

NEW NUMBER
\$50

0-009A028

January 7, 1980

11339

JAN 9 1980

Interstate Commerce Commission
Washington, D.C. 20423

RECORDATION NO. Filed 1425

Date: JAN 9 1980
Fee \$ 50.00

JAN 9 1980 - 10 40 AM

ICC Washington, D.C.

Gentlemen:

INTERSTATE COMMERCE COMMISSION

Enclosed for recordation under the provisions of 49 USC 11303 (formerly Section 20(c) of the Interstate Commerce Act), as amended, are three executed counterparts of a Security Agreement dated as of November 15, 1979.

A general description of the railroad rolling stock covered by the enclosed documents is set forth in Schedule A attached to this letter and made a part hereof.

The names and addresses of the parties are:

Debtor under Security Agreement:

Arthur Rubloff
Suite 1440
69 West Washington Street
Chicago, Illinois 60602

Secured Party under Security Agreement:

Harriscorp Leasing, Inc.
111 West Monroe Street
Chicago, Illinois 60690

The undersigned is the Secured Party under the Security Agreement and has knowledge of the matters set forth therein.

Please return two counterparts of the Security Agreement to Charles S. Hughes, Chapman and Cutler, 111 West Monroe Street, Chicago, Illinois 60603.

Enclosed is a check in the amount of \$50.00 covering the required recording fee.

Very truly yours,

HARRISCORP LEASING, INC.

By: Chapman and Cutler, its agents and attorneys-in-fact

By Charles S. Hughes
Charles S. Hughes

Enclosures

C. S. Hughes

0 de

SCHEDULE A

DESCRIPTION OF EQUIPMENT

Number of
Items

Description

Identifying
Mark and Numbers

80.

100-ton covered hopper
railroad freight cars

WAR 15000
through 15079,
both inclusive

NEW NUMBER

11339

RECORDATION NO. Filed 1425

JAN 9 1980 -10 40 AM

INTERSTATE COMMERCE COMMISSION

SECURITY AGREEMENT

Dated as of November 15, 1979

FROM

ARTHUR RUBLOFF

DEBTOR

TO

HARRISCORP LEASING, INC.

SECURED PARTY

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ATTACHMENT TO SECURITY AGREEMENT:

Appendix I -- Description of Equipment

SECURITY AGREEMENT

THIS SECURITY AGREEMENT dated as of November 15, 1979 (the "Security Agreement") from ARTHUR RUBLOFF (the "Debtor"), whose post office address is Suite 1440, 69 West Washington Street, Chicago Illinois 60602, to HARRISCORP LEASING, INC., whose post office address is 111 West Monroe Street, Chicago, Illinois 60690 (the "Secured Party").

RECITALS:

A. The Debtor and the Secured Party have entered into a Loan Agreement dated as of November 15, 1979 (the "Loan Agreement"), providing for the commitment of the Secured Party to make a loan to the Debtor on the Closing Date (as defined in the Loan Agreement), to be evidenced by the 11.25% Secured Notes, Series A, due 1980-1990 in an aggregate principal amount not exceeding \$1,687,500 (the "Series A Notes") and the 12% Secured Notes, Series B, due 1980-1990 in an aggregate principal amount not exceeding \$934,944 (the "Series B Notes", said Series B Notes and Series A Notes being hereinafter collectively referred to as the "Notes"), to be expressed to mature in thirty-nine (39) installments, with a final installment payable not later than January 9, 1990 and to be otherwise substantially in the forms attached as Exhibit A-1 in the case of the Series A Notes, and A-2 in the case of the Series B Notes, to the Loan Agreement.

B. The Notes and all principal thereof and interest thereon and all additional amounts and other sums at any time due and owing from or required to be paid by the Debtor under the terms of the Notes, the Loan Agreement, or this Security Agreement are hereinafter sometimes referred to as "indebtedness hereby secured".

C. All of the requirements of law have been fully complied with and all other acts and things necessary to make this Security Agreement a valid, binding and legal instrument for the security of the Notes have been done and performed.

SECTION 1. GRANT OF SECURITY.

The Debtor in consideration of the premises and of the sum of Ten Dollars received by the Debtor from the Secured Party and other good and valuable consideration, the receipt and adequacy whereof is hereby acknowledged, and in order to secure the payment of the principal of and interest on the Notes according to their tenor and effect, and to secure the payment of all other indebtedness hereby secured and the

performance and observance of all covenants and conditions in the Notes, in the Loan Agreement and in this Security Agreement contained, does hereby convey, warrant, mortgage, assign, pledge and grant the Secured Party, and assigns, a security interest in, all and singular of the Debtor's right, title and interest in and to the properties, rights, interests and privileges described in Sections 1.1 and 1.2 hereof and the proceeds thereof (all of which properties hereby mortgaged, assigned and pledged or intended so to be are hereinafter collectively referred to as the "Collateral").

1.1. Equipment Collateral. Collateral includes the railroad equipment described in Appendix 1 hereto, together with all accessories, equipment, parts and appurtenances appertaining or attached to any of such equipment, whether now owned or hereafter acquired, and all substitutions, renewals or replacements of and additions, improvements, accessions and accumulations to any and all of said equipment (collectively, the "Equipment" and individually, an "Item of Equipment"), together with all the rents, issues, income, profits and avails therefrom.

1.2. Lease Documents Collateral. Collateral also includes all right, title, interest, claims and demands of the Debtor in, to and under (A) the Assignment of CF Industries, Inc. Agreements executed as of December 7, 1979 between Brae Corporation, a Delaware corporation ("Brae"), and the Debtor, (B) the Assignment of Railroad Lease Agreement executed as of December 7, 1979 between Brae and the Debtor (said Assignments referred to in this clause (B) and clause (A) above being hereinafter collectively referred to as the "Assignment of Lease Documents"), (C) the Railroad Lease Agreement dated as of July 17, 1979 (together with any from time to time replacement thereof or substitution therefor, the "Shortline Lease") between Brae and Warrenton Railroad Company, a North Carolina corporation (the "Lessee"), (D) the Shipper Agreement dated September 28, 1979 (the "Shipper's Agreement") between CF Industries, Inc., a Delaware corporation (the "Shipper") and Brae, (E) the Shipper Full Service Lease Agreement dated September 28, 1979 (the "Full Service Lease") between the Shipper and Brae (said Shortline Lease, Shipper's Agreement and Full Service Lease being herein sometimes referred to collectively as the "Lease Documents"), which Lease Documents are the subject of the Assignment of Lease Documents, and (F) the Agreement dated October 10, 1979 (together with any from time to time replacement thereof or substitution therefor, the "Management Agreement") between the Debtor and Brae Railcar Management, Inc. ("Brae Railcar"), including all extensions of the terms thereof, together with all rights, powers, privileges, options and other benefits of the Debtor under the Assignment of Lease Documents, the Lease Documents and the Management Agreement, including, without limitation, subject to Section 2.6(b) hereof:

(1) the immediate and continuing right to receive and collect all rental, insurance proceeds, condemnation awards and other payments, tenders and security now or hereafter payable or receivable by the Debtor under the Assignment of Lease Documents, the Lease Documents and the Management Agreement pursuant thereto;

(2) the right to make all waivers and agreements and to enter into any amendments relating to the Lease Documents or the Management Agreement or any provision thereof; and

(3) the right to take such action upon the occurrence of an Event of Default under the Shortline Lease or the Full Service Lease or an event which, with the lapse of time or the giving of notice, or both, would constitute an Event of Default under the Shortline Lease or the Full Service Lease, or a default under the Shipper's Agreement or the Management Agreement, including the commencement, conduct and consummation of legal, administrative or other proceedings, as shall be permitted by the Lease Documents or the Management Agreement or by law, and to do any and all other things whatsoever which the Debtor or any lessor or owner, as the case may be, is or may be entitled to do under the Lease Documents or the Management Agreement;

it being the intent and purpose hereof that the assignment and transfer to the Secured Party of said rights, powers, privileges, options and other benefits shall be effective and operative immediately and shall continue in full force and effect; however, the Secured Party shall have the right to collect and receive all such rental and other sums for application only in accordance with the provisions of Section 4 hereof at all times during the period from and after the date of this Security Agreement until the indebtedness hereby secured has been fully paid and discharged.

1.3. Limitations to Security Interest. The security interest granted by this Section 1 is subject to the lien of current taxes and assessments not in default (but only if such taxes are entitled to priority as a matter of law), or, if delinquent, the validity of which is being contested in good faith (collectively, "Permitted Encumbrances").

1.4. Duration of Security Interest. The Secured Party shall have and hold the Collateral forever; provided always, however, that such security interest is granted upon the express condition that if the Debtor shall pay or cause to be paid all the indebtedness hereby secured and shall observe, keep and perform all the terms and conditions, covenants and agreements herein and in the Loan Agreement and the Notes contained, then these presents and the estate hereby granted and conveyed shall cease and this Security Agreement shall become null and void; otherwise, to remain in full force and effect.

SECTION 2. COVENANTS AND WARRANTIES OF THE DEBTOR.

The Debtor covenants, warrants and agrees as follows:

2.1. Debtor's Duties. The Debtor covenants and agrees well and truly to perform, abide by and to be governed and restricted by each and all of the terms, provisions, restrictions, covenants and agreements set forth in the Loan Agreement, and in each and every

supplement thereto or amendment thereof which may at any time or from time to time be executed and delivered by the parties thereto or their successors and assigns, to the same extent as though each and all of said terms, provisions, restrictions, covenants and agreements were fully set out herein and as though any amendment or supplement to the Loan Agreement were fully set out in an amendment or supplement to this Security Agreement.

2.2. Warranty of Title. The Debtor has the right, power and authority to grant a security interest in the Collateral to the Secured Party for the uses and purposes herein set forth; and the Debtor will warrant and defend the title to the Collateral against all claims and demands of persons claiming by, through or under the Debtor (excepting only this Security Agreement and Permitted Encumbrances). The Debtor also agrees that he will, at his own cost and expense, promptly take such action as may be necessary to duly discharge any liens and encumbrances on the Collateral arising by, through or under the Debtor other than this Security Agreement and Permitted Encumbrances. Without limiting the foregoing, there is no notice of lien, financing statement or other instrument in which the Debtor is named as, or which the Debtor has filed, as debtor, now on file in any public office covering any of the Collateral, excepting (a) the instruments and financing statements filed or to be filed in respect of and for the security interest provided for herein, and (b) the lien of the Manufacturer, if any, for payment of the contract price for the Equipment, which is to be removed of record with the proceeds of the borrowing secured hereby.

2.3. Further Assurances. The Debtor will, at his own expense, do, execute, acknowledge and deliver all and every further acts, deeds, conveyances, transfers and assurances necessary or proper for the perfection of the security interest being herein provided for in the Collateral, whether now owned or hereafter acquired. The Secured Party may at any time file financing statements or other instruments with respect to the Collateral without the signature of the Debtor. Without limiting the foregoing but in furtherance of the security interest herein granted in the rents and other sums due and to become due under the Lease Documents and the Management Agreement, the Debtor covenants and agrees that he will notify the Lessee, the Shipper and Brae Railcar of such security interest and direct the Lessee and Brae Railcar to make, upon notification by the Secured Party of an Event of Default (or an event which, with the lapse of time or the giving of notice, or both, would constitute an Event of Default), all payments of such rents and other sums due and to become due under the Lease Documents and the Management Agreement directly to the Secured Party.

2.4. After-Acquired Property. Any and all property described or referred to in the granting clauses hereof which is hereafter acquired by the Debtor shall ipso facto, and without any further conveyance, assignment or act on the part of the Debtor or the Secured Party, become and be subject to the security interest herein granted as fully and completely as though specifically described herein, but nothing in this Section 2.4 contained shall

be deemed to modify or change the obligation of the Debtor under Section 2.3 hereof.

2.5. Recordation and Filing. The Debtor will cause this Security Agreement and all supplements hereto, the Lease Documents and all supplements thereto, the Management Agreement and all supplements thereto, and all financing and continuation statements and similar notices required by applicable law, at all times to be kept, recorded and filed at his own expense in such manner and in such places (whether within or without the United States of America) as may be required by law in order fully to preserve and protect the rights of the Secured Party hereunder, and will at his own expense furnish to the Secured Party promptly after the execution and delivery of this Security Agreement and of each supplemental security agreement, an opinion of counsel stating that in the opinion of such counsel this Security Agreement or such supplement (or a financing statement in respect thereof), as the case may be, has been properly recorded or filed for record so as to make effective of record the security interest intended to be created hereby.

2.6. Modification of the Lease Documents and the Management Agreement. (a) Without the written consent of the Secured Party, the Debtor will not:

(i) terminate, modify or accept a surrender of, or offer or agree to any termination, modification, surrender or termination of, any of the Lease Documents or the Management Agreement or, by affirmative act consent to the creation or existence of any security interest or other lien to secure the payment of indebtedness upon the leasehold estate created by the Shortline Lease or the Full Service Lease or the Debtor's estate created by the Shipper's Agreement or the Management Agreement or any part thereof; provided that, the Debtor may enter into a lease, shipper agreement or management agreement covering any Item of Equipment so long as (x) prior to entering into any such lease, shipper agreement or management agreement, the Secured Party shall have consented in writing to the form, terms and provisions thereof (which consent shall not be unreasonably withheld), (y) by the express terms thereof, such lease, shipper agreement or management agreement shall be subject and subordinate to the terms and provisions of this Security Agreement, and (z) the Debtor shall have complied with the provisions of Section 2.14 hereof;

(ii) receive or collect or permit the receipt or collection of any rent payment or other sum under the Lease Documents or the Management Agreement prior to the date for payment thereof provided for thereby or assign, transfer or hypothecate (other than to the Secured Party hereunder) any rent payment or other sum then due or to accrue in the future under the Lease Documents or the Management Agreement in respect of the Equipment; or

(iii) sell, mortgage, transfer, assign or hypothecate (other than to the Secured Party hereunder) the Debtor's interest in the Equipment or any part thereof or in any amount to be received by it from the use or disposition of the Equipment.

(b) Subject always to Sections 2.6(a) and 4.1 hereof, unless and until an Event of Default shall have occurred and be continuing, the Debtor shall have the exclusive right to exercise in his own name his rights under the Lease Documents and the Management Agreement.

2.7. Power of Attorney in Respect of the Lease and the Management Agreement. The Debtor does hereby irrevocably constitute and appoint the Secured Party, his true and lawful attorney with full power of substitution, for him and in his name, place and stead, upon the occurrence of an Event of Default and so long as such Event of Default shall continue, to ask, demand, collect, receive, receipt for, sue for, compound and give acquittance for any and all rents, income and other sums which are assigned under Section 1.1 and Section 1.2 hereof with full power to settle, adjust or compromise any claim thereunder as fully as the Debtor could himself do, and to endorse the name of the Debtor on all commercial paper given in payment or in part payment thereof, and in its discretion to file any claim or take any other action or proceedings, either in its own name or in the name of the Debtor or otherwise, which the Secured Party may deem necessary or appropriate to protect and preserve the right, title and interest of the Secured Party in and to such rents and other sums and the security intended to be afforded hereby.

2.8. Insurance. (a) The Debtor will maintain, or cause to be maintained in effect, physical damage insurance with respect to each Item of Equipment, against loss or damage from any cause whatever (other than such causes as to which insurance coverage is not available to any Person) for the actual value of such Item of Equipment and in no event for less than the Loan Value for such Item of Equipment, subject to a deductible of not more than \$2,000 per occurrence or, in the aggregate for all of the Equipment \$10,000 per occurrence. Such insurance shall provide that losses, if any, in respect of the Equipment shall be payable to the Secured Party (except as provided below) under a standard mortgage loss payable clause satisfactory to the Debtor and the Secured Party.

(b) The Debtor will maintain, or cause to be maintained in effect, comprehensive general public liability insurance with respect to each Item of Equipment, against liability for bodily injury, death and property damage, in an amount for bodily injury and death of at least \$5,000,000 each occurrence, subject to a deductible of not more than \$25,000 in the aggregate for all of the Equipment per occurrence and in an amount for property damage of at least \$500,000 each occurrence, subject to a deductible of not more than \$10,000 in the aggregate for all the Equipment per occurrence. Such insurance shall name the Secured Party as additional insured.

(c) Any physical damage insurance pertaining to the Equipment may provide that, unless an Event of Default (or an event which, with the passage of time or the giving of notice, or both, would constitute an Event of Default) shall have occurred and be continuing, losses shall be adjusted with the insurance companies by the Debtor, or otherwise collected, including the filing of proceedings deemed advisable by the Debtor, subject to the approval of the Secured Party if the loss exceeds \$80,000. The loss so adjusted shall be paid to the Secured Party pursuant to the loss payable clause unless the amount thereof is \$1,000 or less in which case such amount shall be paid directly to the Debtor.

(d) Any insurance policies carried in accordance with this Section 2.8 shall be written by companies of recognized national standing authorized to do business in the state or states in which the Equipment is located and shall provide that: (i) the Secured Party's interest shall be insured regardless of any breach or violation by the Debtor of any warranties, declarations or conditions contained in such policies, (ii) such insurance, as to the interest of the Secured Party therein, shall not be invalidated by the use or operation of the Equipment for purposes which are not permitted by such policies, (iii) the insurers shall waive any right of subrogation of the insurers to any set-off or counterclaim or any deduction, whether by attachment or otherwise, in respect of any liability of the Debtor, (iv) if any premium or installment is not paid when due, or if such insurance would lapse or be cancelled, terminated or materially changed for any reason whatsoever, the insurers will promptly notify the Secured Party and any such lapse, cancellation, termination or change shall not be effective as to the Secured Party for thirty days after receipt of such notice, and (v) appropriate certification shall be made to the Secured Party by each insurer with respect thereto. No such policy shall contain a provision under which the Debtor is a co-insurer or relieving the insurer thereunder of liability for any loss by reason of the existence of other policies of insurance covering the Equipment against the peril involved, whether collectible or not. Any such insurance may be carried under blanket policies maintained by the Debtor so long as such policies otherwise comply with the provisions of this Section 2.8.

(e) On the Closing Date, and on or before December 31 of each year, commencing December 31, 1980, the Debtor will furnish to the Secured Party a report signed by an independent insurance broker satisfactory to the Secured Party with respect to the insurance maintained under this Security Agreement (including, without limitation, as to each policy, its number, the amount, the insurer, the named assureds, the type of risk, the loss payees and the expiration date) and stating the opinion of said broker that such insurance complies with the terms of this Section 2.8 and further that such insurance is adequate for the protection of the interests of the Debtor and the Secured Party.

2.9. Reports and Rights of Inspection. The Debtor will keep proper books of record and account in which full and correct

entries will be made of all dealings or transactions relating directly or indirectly to the ownership of the Collateral and will furnish to the Secured Party (in duplicate if so specified below or otherwise requested):

(a) Promptly upon receipt thereof, one copy of each report made by Brae Railcar pursuant to the Management Agreement;

(b) With reasonable promptness, such other data and information as the Secured Party may reasonably request, including, without limitation, a statement of net worth; and

(c) Upon request of the Secured Party and with reasonable promptness, a certificate signed by the Debtor to the effect that (i) a review of the activities of the Debtor during the prior year and to the date of such certificate and of performance under this Security Agreement, the Loan Agreement, the Assignment of Lease Document and the Management Agreement has been made, and (ii) there exists no default under this Security Agreement, the Loan Agreement, the Assignment of Lease Document or the Management Agreement in the obligations of the Debtor thereunder, or if there has been a default in any such obligation, specifying each such default known to such Debtor and the status thereof.

Without limiting the foregoing, the Debtor agrees to permit the Secured Party to visit and inspect, under the Debtor's guidance, the Equipment when it is available for such inspection and to examine the records or books of account of the Debtor relating to the Equipment, all at such reasonable times and as often as the Secured Party may desire.

2.10. Marking of Equipment. (a) The Debtor will cause each Item of Equipment to be kept numbered with its road number as set forth in Appendix I hereto and will keep and maintain plainly, distinctly, permanently and conspicuously marked by a plate or stencil printed in contrasting color upon each side of each Item of Equipment in letters not less than one inch in height as follows:

"OWNERSHIP SUBJECT TO A SECURITY
AGREEMENT FILED WITH THE INTERSTATE
COMMERCE COMMISSION."

with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the title of the Debtor to such Item of Equipment, and the rights of the Secured Party hereunder. The Debtor will not change, or permit any other party to change, the road number of any Item of Equipment except with the consent of the Secured Party and in accordance with a statement of any road numbers to be substituted therefor, which consent and statement previously shall have been filed, recorded or deposited

in all public offices where this Security Agreement shall have been filed, recorded or deposited.

(b) Except as provided in Section 2.10(a) hereof, the Debtor will not allow the name of any person, association or corporation to be placed on the Equipment as a designation that might be interpreted as a claim of ownership; provided, however, that the Debtor may permit the Equipment to be lettered with the names or initials or other insignia customarily used by the Lessee or the Shipper or any of its affiliates, or any future lessee, on railroad equipment used by it of the same or similar type for convenience of identification of the right of the Lessee or the Shipper, or such future lessee, to use the Equipment under the Lease Documents or future documentation, as the case may be.

2.11. Rules, Laws and Regulations. The Debtor agrees to comply with all governmental law, regulations, requirements and rules (including, without limitation, the rules of the United States Department of Transportation, the Interstate Commerce Commission and the Interchange Rules or Supplements thereto of the Mechanical Division, Association of American Railroads, as the same may be in effect from time to time) (the "Interchange Rules") with respect to the use and maintenance of each Item of Equipment. In case any equipment or appliance is required to be altered, added, replaced or modified on any Item of Equipment in order to comply with such laws, regulations, requirements and rules, the Debtor agrees to make, or cause to be made, such alterations, additions, replacements and/or modifications.

2.12. Use and Maintenance of Equipment. (a) The Debtor agrees that it shall give you not less than ten days' prior written notice of any regular and continuing use of any Item of Equipment outside the United States of America. The Debtor shall not use the Equipment or permit the Equipment to be used in any manner for which it was not designed and intended or so as to subject it to other than ordinary wear and tear. The Debtor shall maintain and keep the Equipment in good order, condition and repair, ordinary wear and tear excepted, suitable for use in interchange in accordance with the Interchange Rules. Except as required by the provisions of Section 2.11 hereof or as may be required by the provisions of this Section 2.12, the Debtor shall not modify or permit the modification of any Item of Equipment (other than any modification requiring an expenditure of not more than \$500 per Item of Equipment or, in the case of a modification made subsequent to the second anniversary of the Closing Date, not more than \$1,000 per Item of Equipment) without the prior written authority and approval of the Secured Party, which consent shall not be unreasonably withheld.

(b) Without limiting clause (a) of this Section 2.12, the Debtor agrees that when any Item of Equipment has been lost, stolen, destroyed or irrevocably damaged or the title or use of such Item of Equipment has been requisitioned or taken over by any governmental authority under the power of eminent domain or otherwise during the term of this Security Agreement for any period whatsoever (a "Casualty

Occurrence"), he shall either promptly replace or cause to be replaced such Item with an Item of Equipment of the same character and of the same quality and having a value and utility at least equal to that of the Item having suffered the Casualty Occurrence immediately prior to such Casualty Occurrence or shall pay or cause to be paid the Loan Value of such Item.

2.13. Notice of Default. The Debtor further covenants and agrees that he will give the Secured Party prompt written notice of any event or condition constituting (or which, with the lapse of time or the giving of notice, or both, would constitute) an Event of Default if the Debtor has actual knowledge of such event or condition and is also aware, or should reasonably have been aware, that such event or condition constitutes (or would so constitute) an Event of Default.

2.14. Grant of Additional Security, Duty to Execute Security Agreement Supplements. The Debtor covenants and agrees to promptly convey, warrant, mortgage, assign, pledge and grant the Secured Party, and assigns, a security interest in, all and singular of the Debtor's right, title and interest in and to any lease (shortline, full service or otherwise), shipper's agreement or other agreement entered into by the Debtor covering the use or management of any Item of Equipment as further security for the indebtedness hereby secured; and, the Debtor further covenants and agrees to execute a supplement hereto sufficient, as shown by an opinion of counsel (which may be counsel for the Debtor), for the purpose of granting the aforesaid security interest, which opinion shall also cover the filing and/or recording of such supplement, lease, shipper's agreement or other agreement (or a financing statement or similar notice thereof if and to the extent permitted or required by applicable law) so as to perfect such security interest in such further security. From and after such time as any such lease, shipper's agreement or other agreement shall have been entered into by the Debtor, such lease, shipper's agreement or other agreement shall be deemed to be included as Collateral hereunder.

2.15. Payment of Indebtedness. The Debtor will promptly pay the indebtedness hereby secured as and when the same or any part thereof becomes due (whether by lapse of time, declaration, demand or otherwise).

2.16. Payment of Taxes. The Debtor shall report, pay and discharge, or cause to be reported, paid and discharged, when due all license and registration fees, assessments, sales, use and property taxes, gross receipts taxes arising out of receipts from use or operation of the Collateral, and other taxes, fees and governmental charges similar or dissimilar to the foregoing, together with any penalties or interest thereon, imposed by any state, federal or local government upon any of the Collateral and whether or not the same shall be assessed against or in the name of the Debtor or the Lessee; provided, however, that the Debtor shall not be required to pay or discharge any such tax or assessment (a) so long as he shall, in good faith and by appropriate legal proceedings, contest the validity thereof in any reasonable manner which will not affect or

endanger the title and interest of the Debtor to the Collateral, or (b) as to assessments against or in the name of anyone other than the Debtor or the Lessee, until 20 days after written notice thereof shall have been given to the Debtor or the Lessee, as the case may be.

2.17. Mortgages and Liens. The Debtor shall not, directly or indirectly, create, incur, assume or suffer to exist any mortgage, pledge, lien, security interest, charge, encumbrance or claim on or with respect to the Collateral, title thereto or any interest therein except Permitted Encumbrances.

SECTION 3. POSSESSION.

So long as an Event of Default has not occurred hereunder, the Debtor shall be suffered and permitted to remain in full possession, enjoyment and control of the Equipment and to manage, operate and use the same and each part thereof with the rights and franchises appertaining thereto, provided always that the possession, enjoyment, control and use of the Equipment shall at all times be subject to the observance and performance of the terms of this Security Agreement.

SECTION 4. APPLICATION OF ASSIGNED RENTALS AND CERTAIN OTHER MONEYS RECEIVED BY THE SECURED PARTY.

4.1. Application of Moneys. So long as no Event of Default (or event which, with the lapse of time or the giving of notice, or both, would constitute an Event of Default) has occurred and is continuing, the Debtor shall be entitled to collect, receive and retain, when due, all proceeds of the Collateral (other than proceeds of any insurance maintained in respect of the Equipment). If an Event of Default (or event which, with the lapse of time or the giving of notice, or both, would constitute an Event of Default) has occurred and is continuing, all such proceeds of the Collateral shall be paid by the Lessee, the Shipper, Brae Railcar or any other person, as the case may be, owing the same directly to the Secured Party and in the event the Debtor shall receive any such proceeds, the Debtor shall hold the same in trust and promptly remit the same to the Secured Party, in the exact form as received. So long as no Event of Default shall have occurred and be continuing, moneys received by the Secured Party from time to time which constitute proceeds of insurance maintained in respect of any Item of Equipment shall be held by the Secured Party as part of the Collateral and shall be applied by the Secured Party from time to time for the following purposes:

(a) The proceeds of such insurance (other than proceeds in respect of an actual or constructive total loss of such Item of Equipment) shall be promptly released to the Debtor for payment for expenditures made or to be made for the repair or restoration of such Item of Equipment upon receipt by the Secured Party of (1) a written application of the Debtor for

the payment of, or to reimburse the Debtor for the payment of, the cost of such repair or restoration (which application shall be accompanied by satisfactory evidence of such cost and of the completion of such repair or restoration), and (ii) a supplement hereto sufficient, as shown by an opinion of counsel (which may be counsel for the Debtor), to grant a lien and security interest in any additions to or substitutions for such Item of Equipment to the Secured Party, which opinion shall also cover the filing and/or recording of such supplement (or a financing statement or similar notice thereof if and to the extent permitted or required by applicable law) so as to perfect the lien and security interest in such additions or substitutions, or in the alternative an opinion that no such supplement is required for such purpose;

(b) If the insurance proceeds subject to application under paragraph (a) above shall not have been released to the Debtor pursuant to said paragraph (a) within 6 months from the receipt thereof by the Secured Party, then so long as no Event of Default has occurred and is continuing to the knowledge of the Secured Party, the insurance proceeds shall be applied by the Secured Party as follows:

(1) First, to the prepayment of the Notes, together with accrued interest on the principal amount so prepaid. Each of the remaining installments, if any, of the Notes shall be reduced in the proportion that the principal amount of the prepayment bears to the unpaid principal amount of the Notes immediately prior to the prepayment; and

(2) Second, the balance, if any, of such insurance proceeds held by the Secured Party after making the application provided for by the preceding subparagraph (1) shall be released to or upon the order of the Debtor;

(c) The proceeds of such insurance in respect of an Item of Equipment having suffered a Casualty Occurrence shall, so long as no Event of Default has occurred and is continuing, be applied by the Secured Party as follows:

(1) First, to the payment of an amount equal to the accrued and unpaid interest on that portion of the Notes to be prepaid pursuant to the following subparagraph;

(2) Second, an amount equal to the Loan Value of such Item of Equipment for which settlement is then being made shall be applied to the prepayment of the Notes so that each of the remaining installments of each Note shall be reduced in the proportion that the principal amount of the prepayment bears to the unpaid principal amount of the Notes immediately prior to the prepayment; and

(3) Third, the balance, if any, of such amounts held by the Secured Party after making the applications provided for by the preceding subparagraphs (1) and (2) shall be released to or upon the order of the Debtor on the date of payment of the amounts provided for in the preceding clauses (1) and (2).

The term "Loan Value" in respect of any Item of Equipment shall mean an amount equal to an amount computed and determined by (A) multiplying a fraction, the numerator of which is an amount equal to the Purchase Price (as defined in the Loan Agreement) of such Item of Equipment for which settlement is then being made and the denominator of which is the aggregate Purchase Price of all Items of Equipment then subject to this Security Agreement (including the Purchase Price of such Item of Equipment for which settlement is then being made), times the unpaid principal amount of the Notes immediately prior to the prepayment provided for in this Section 4.1(c) (after giving effect to all payments of installments of principal made or to be made on the date of prepayment provided for in this Section 4.1(c), and adding the product so obtained to (B) the amount of any deductible maintained under the casualty insurance policy pertaining to such Item, and (C) any interest accrued to the date of payment of the amount calculated pursuant to clause (A).

4.2. Multiple Notes. If more than one Note is outstanding at the time any application is made pursuant to Section 4.1 hereof, the application shall be made on all outstanding Notes ratably in accordance with the principal amount remaining unpaid thereon.

4.3. Default. If an Event of Default (or, subject to the provisions of Section 4.1 hereof relating to the application of insurance proceeds, an event which, with the lapse of time or the giving of notice, or both, would constitute an Event of Default) has occurred and is continuing, all moneys received by the Secured Party hereunder shall be applied in the manner provided for in Section 5 hereof in respect of proceeds and avails of the Collateral.

SECTION 5. DEFAULTS AND OTHER PROVISIONS.

5.1. Events of Default. The term "Event of Default" for all purposes of this Security Agreement shall mean one or more of the following:

(a) Default in payment of an installment of the principal of, or interest on, any Note when and as the same shall become due and payable, whether at the due date thereof or at the date fixed for prepayment or by acceleration or otherwise, and any such default shall continue unremedied for ten days; or

(b) Default by the Debtor in the due observance or performance by the Debtor of any covenant or agreement under this Security Agreement or the Loan Agreement, and such default shall continue unremedied for thirty days after notice thereof to the Debtor from the Secured Party or the holder of any Note; or

(c) Any representation or warranty made by the Debtor herein or in the Loan Agreement or in any report, certificate, financial or other statement furnished in connection with this Security Agreement or the Loan Agreement or the transactions contemplated therein shall prove to have been false or misleading in any material respect when made; or

(d) Any event of default as set forth in the Shortline Lease or the Full Service Lease or any replacement thereof or substitution therefor; or

(e) Any default in the performance of any obligation under the Management Agreement or any replacement thereof or substitution therefor; or

(f) Any event of default as set forth in the Shipper's Agreement or any replacement thereof or substitution therefor; or

(g) Any claim, lien or charge (other than Permitted Encumbrances and other than any such claim, lien or charge which is being contested in good faith by appropriate proceedings which will prevent the forfeiture or sale of the Equipment and for which the Company has set aside adequate reserves) shall be asserted against or levied or imposed upon the Equipment and such claim, lien or charge shall not be discharged or removed within thirty days after written notice from the Secured Party or the holder of any Note to the Debtor demanding the discharge or removal thereof; or

(h) If by the order of a court of competent jurisdiction a receiver, trustee or liquidator (or other similar

official) of the then owner of the Collateral shall be appointed or if by decree of such a court, the then owner of the Collateral shall be adjudicated a bankrupt or be declared insolvent and such order or decree shall not be vacated or set aside or stayed within sixty (60) days after the entry thereof; or

(1) If the then owner of the Collateral shall be dissolved, or shall file a voluntary petition in bankruptcy or for reorganization or for an arrangement pursuant to the Bankruptcy Act or any similar law, federal or state now or hereafter in effect, or shall make an assignment for the benefit of creditors, or shall admit in writing its inability to pay its debts as they become due, or shall suspend payment of its obligations, or shall take any action in furtherance of the foregoing; or if such owner shall consent to the appointment of a receiver, trustee or liquidator (or other similar official) of such owner or of the Collateral or any part thereof, or if a petition or an answer proposing the adjudication of such owner as a bankrupt or its reorganization pursuant to the Bankruptcy Act or any similar law, federal or state, now or hereafter in effect, shall be filed in, and approved by, a court of competent jurisdiction and the order approving the same shall not be vacated or set aside or stayed within sixty (60) days from the entry thereof, or if such owner shall consent to the filing of such petition or answer.

5.2. Secured Party's Rights. The Debtor agrees that when any Event of Default has occurred and is continuing the Secured Party shall have the rights, options, duties and remedies of a secured party, and the Debtor shall have the rights and duties of a debtor, under the Uniform Commercial Code of Illinois (regardless of whether such Code or a law similar thereto has been enacted in a jurisdiction wherein the rights or remedies are asserted) and without limiting the foregoing, the Secured Party may exercise any one or more or all, and in any order, of the remedies hereinafter set forth, it being expressly understood that no remedy herein conferred is intended to be exclusive of any other remedy or remedies; but each and every remedy shall be cumulative and shall be in addition to every other remedy given herein or now or hereafter existing at law or in equity or by statute.

(a) The Secured Party may, by notice in writing to the Debtor declare the entire unpaid balance of the Notes to be immediately due and payable, and thereupon all such unpaid balance, together with all accrued interest thereon, shall be and become immediately due and payable;

(b) The Secured Party personally or by agents or attorneys, shall have the right (subject to compliance with any applicable mandatory legal requirements) to take

immediate possession of the Collateral, or any portion thereof, and for that purpose may pursue the same wherever it may be found, and may enter any of the premises of the Debtor, with or without notice, demand, process of law or legal procedure, and search for, take possession of, remove, keep and store the same, or use and operate or lease the same until sold;

(c) The Secured Party may, if at the time such action may be lawful and always subject to compliance with any mandatory legal requirements, either with or without taking possession and either before or after taking possession, and without instituting any legal proceedings whatsoever, and having first given notice of such sale by registered mail to the Debtor once at least ten days prior to the date of such sale, and any other notice which may be required by law, sell and dispose of said Collateral, or any part thereof, at public auction to the highest bidder, in one lot as an entirety or in separate lots, and either for cash or on credit and on such terms as the Secured Party may determine, and at any place (whether or not it be the location of the Collateral or any part thereof) designated in the notice above referred to. Any such sale or sales may be adjourned from time to time by announcement at the time and place appointed for such sale or sales, or for any such adjourned sale or sales, without further published notice, and the Secured Party or the holder or holders of the Notes, or of any interest therein, may bid and become the purchaser at any such sale;

(d) The Secured Party may proceed to protect and enforce this Security Agreement and said Notes by suit or suits or proceedings in equity, at law or in bankruptcy, and whether for the specific performance of any covenant or agreement herein contained or in execution or aid of any power herein granted, or for foreclosure hereunder, or for the appointment of a receiver or receivers for the Collateral or any part thereof, or for the recovery of judgment for the indebtedness hereby secured or for the enforcement of any other proper, legal or equitable remedy available under applicable law; and

(e) Subject always to the then existing rights, if any, of the Lessee and the Shipper under the Lease Documents, the Secured Party may proceed to exercise all rights, privileges and remedies of the lessor or owner, as the case may be, under the Lease Documents and may exercise all such rights and remedies either in the name of the Secured Party or in the name of the Debtor for the use and benefit of the Secured Party.

5.3. Certain Rights of the Debtor. Upon the occurrence of any Event of Default pursuant to Section 5.1(d), (e) or (f), the Secured Party shall give the Debtor not less than sixty (60) days'

prior written notice (the "Notice of Default") of the date on which the Secured Party will exercise any remedy or remedies pursuant to Section 5.2 hereof. The Debtor shall have the option to remedy such default within such 60-day period by curing or causing to be cured the outstanding Event of Default or by terminating the agreement under which such Event of Default is outstanding and promptly entering into or causing to be entered into, as the case may be, a new Shortline Lease, Full Service Lease, Management Agreement and/or Shipper's Agreement in substantially the same form as the Shortline Lease, Full Service Lease, Management Agreement and/or Shipper's Agreement, as the case may be, outstanding on the date of this Security Agreement or to enter into or cause to be entered into a Shortline Lease, Full Service Lease, Management Agreement and/or Shipper's Agreement the form and substance of which shall have been previously consented to (which consent shall not be unreasonably withheld) in writing by the Secured Party. By duly taking such action within such 60-day period the Debtor shall be deemed to have cured the Event of Default under Section 5.1(d), (e) or (f), as the case may be, which would have otherwise existed hereunder.

5.4. Acceleration Clause. In case of any sale of the Collateral, or of any part thereof, pursuant to any judgment or decree of any court or otherwise in connection with the enforcement of any of the terms of this Security Agreement, the principal of the Notes, if not previously due, and the interest accrued thereon, shall at once become and be immediately due and payable; also, in the case of any such sale, the purchaser or purchasers, for the purpose of making settlement for or payment of the purchase price, shall be entitled to turn in and use the Notes and any claims for interest matured and unpaid thereon, in order that there may be credited as paid on the purchase price the sum apportionable and applicable to the Notes including principal and interest thereof out of the net proceeds of such sale after allowing for the proportion of the total purchase price required to be paid in actual cash.

5.5. Waiver by Debtor. To the extent permitted by law, the Debtor covenants that he will not at any time insist upon or plead, or in any manner whatever claim or take any benefit or advantage of, any stay or extension law now or at any time hereafter in force, nor claim, take, nor insist upon any benefit or advantage of or from any law now or hereafter in force providing for the valuation or appraisal of the Collateral or any part thereof prior to any sale or sales thereof to be made pursuant to any provision herein contained, or to the decree, judgment or order of any court of competent jurisdiction; nor, after such sale or sales, claim or exercise any right under any statute now or hereafter made or enacted by any state or otherwise to redeem the property so sold or any part thereof, and, to the full extent legally permitted, hereby expressly waives for himself and on behalf of each and every person, except decree or judgment creditors of the Debtor acquiring any interest in or title to the Collateral or any part thereof subsequent to the date of this Security Agreement, all benefit and advantage of any such valuation, appraisal or redemption law or

laws, and covenants that he will not invoke or utilize any such valuation, appraisal or redemption law or laws or otherwise hinder, delay or impede the execution of any power herein granted and delegated to the Secured Party, but will suffer and permit the execution of every such power as though no such valuation, appraisal or redemption law or laws had been made or enacted.

5.6. Effect of Sale. Any sale, whether under any power of sale hereby given or by virtue of judicial proceedings, shall operate to divest all right, title, interest, claim and demand whatsoever, either at law or in equity, of the Debtor in and to the property sold, shall be a perpetual bar, both at law and in equity, against the Debtor, its successors and assigns, and against any and all persons claiming the property sold or any part thereof under, by or through the Debtor, its successors or assigns (subject, however, to the then existing rights, if any, of the Lessee and the Shipper under the Lease Documents).

5.7. Application of Sale Proceeds. The purchase money proceeds and/or avails of any sale of the Collateral, or any part thereof, and the proceeds and the avails of any remedy hereunder shall be paid to and applied as follows:

(a) First, to the payment of costs and expenses of foreclosure or suit, if any, and of such sale, and of all proper expenses, liability and advances, including legal expenses and attorneys' fees, incurred or made hereunder by the Secured Party or the holder or holders of the Notes, and of all taxes, assessments or liens superior to the lien of these presents, except any taxes, assessments or other superior lien subject to which said sale may have been made;

(b) Second, to the payment to the holder or holders of the Notes of the amount then owing or unpaid on the Notes for principal and interest and in case such proceeds shall be insufficient to pay in full the whole amount so due, owing or unpaid on the Notes, then ratably according to the aggregate of such principal and the accrued and unpaid interest, with application on each Note to be made, first, to the unpaid interest thereon and second, to unpaid principal thereof; such application to be made upon presentation of the several Notes, and the notation thereon of the payment, if partially paid, or the surrender and cancellation thereof, if fully paid; and

(c) Third, to the payment of the surplus, if any, to the Debtor, his successors and assigns, or to whosoever may be lawfully entitled to receive the same.

5.8. Discontinuance of Remedies. In case the Secured Party shall have proceeded to enforce any right under this Security Agreement by foreclosure, sale, entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely, then and in every such case the Debtor, the Secured Party and the holders of the Notes shall be restored to their former positions and rights hereunder with respect to the Collateral subject to the security interest created under this Security Agreement.

5.9. Cumulative Remedies. No delay or omission of the Secured Party or of the holder of any Note to exercise any right or power arising from any default on the part of the Debtor, shall exhaust or impair any such right or power or prevent its exercise during the continuance of such default. No waiver by the Secured Party, or the holder of any Note, of any such default, whether such waiver be full or partial, shall extend to or be taken to affect any subsequent default, or to impair the rights resulting therefrom except as may be otherwise provided herein. No remedy hereunder is intended to be exclusive of any other remedy but each and every remedy shall be cumulative and in addition to any and every other remedy given hereunder or otherwise existing; nor shall the giving, taking or enforcement of any other or additional security, collateral or guaranty for the payment of the indebtedness secured under this Security Agreement operate to prejudice, waive or affect the security of this Security Agreement or any rights, powers or remedies hereunder, nor shall the Secured Party or holder of any of the Notes be required to first look to, enforce or exhaust such other or additional security, collateral or guaranties.

5.10. Return of Equipment upon Event of Default. (a) Upon the request of the Secured Party, if an Event of Default shall have occurred and be continuing, the Debtor shall forthwith deliver possession of the Equipment to the Secured Party. For the purpose of delivering possession of any Item of Equipment to the Secured Party as above required, the Debtor shall at his own cost, expense and risk forthwith place such Equipment on the lines of any single railroad designated by the Debtor, subject to the approval of the Secured Party (which approval shall not be unreasonably withheld), in such reasonable storage place as the Secured Party may designate or, in the absence of such designation of a storage place, as the Debtor may select; provided that, in the event the Secured Party shall designate storage tracks which are then unavailable or because such tracks are then being used to store equipment owned by a third party pursuant to a contractual obligation of the Debtor to provide storage therefor or because the storage of the Items of Equipment on such tracks would materially impair the ability of such railroad to meet its obligations to perform services as a common carrier to the public, then the Debtor agrees, at his own cost, to so store the Items of Equipment upon such other storage tracks as shall then be so available and nearest to such storage tracks designated by the Secured Party.

(b) The assembly, delivery, storage and transporting of the Equipment as hereinbefore provided are of the essence of this

Security Agreement, and upon application to any court of equity having jurisdiction in the premises, the Secured Party shall be entitled to a decree against the Debtor requiring specific performance of the covenants of the Debtor so to assemble, deliver and store the Equipment.

(c) Without in any way limiting the obligation of the Debtor under the foregoing provisions of this Section 5.10, the Debtor hereby irrevocably appoints the Secured Party as the agent and attorney of the Debtor, with full power and authority, at any time while the Debtor is obligated to deliver possession of any Item of Equipment to the Secured Party, to demand and take possession of such Item in the name and on behalf of the Debtor from whomsoever shall be at the time in possession of such Item of Equipment.

SECTION 6. MISCELLANEOUS.

6.1. Successors and Assigns. Whenever any party hereto is referred to, such reference shall be deemed to include the heirs, executors, administrators, successors and assigns of such party; and all the covenants, premises and agreements in this Security Agreement contained by or on behalf of the Debtor or by or on behalf of the Secured Party, shall bind and inure to the benefit of the respective heirs, executors, administrators, successors and assigns of such parties whether so expressed or not.

6.2. Partial Invalidity. The unenforceability or invalidity of any provision or provisions of this Security Agreement shall not render any other provision or provisions herein contained unenforceable or invalid.

6.3. Communications. All communications provided for herein shall be in writing and shall be deemed to have been given (unless otherwise required by the specific provisions hereof in respect of any matter) when delivered personally or by the United States mail, registered, postage prepaid, addressed as follows:

If to the Debtor: Arthur Rubloff
Suite 1440
69 West Washington Street
Chicago, Illinois 60602

If to the Secured Party: Harriscorp Leasing, Inc.
111 West Monroe Street
Chicago, Illinois 60690

Attention: Mr. Philip A. Washburn
General Manager

or to such other persons and/or other address as may be designated by notice duly given in accordance with this Section to the other parties.

6.4. Release. The Secured Party shall release this Security Agreement and the security interest granted hereby by proper instrument or instruments upon presentation of satisfactory evidence that all indebtedness hereby secured has been fully paid or discharged.

6.5. Governing Law. This Security Agreement and the Notes shall be governed by, and construed in accordance with, the laws of the State of Illinois, including all matters of construction, validity and performance.

6.6. Counterparts. This Security Agreement may be executed, acknowledged and delivered in any number of counterparts, each of such counterparts constituting an original but all together only one Security Agreement.

6.7. Headings. Any headings or captions preceding the text of the several Sections hereof are intended solely for convenience of reference and shall not constitute a part of this Security Agreement nor shall they affect its meaning, construction or effect.

6.8. Nonrecourse Obligation. Except as expressly set forth in the proviso to this Section 6.8, anything in this Security Agreement, the Loan Agreement, the Notes or the Assignment of Lease Documents to the contrary notwithstanding, no recourse shall be had for the payment of the principal of, premium, if any, or interest on the Notes, or for any claim based thereon or otherwise in respect thereof or based on or in respect of this Security Agreement or the Loan Agreement or the Assignment of Lease Documents, against the Debtor either directly or through the Debtor or under any rule of law or statute or constitution, or by the enforcement of any assessment or penalty, or otherwise; it being understood that, except as expressly set forth in the proviso to this Section 6.8, the Notes and all obligations of the Debtor under this Security Agreement, the Loan Agreement and the Assignment of Lease Documents are solely nonrecourse obligations and that all such liability of the Debtor is and is to be by the acceptance of this Security Agreement and the Notes by the Secured Party expressly waived and released as a condition of, and as consideration for, the execution and delivery of this Security Agreement and the issuance of the Notes, provided, however, that (i) with respect to installments becoming payable in respect of the Notes (other than the final installment in respect of the Series A Notes and the final installment in respect of the Series B Notes) during any period in which the Shipper's Agreement or any substitution therefor or replacement thereof pursuant to the terms of the Security Agreement is not in full force and effect, the Debtor shall be expressly and personally liable on a noncumulative basis for the payment of not to exceed \$28,723.46 of each such installment payable in respect of the Series A Notes and not to exceed \$15,740.10 of each such installment payable in respect of the Series B Notes, in each such case as and when the same becomes due and payable and (ii) the Debtor shall be expressly and personally liable on a noncumulative basis for the payment of not to exceed \$99,201.21

of the final installment payable in respect of the Series A Notes and not to exceed \$54,361.05 of the final installment payable in respect of the Series B Notes, in each such case as and when the same becomes due and payable and provided, further, that nothing herein or in the Notes contained shall constitute a waiver of any indebtedness evidenced by the Notes or secured by this Security Agreement or shall be taken to prevent recourse to or the enforcement against the security for the Notes described in this Security Agreement of all liabilities, obligations and undertakings in this Security Agreement and in the Notes contained. In the event of the occurrence of an Event of Default under this Security Agreement and the acceleration of payment of the Notes as a consequence thereof, the amount of the Debtor's personal liability in respect of the Notes shall be an amount equal to the present value of each portion of each installment on the Notes for which the Debtor has assumed personal liability pursuant hereto unaccrued as of the date of such Event of Default, computed on the basis of an 11.25% per annum discount rate, in the case of the Series A Notes, and a 12% per annum discount rate, in the case of the Series B Notes, from the respective installment payment dates to the date of payment of such sum.

6.9. Right of Secured Party to Perform. If the Debtor shall fail to comply with any of its covenants herein contained, the Secured Party may, but shall not be obligated to, make advances to perform the same and to take all such action as may be necessary to obtain such performance. Any payment so made by any such party and all cost and expense (including, without limitation, reasonable attorneys' fees and expenses) incurred in connection therewith shall be payable by the Debtor to the Secured Party with interest at the rate of 13% per annum.

IN WITNESS WHEREOF, the Debtor has executed and acknowledged this Security Agreement all as of the day and year first above written.



ARTHUR RUBLOFF

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

On this 8th day of January, 1980, before me personally appeared Arthur Rubloff, to me known to be the person described in and who executed the foregoing instrument, and acknowledged before me that he executed the same as his free act and deed.



Notary Public

[NOTARIAL SEAL]

My Commission expires: October 7, 1981

DESCRIPTION OF EQUIPMENT

Number of
Items

Description

Identifying
Mark and Numbers

80

100-ton covered hopper
railroad freight cars

WAR 15000
through 15079,
both inclusive