled to any surplus if one results after lawful application of all of such proceeds.

(c) Secured Party may remedy any default and may waive any default without waiving the default remedied or without waiving any other prior or subsequent default.

(d) The remedies of Secured Party hereunder are cumulative, and the exercise of any one or more of the remedies provided herein shall not be construed as a waiver of any of the other remedies of Secured Party.

V.

GENERAL

(a) Any provision hereof found to be invalid under the laws of the State of Texas, or any other state having jurisdiction or other applicable law, shall be invalid only with respect to the offending provision. All words used herein shall be construed to be of such gender or number as the circumstances require. If this Security Agreement is executed by more than one Debtor, the obligations of all such Debtors shall be joint and several. This Security Agreement shall be binding upon the heirs, personal representatives, successors or assigns of the parties hereto, but shall inure to the benefit of successors or assigns of Secured Party only. The laws of the State of Texas shall apply to this Security Agreement and its construction and interpretation.

(b) Any carbon, photographic or other reproduction of any Financing Statement signed by Debtor is sufficient as a Financing Statement for all purposes, including, without limitation, filing in any state as may be permitted by the provisions of the Uniform Commercial Code of such state.

(c) In order to induce Secured Party to advance and loan such funds to and/or for the benefit of Debtor, Debtor hereby covenants and agrees that, in the event of default by Debtor (an event of default shall be any one of those events of default stated above), Secured Party shall have the absolute and unconditional right, without the prior notice and/or any prior hearing of any kind whatsoever, to seize and take possession of the Collateral, and furthermore Debtor hereby does expressly waive any right to any prior notice and/or any prior hearing prior to seizure and taking possession of the Collateral and/or property by Secured Party in the event of default by Debtor.

(d) The security interest hereby granted and all the terms and provisions hereof shall be deemed a continuing security agreement and shall continue in full force and effect, and all the terms and provisions hereof shall remain effective as between the parties until repayment by Debtor of all Obligations secured hereby.

(e) This Security Agreement and the security interest herein granted are in addition to, and not in substitution, novation or discharge of, any and all prior or contemporaneous security agreements and security interests in favor of Secured Party or assigned to Secured Party by others. All rights, powers and remedies of Secured Party in all such security agreements are cumulative, but in the event of actual conflict in terms and conditions, the terms and conditions of the latest security agreement shall govern and control.

SIGNED in multiple original counterparts and delivered on June 1, 1984.

RAILTEX, INC.

By: _____
Bruce M. Flohr, President

- DEBTOR -

ALLIED BANK OF TEXAS

By: _____
Joseph H. Argue, III
Senior Vice President

- SECURED PARTY -

THE STATE OF TEXAS §
§
COUNTY OF HARRIS §

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared Bruce M. Flohr, President of RAILTEX, INC., known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of the said RAILTEX, INC., a corporation, and that he executed the same as the act of such corporation for the purposes and consideration therein expressed, and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 1st day of June, 1984.

ROBBIN R. McNEIL
Notary Public, State of Texas
My Commission Expires November 25, 1985

Robbin R. McNeil
Notary Public in and for
the State of Texas

NOTARY PUBLIC STATE OF TEXAS

THE STATE OF TEXAS §
§
COUNTY OF HARRIS §

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared Joseph H. Argue, III, Senior Vice President of Allied Bank of Texas, known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of the said Allied Bank of Texas, a Texas banking corporation, and that he executed the same as the act of such corporation for the purposes and consideration therein expressed, and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 1st day of June, 1984.

ROBBIN R. McNEIL
Notary Public, State of Texas
My Commission Expires November 25, 1985

Robbin R. McNeil
Notary Public in and for
the State of Texas

NOTARY PUBLIC STATE OF TEXAS

94-B88/L

EXHIBIT A

Fifty (50) "Rapid Discharge" TM self-clearing, bottom dump rail cars, manufactured by Ortner Freight Car Company, model no. OC-5025 (100 ton), specification no. EX-279, having AAR mechanical designation HT, and AAR car type code H450 with capacity of 2300 cubic feet, currently marked TRAX 1000-1049, inclusive.

Five (5) Used, Open-top hopper cars having AAR mechanical designation HT, and AAR car type code H250 with capacity of 2608 cubic feet, and 70 ton capacity, currently marked TRAX 105-109 inclusive.

The Collateral shall include all equipment and all additions and accessories to each of the above-referenced cars, and all right to receive and collect rentals, liquidated damages, proceeds of sale, all per diem mileage, or other payments now or hereafter to become payable under leases or with respect to such equipment and all accounts, chattel paper, and general intangibles with respect thereto, all as requested by Secured Party.

JDDU/D28-T