

15 South Main
Brighton, Colorado 80601
Telephone: (303) 659-0350



United Bank of Brighton

June 1, 1988

Interstate Commerce Commission
12th and Constitutional Avenue NW
Washington, DC 20423

ATTN: MILDRED LEE, ROOM 2303

Dear Ms. Lee:

United Bank of Brighton recently extended a credit facility to
the following entity:

Rocky Mountain Railcar, Inc.
12600 E. 114th Avenue
Henderson, CO 80640

Enclosed you will find the original Security Agreement, along with
a certified copy of the Agreement. The following items are being
used as collateral to secure the Note:

SW 7 Switch Locomotive GWR 118
SW 7 Switch Locomotive GWR 113
100 Ton Gondola
Tank Car
Covered Hopper
Box Car
Open Top Hoppers (2)
TOTAL VALUE \$104,000.00

If you have any questions, please do not hesitate to contact me.

Sincerely,

UNITED BANK OF BRIGHTON

Dick McLean
Dick McLean
Vice President

DM/jk

Enclosures

RECORDATION NO. 15674

JUN 7 1988 - 10 52 AM

INTERSTATE COMMERCE COMMISSION

Date 6/7/88

Fee \$ 13

ICC Washington, D. C.

Yours truly

Interstate Commerce Commission
Washington, D.C. 20423

6/14/88

OFFICE OF THE SECRETARY

Dick McLean
Vice President
United Bank Of Brighton
15 South Main
Brighton Colorado 80601

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 6/7/88 at 10:55am, and assigned recordation number(s). 15674

Sincerely yours,

Nesta L. McLean

Secretary

Enclosure(s)

JUN 7 1988 - 10 55 AM

INTERSTATE COMMERCE COMMISSION

SECURITY AGREEMENT
(Equipment, Consumer Goods and Farm Products)

1. **Debtor** (name and mailing address): Rocky Mountain Railcar, Inc.
P.O. Box 31964 12600 E. 114th Ave.
Denver, CO 80239 Henderson, CO 80640
2. **Bank:** United Bank of Brighton
15 South Main
Brighton, CO 80601
3. **Collateral:** The following property and all additions and accessions thereto: All inventory, accounts and general intangibles, equipment, furniture, fixtures, leasehold improvements and all railroad track including but not limited to all ties, bolts, spikes, switches, etc. and all other inventory, accounts and general intangibles, equipment, furniture, fixtures, and leasehold improvements now owned or hereafter created and wherever located including any proceeds and/or insurance proceeds thereof; and including, but not limited to the attached list (See Exhibit A).
4. **Location of Collateral (1):** All that part of the NE $\frac{1}{4}$ of Section 2, Township 1 North, Range 65 West of the 6th PM, lying Easterly of the right of way of the Chicago Burlington and Quincy Railroad.
5. **Primary Use of Collateral:**
 Business Purposes
 Personal, Family or Household Purposes
 Farming Operations

6. **Obligations:** (a) All indebtedness evidenced and created by the following described promissory note (the "Note") payable to the order of Bank, and all renewals, extensions and amendments thereof:

Date: May 25, 1988

Amount: \$500,000.00

Maturity Date: November 25, 1988

Maker (if other than Debtor):

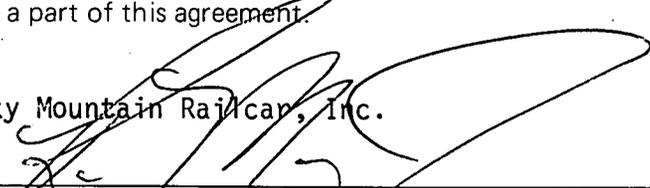
(b) future advances made by Bank to Debtor, plus interest thereon; (c) all expenditures made or incurred by Bank pursuant to the provisions of the Note and this agreement; and (d) all other obligations of Debtor to Bank, direct or indirect, absolute or contingent, now existing or hereafter arising.

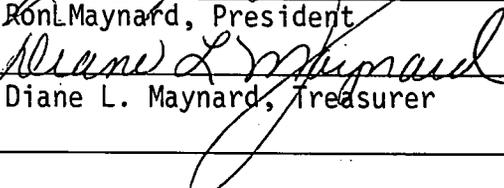
Other:

The terms and conditions on the reverse side are a part of this agreement.

Dated: May 25, 1988

Rocky Mountain Railcar, Inc.

By:  _____ (2)
 Debtor Ron L. Maynard, President

By:  _____
 Diane L. Maynard, Treasurer

(1) Give street or other reasonably identifiable location unless the Collateral is (a) crops, (b) timber to be cut, (c) minerals or other substances that may be extracted, or (d) goods that are or are to become fixtures. In these cases give legal description.

(2) Both spouses must sign if the Collateral is consumer goods used primarily for family or household purposes, unless (a) the Collateral is an automobile or other titled vehicle or (b) this security interest is a purchase money security interest.

Additional Terms and Conditions

7. Security Interest. To secure payment and performance of the Obligations, Debtor hereby grants to Bank a security interest in the Collateral and in its proceeds, products and acccessions. Debtor warrants and represents that Debtor has, or forthwith will acquire, title to the Collateral free and clear of all liens, security interests and encumbrances and that Debtor has the right to grant this security interest.

8. Covenants of Debtor. Unless and until Bank consents in writing to another course of action, Debtor agrees: (a) The Collateral will be kept at the location specified in paragraph 4 on the reverse side hereof. (b) Debtor will not sell, transfer, lease, abandon or otherwise dispose of any of the Collateral or any interest therein. (c) Debtor will keep the Collateral in good condition and free of liens, security interests and encumbrances (other than the security interest created by this agreement); will promptly notify Bank of any event of default, as defined in paragraph 9; will not use the Collateral for hire or in violation of any applicable statute, ordinance or insurance policy; will defend the Collateral against the claims and demands of all persons; will pay promptly all taxes and assessments with respect to the Collateral, and will not permit the Collateral to become a part of or to be affixed to any real or personal property without first making arrangements satisfactory to Bank to protect Bank's security interest. Bank may inspect the Collateral at any time, wherever located. (d) Debtor will keep the Collateral insured with companies acceptable to Bank against such casualties and in such amounts as Bank may require. If requested by Bank all insurance policies will be written for the benefit of Debtor and Bank as their interests may appear, will provide for 10 days' written notice to Bank prior to cancellation and will be deposited with Bank. Bank may act as attorney for Debtor in making, adjusting and settling claims under or cancelling such insurance and endorsing Debtor's name on any drafts relating thereto. Bank may apply any proceeds of insurance toward payment of the Obligations, whether or not due, in any order of priority. (e) At its option Bank may discharge taxes, liens, security interests, any other encumbrances against the Collateral and may pay for the repair of any damage to the Collateral, the maintenance and preservation thereof and insurance thereon. Debtor will reimburse Bank on demand for any payments so made, plus interest thereon at the Note rate from the date of such payment. Any such payments by Bank will become a part of the Obligations, secured by the Collateral. (f) Debtor will from time to time execute financing statements and other documents in form satisfactory to Bank (and pay the cost of filing or recording them in whatever public offices Bank deems necessary) and perform such other acts as Bank may request to perfect and maintain a valid security interest in the Collateral.

9. Events of Default. The occurrence of any of the following events shall constitute an event of default under this agreement: (a) failure to pay any of the Obligations when due; (b) failure to perform or observe any other covenant contained in this agreement, the Note or any other agreement given by Debtor to Bank in connection with the Obligations; (c) any warranty, representation or statement of Debtor in this agreement, or otherwise made or furnished to Bank by or on behalf of Debtor, proves to have been false in any material respect when made or furnished; (d) loss, theft, damage, destruction, sale (except as specifically allowed herein) or encumbrance to or of any of the Collateral, or any levy, seizure or attachment thereof or thereon; (e) death, dissolution, termination of existence, insolvency, business failure, appointment of a receiver of any part of the property of, assignment for the benefit of creditors by, or the commencement of any proceeding under any bankruptcy or insolvency laws of, by or against Debtor or any guarantor of any of the Obligations; or (f) good faith belief by Bank that the Obligations are inadequately secured or that the prospect of payment or performance of any of the Obligations is impaired. If the security interest created by this agreement is given to secure the Obligations of a person other than Debtor, an additional event of default shall be the happening of any of the above events or conditions to, by or with respect to such other person.

10. Remedies. (a) Upon the occurrence of any event of default and at any time thereafter Bank shall have, in addition to all other rights and remedies, the remedies of a secured party under the Uniform Commercial Code as then in effect in Colorado ("UCC"), regardless of whether the UCC applies to the security transactions covered by this agreement, including without limitation the right to accelerate the maturity of the Obligations, without notice or demand, and to take possession of the Collateral and any proceeds thereof wherever located. Debtor shall make the Collateral available to the Bank at a place to be designated by Bank that is reasonably convenient for both parties. If notice is required, Bank shall give to Debtor at least five days' prior written notice of the time and place of any public sale of the Collateral or of the time after which any private sale or any other intended disposition is to be made. (b) During the time that Bank is in possession of the Collateral, and to the extent permitted by law, Bank shall have the right to hold, use, operate, manage and control all or any part of the Collateral; to make all such repairs, replacements, alterations, additions and improvements to the Collateral as it may deem proper; and to demand, collect and retain all earnings, proceeds from such use all other costs, expenses, charges, damage or loss by reason of such use. Notwithstanding the foregoing, Bank shall also be entitled, without notice or demand and to the extent permitted by law, to have a receiver appointed to take charge of all or any part of the Collateral, exercising all of the rights specified in the immediately preceding sentence. (c) Insofar as the Collateral shall consist of accounts, insurance policies, instruments, chattel paper or the like, Bank is irrevocably appointed Debtor's attorney-in-fact to demand, collect, receipt for, settle, compromise, adjust, sue for, foreclose or realize upon the Collateral as Bank may determine, and with respect thereto Bank shall have the right to endorse notes, checks and other evidences of payment on behalf of and in the name of Debtor. (d) To the extent allowed by law, Debtor shall pay Bank all expenses of retaking, holding, preparing for sale, selling and the like, including reasonable attorneys' fees and legal expenses, and such costs shall be paid out of the proceeds of disposition of the Collateral. Such proceeds may be applied to the Obligations in any order of priority.

11. General. (a) The terms "Debtor," "Bank," "Collateral," "Obligations" and "Note" are defined in paragraphs 1, 2, 3 and 6. Where Debtor and the obligor on the Obligations are not the same, the term "Debtor" herein means the owner of the Collateral in any provision dealing with the Collateral, the obligor in any provision dealing with the Obligations, and both where the context so requires. (b) No defaults shall be waived by Bank except in writing and no waiver of any payment or other right under this agreement shall operate as a waiver of any other payment or right. (c) If there is more than one Debtor, all of the terms and conditions of this agreement shall apply to each and any of them. (d) Without affecting any obligations of Debtor under this agreement Bank, without notice or demand may renew, extend or otherwise change the terms and conditions of any of the Obligations; take or release any other collateral as security for any of the Obligations, and add or release any guarantor, endorser, surety or other party to any of the Obligations. (e) Any consent, notice and other communication required or contemplated by this agreement shall be in writing. If intended for Debtor it shall be deemed given if mailed, postage prepaid, to Debtor at the address given on the reverse side hereof or at such other address given by notice as herein provided. If intended for Bank it shall be deemed given only if actually received by Bank. (f) A carbon, photographic or other reproduction of this agreement or a financing statement shall be sufficient as a financing statement. (g) This agreement shall be construed under and governed by the laws of Colorado. (h) All of the rights of Bank under this agreement shall be cumulative and shall inure to the benefit of its successors and assigns. (i) Debtor subordinates any right Debtor may have to a mobile home as a homestead exemption or any similar law which may hereafter be enacted in Colorado to the lien created by this security agreement. All obligations of Debtor hereunder shall be binding upon the heirs, legal representatives, successors and assigns of Debtor.