

LAW OFFICES
GREER, FOUTCH, HERZ & ADAMS

ONE MOODY PLAZA
GALVESTON, TEXAS 77550
(409) 765-5525
(713) 480-5278
TELECOPIER (409) 766-6424

W.E. GREER
CHARLES BROWN
JAMES R. FOUTCH
IRWIN M. HERZ, JR., P.C.
JERRY L. ADAMS
STEPHEN G. SCHULZ, P.C.
CHRISTINE KELLER
DEBRA G. JAMES
JOHN A. BUCKLEY, JR.

DARRYL H. LEVY
SHARON A. SCHROEDER
JOYCE A. WEBB
ARNOLD G. POLANCO
ANDREW J. MYTELKA
FREDERICK BLACK
JANET L. RUSHING
DAVID D. BALKUM

September 1, 1988

No. 8-246A100

Date SEP 2 1988

Fee \$ 13.00

ICC Washington, D.C.

*BOARD CERTIFIED IN CIVIL TRIAL LAW
TEXAS BOARD OF LEGAL SPECIALIZATION

Noretta R. McGee, Secretary
Interstate Commerce Commission
12th and Constitution Avenue, N.W.
Washington, D.C. 20423
RECORDATION NO. 1 5801
SEP 2 1988 - 3 20 PM

ATTENTION: Mrs. Mildred Lee
INTERSTATE COMMERCE COMMISSION

RE: Mortgage by Excursion Trains, Inc to the United States
National Bank of Galveston on the Railroad Cars Listed
Below

Madam Secretary,

I have enclosed a notarized original and one notarized
counterpart of the document described below, to be recorded
pursuant to Section 11303 of Title 49 of the United States Code.

This document is a mortgage and is a primary document dated
August 30, 1988.

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

Mortgagor: Excursion Trains, Inc., a Texas Corporation
3131 West Alabama Street, Suite 529
Houston, Texas 77098

Mortgagee: United States National Bank of Galveston
2201 Market Street, P. O. Box 179
Galveston, Texas 77550

Guarantor: Mr. George P. Mitchell
2002 Timberloch Place, Suite 260
The Woodlands, Texas 77380

A description of the equipment covered by the document is
follows:

1. One railroad car, more fully described as "ex NJT2449
a/k/a AT&SF, built by The Pullman Company in 1937";

SEP 2 3 15 PM '88
MOTOR OPERATING UNIT
ICC OFFICE OF THE SECRETARY

Noreta R. McGee, Secretary
Interstate Commerce Commission

September 1, 1988
Page 2

ATTENTION: Mrs. Mildred Lee

RE: Mortgage by Excursion Trains, Inc to the United States
National Bank of Galveston on the Railroad Cars Listed
Below

2. One railroad car, more fully described as "ex NJT339
a/k/a CRIP317 HAWKEYE, built by Budd Company in 8/41".

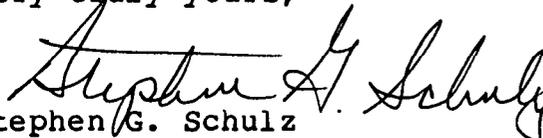
A fee of \$13.00 is enclosed. I understand this to be the correct fee from our telephone conversation on this matter. Please return the original and any extra copies not needed by the Commission for recordation to Mr. Dennis L. Harrington, Assistant Vice President or Mr. Albert P. Shannon, Sr. Vice-President, United States National Bank of Galveston, 2201 Market Street, P. O. Box 179, Galveston, Texas 77553. If it is possible, please call Mr. Dennis L. Harrington or Mr. Albert P. Shannon collect as soon as you have received and recorded the enclosed Mortgage. Mr. Harrington may also be contacted at (409) 763-1151, ext. 295. Mr. Shannon may be contacted at (409) 763-1151, ext. 207. If you need to communicate with the undersigned, I may be reached at (409) 765-5525. If I am unavailable, please leave a message with my secretary, Je Layne Hoffman.

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

PRIMARY DOCUMENT:

Mortgage between Excursion Trains, Inc., 331 West Alabama Street, Suite 529, Houston, Texas 77098 as Mortgagee and the United States National Bank of Galveston, 2201 Market Street, P. O. Box 179, Galveston, Texas 77553 as Mortgagor dated August 26th, 1988 covering two railroad cars more fully described in said mortgage as "ex NJT2449 a/k/a AT&SF, built by The Pullman Company in 1937" and "ex NJT339 a/k/a CRIP317 HAWKEYE, built by Budd Company in 8/41".

Very truly yours,



Stephen G. Schulz
Attorney for
**UNITED STATES NATIONAL BANK
OF GALVESTON**

SGS/jh
Enclosures

cc: Mr. Dennis L. Harrington
Assistant Vice President
United States National Bank
of Galveston

Interstate Commerce Commission
Washington, D.C. 20423

OFFICE OF THE SECRETARY

9/2/88

Mr. Dennis L. Harrington
Asst. Vice Pres.
United States National Bank of
Galveston
2201 Market Street
P. O. Box 179
Galveston, TX 77553

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 9/2/88 at 3:20PM, and assigned recordation number(s). 15801

Sincerely yours,

Narita R. McEwen
Secretary

Enclosure(s)

SECURITY AGREEMENT

RECORDATION NO. 5801 Date 8-30-88

A. PARTIES

SEP 2 1988 3 24 PM

- 1. Debtor: Excursion Trains, Inc. INTERSTATE COMMERCE COMMISSION
2. Address: 3131 West Alabama, Suite 529 Harris County, Houston, Texas 77098
3. Bank: UNITED STATES NATIONAL BANK
4. Address: 2201 MARKET ST., GALVESTON, TX 77550

B. AGREEMENT

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

C. OBLIGATION

- 1. The following is the obligation secured by this agreement:
a. All past, present, and future advances, of whatever type, by bank to debtor, and extensions and renewals thereof.
b. All existing and future liabilities, of whatever type, of debtor to bank, and including (but not limited to) liability for overdrafts and as indorser and surety.
c. All costs incurred by bank to obtain, preserve, and enforce this security interest, collect the obligation, and maintain and preserve the collateral, and including (but not limited to) taxes, assessments, insurance premiums, repairs, reasonable attorneys' fees and legal expenses, feed, rent, storage costs, and expenses of sale.
d. Interest on the above amounts, as agreed between bank and debtor, or if no such agreement, at the maximum rate permitted by law.
2. List notes included in the obligation as of the date of this agreement (show date and amount):

001-1928134-9001 for \$100,000.00 dated 8/26/88

D. 1. The security interest is granted in the following collateral: Describe collateral. Include the following information:

- (1) For crops; oil, gas or other minerals to be extracted; timber to be cut; and fixtures (goods to be affixed to real estate): describe real estate concerned and for crops and fixtures show record owner.
(2) If debtor's residence is outside the state: give location of consumer goods, farm products, and farm equipment, and if collateral includes accounts arising from the sale of farm products, give location of products sold.
(3) If this is a purchase money security interest in farm equipment: give purchase price of each item.

Two (2) Railroad Cars More Fully Described As:
1) ex NJT 2499 a/k/a/ AT & SF Built By The Pullman Company in 1937
2) ex NJT 339 a/k/a/ CRIP 317 Hawkeye Built By Budd Foundry in 8/41

Handwritten signatures and notes including 'The Pullman Company in 1937' and 'Budd Foundry in 8/41'.

- b. All substitutes and replacements for, accessions, attachments, and other additions to, and tools, parts, and equipment used in connection with, the above property; and the increase and unborn young of animals and poultry.
c. All property similar to the above hereafter acquired by debtor.
2. Classify goods under one or more of the following Uniform Commercial Code categories:
[] Consumer goods [] Equipment (farm use) [] Inventory
[X] Equipment (business use) [] Farm products
3. [] If this block is checked, this is a purchase money security interest, and debtor will use funds advanced to purchase the collateral, or bank may disburse funds direct to the seller of the collateral, and to purchase insurance on the collateral.
4. If any of the collateral is accounts or contract rights, give the location of the office where the records concerning them are kept (if other than debtor's address in Item A2).
5. If this security agreement is to be filed as a financing statement, check the appropriate block if [] proceeds [] products are covered for financing statement purposes.

Additional terms on back.

BANK, By: Albert P. Shannon Sr. Vice President

DEBTOR, By: EXCURSION TRAINS, INC. Franklin M. Denson, Pres.

If this Security Agreement is to be filed as a financing statement:
(1) Bank must sign.
(2) For New Mexico, it should be acknowledged.
(3) For Texas, the statutory statement concerning fixtures must be quoted hereon when applicable.

E. AGREEMENTS OF DEBTOR

1. Debtor will: take adequate care of the collateral; insure the collateral for such hazards and in such amounts as bank directs, policies to be satisfactory to bank; pay all costs necessary to obtain, preserve, and enforce this security interest, collect the obligation and preserve the collateral, and including (but not limited to) taxes, assessments, insurance premiums, repairs, reasonable attorneys' fees and legal expenses, feed, rent storage costs, and expenses of sale; furnish bank with any information on the collateral requested by bank; allow bank to inspect the collateral, and inspect and copy all records relating to the collateral and the obligation; sign any papers furnished by bank which are necessary to obtain and maintain this security interest; assist bank in complying with the Federal Assignment of Claims Act, where necessary to enable bank to become an assignee under such Act; take necessary steps to preserve the liability of account debtors, obligors, and secondary parties whose obligations are part of the collateral; transfer possession of all instruments, documents, and chattel paper which are part of the collateral to bank immediately, or as to those hereafter acquired, immediately following acquisition; perfect a security interest (using a method satisfactory to bank) in goods covered by chattel paper which is part of the collateral; notify bank of any change occurring in or to the collateral, or in any fact or circumstance warranted or represented by debtor in this agreement or furnished to bank, or if any event of default occurs.
2. Debtor will not (without bank's consent): remove the collateral from the locations specified herein; allow the collateral to become an accession to other goods; sell, lease, otherwise transfer, manufacture, process, assemble, or furnish under contracts of service, the collateral, except goods identified herein as inventory; allow the collateral to be affixed to real estate, except goods identified herein as fixtures.
3. Debtor warrants: no financing statement has been filed with respect to the collateral, other than relating to this security interest; debtor is absolute owner of the collateral, and it is not encumbered other than by this security interest (and the same will be true of collateral acquired hereafter when acquired); none of the collateral is affixed to real estate or an accession to other goods, nor will collateral acquired hereafter be affixed to real estate or an accession to other goods when acquired, unless debtor has furnished bank the consents or disclaimers necessary to make this security interest valid against persons holding interests in the real estate or other goods; all account debtors and obligors, whose obligations are part of the collateral, are to the extent permitted by law prevented from asserting against bank any claims or differences they have against sellers, or can be so prevented by bank taking action provided by law for such purposes.

F. RIGHTS OF BANK

Bank may, in its discretion, ~~before or~~ after default: terminate, on notice to debtor, debtor's authority to sell, lease, otherwise transfer, manufacture, process or assemble, or furnish under contracts of service, inventory collateral, or any other collateral as to which such permission has been given; require debtor to give possession or control of the collateral to bank; indorse as debtor's agent any instruments or chattel paper in the collateral; notify account debtors and obligors on instruments to make payment direct to bank; contact account debtors directly to verify information furnished by debtor; take control of proceeds and use cash proceeds to reduce any part of the obligation; take any action debtor is required to take or otherwise necessary to obtain, preserve, and enforce this security interest, and maintain and preserve the collateral, without notice to debtor, and add costs of same to the obligation (but bank is under no duty to take any such action); release collateral in its possession to debtor, temporarily or otherwise; require additional collateral; reject as unsatisfactory any property hereafter offered by debtor as collateral; set standards, from time to time, to govern what may be used as after-acquired collateral; designate, from time to time, a certain percent of the collateral as the loan value and require debtor to maintain the obligation at or below such figure; take control of funds generated by the collateral, such as dividends, interest, and proceeds or refunds from insurance, and use same to reduce any part of the obligation; vote any stock which is part of the collateral, and exercise all other rights which an owner of such stock may exercise; waive any of its rights hereunder without such waiver prohibiting the later exercise of the same or similar rights; revoke any permission or waiver previously granted to debtor.

G. MISCELLANEOUS

The rights and privileges of bank shall inure to its successors and assigns. All representations, warranties, and agreements of debtor are joint and several if debtor is more than one and shall bind debtor's personal representatives, heirs, successors, and assigns. Definitions in the Uniform Commercial Code apply to words and phrases in this agreement; if Code definitions conflict, Article 9 definitions apply. Debtor waives presentment, demand, notice of dishonor, protest, and extension of time without notices as to any instruments and chattel paper in the collateral. Notice mailed to debtor's address in Item A2, or to debtor's most recent changed address on file with bank, at least five (5) days prior to the related action (or, if the Uniform Commercial Code specifies a longer period, such longer period prior to the related action), shall be deemed reasonable.

H. DEFAULT

1. Any of the following is an event of default: failure of debtor to pay any note in the obligation in accordance with its terms, or any other liability in the obligation on demand, or to perform any act or duty required by this agreement; falsity of any warranty or representation in this agreement when made; substantial change in any fact warranted or represented in this agreement; involvement of debtor in bankruptcy or insolvency proceedings; death, dissolution, or other termination of debtor's existence; merger or consolidation of debtor with another; substantial loss, theft, destruction, sale, reduction in value, encumbrance of, damage to, or change in the collateral; modification of any contract, the rights to which are part of the collateral; levy on, seizure, or attachment of the collateral; judgment against debtor; filing any financing statement with regard to the collateral, other than relating to this security interest; ~~bank's belief that the prospect of payment of any part of the obligation, or the performance of any part of this agreement, is impaired.~~
2. When an event of default occurs, the entire obligation becomes immediately due and payable at bank's option without notice to debtor, and bank may proceed to enforce payment of same and exercise any and all of the rights and remedies available to a secured party under the Uniform Commercial Code as well as all other rights and remedies. When debtor is in default, debtor, upon demand by bank, shall assemble the collateral and make it available to bank at a place reasonably convenient to both parties. Debtor is entitled to any surplus and shall be liable to bank for any deficiency, arising from accounts, contract rights, or chattel paper included in the collateral through sale thereof to bank.

I. FIRST AND PRIOR LIEN

This security interest grants to bank a first and prior lien to secure the payment of the notes listed herein, and extensions and renewals thereof. If bank disposes of the collateral following default, the proceeds of such disposition available to satisfy the indebtedness shall be applied first to the notes herein, and renewals and extensions thereof, in the order of execution, and thereafter to all remaining indebtedness secured hereby, in the order in which such remaining indebtedness was executed or contracted. For the purpose of this paragraph, an extended or renewed note will be considered executed on the date of the original note.

THE STATE OF TEXAS

§
§
§

COUNTY OF MONTGOMERY

THIS INSTRUMENT was acknowledged before me on this the 30th day of AUGUST, 1988, by FRANKLIN DENSON, President of EXCURSION TRAINS, INC., a Texas Corporation; on behalf of said corporation.

Barbara Holman

Notary Public in and for the State of Texas

Barbara Holman

Printed or Typed Name of Notary

My Commission Expires: August 12, 1989

THE STATE OF TEXAS

§
§
§

COUNTY OF GALVESTON

THIS INSTRUMENT was acknowledged before me on this the 30th day of August, 1988, by ALBERT P. SHANNON, Senior Vice President, of the UNITED STATES NATIONAL BANK OF GALVESTON, a national banking association, on behalf of said association.

Je Layne Hoffman
Notary Public in and for the State of Texas

Je Layne Hoffman

Printed or Typed Name of Notary

My Commission Expires: 7/16/89

