

SELEY BARGES, INC.
c/o UNION TANK CAR COMPANY
90 Half Day Road
Lincolnshire, Illinois 60015

7-210A040
Date JUL 29 1977
Fee \$ 1.00
ICC Washington, D. C.

July 21, 1977

8910
RECORDATION NO. Filed & Recorded

JUL 29 1977 - 12 25 PM

Secretary
Interstate Commerce Commission
12th and Constitutional Avenue, N. W. INTERSTATE COMMERCE COMMISSION
Washington, D.C. 20423

Re: Recordation of Security Agreement

Gentlemen:

We enclose for recordation with your office, pursuant to Section 20c of the Interstate Commerce Act, executed counterparts of a Security Agreement dated as of July 15, 1977, between the following parties:

Secured Party: Harris Trust and Savings Bank
111 West Monroe Street
Chicago, Illinois

Debtor: Seley Barges, Inc.
c/o Union Tank Car Company
90 Half Day Road
Lincolnshire, Illinois

The railroad cars to which the Security Agreement relates are described as follows:

<u>Quantity</u>	<u>Type</u>	<u>Capacity</u>	<u>Mechanical Designation Code</u>	<u>Road Numbers</u>
160	50' 6" Box Car	70 tons	XM	WCTR 101500- 101659

RECEIVED
JUL 29 12 30 PM '77
FEE OPERATION BR
I. C. C.

Interstate Commerce Commission
July 21, 1977
Page 2

We also enclose our check in the amount of \$50.00 payable to the Interstate Commerce Commission to cover the recordation fee. Please return all but two sets of the executed documents, stamped to show the recordation data, to:

William M. Owen
Union Tank Car Company
90 Half Day Road
Lincolnshire, Illinois 60015

Very truly yours,

SELEY BARGES, INC.

By



P. J. Johnson
Treasurer

RECORDATION NO. 210 Filed & Recorded

JUL 28 1977-12 55 PM

SECURITY AGREEMENT

Dated as of July 15, 1977 INTERSTATE COMMERCE COMMISSION

between

SELEY BARGES, INC.

and

HARRIS TRUST AND SAVINGS BANK

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SECURITY AGREEMENT

This Security Agreement is entered into as of July 15, 1977, between SELEY BARGES, INC., a New York corporation (the "Borrower"), and HARRIS TRUST AND SAVINGS BANK, an Illinois corporation (the "Bank").

WHEREAS:

A. Pursuant to a Term Loan Agreement dated as of July 15, 1977 (the "Loan Agreement"), the Bank has agreed to loan the Borrower, subject to the terms and conditions set forth therein, not to exceed 75% of the actual cost to the Borrower of the units of new, standard-gauge railroad equipment described in Schedule A hereto (collectively, the "Collateral"); and

B. As a condition precedent to making the Loan to the Borrower, the Bank requires that the Borrower grant to it a security interest in the Collateral to secure payment of all of the indebtedness and liabilities of the Borrower heretofore, now or hereafter owing from the Borrower to the Bank under the Loan Documents to which it is a party (the "Obligations");

NOW, THEREFORE, the Borrower and the Bank agree as follows:

SECTION 1. Grant of Security Interest. To secure the payment of the Obligations, the Borrower hereby grants to the Bank a continuing security interest in the Collateral.

SECTION 2. Recording. The Borrower will, promptly after the execution and delivery of this Agreement, cause this Agreement to be duly filed and recorded with the Interstate Commerce Commission in accordance with Section 20c of the Interstate Commerce Act. The Borrower shall not be required to take any further action to perfect or otherwise protect the security interest of the Bank in the Collateral, including, without limitation, any filing, registration or recordation of this Agreement or any other instrument in any jurisdiction other than the United States.

SECTION 3. Marking of Collateral. The Borrower agrees that there shall be plainly, distinctly, permanently and conspicuously placed and fastened upon each side of each unit of Collateral a metal plate bearing the following

words, or such words shall be otherwise plainly, distinctly, permanently and conspicuously marked on each side of such unit, in either case in letters not less than three-eighths inch in height:

OWNERSHIP SUBJECT TO A SECURITY
AGREEMENT RECORDED UNDER SECTION 20c
OF THE INTERSTATE COMMERCE ACT.

The Collateral may be lettered SELEY BARGES, INC., UNION TANK CAR COMPANY, PROCOR LIMITED, UTLX, or in some other appropriate manner for convenience of identification of the interest of the Borrower therein, and may also be lettered in case of a lease of any Collateral made pursuant to Section 4 hereof, in such manner as may be appropriate for convenience of identification of the leasehold interest therein.

SECTION 4. Possession and Use of Collateral. The Borrower may lease from time to time all or any part of the Collateral upon such terms as the Borrower may determine, but subject always to the security interest hereunder and otherwise on terms not inconsistent with this Agreement. The Borrower represents that the Collateral will be operated primarily in the United States, but the Collateral may also be used in Canada and Mexico.

SECTION 5. Maintenance of Collateral. The Borrower agrees that it will maintain and keep the Collateral in good order and proper repair at its own cost and expense, but shall be under no obligation to replace any of the Collateral that may have suffered a Casualty Occurrence.

SECTION 6. Discharge of Liens. The Borrower covenants and agrees that it will not create, assume or suffer to exist any security interest, encumbrance, mortgage, pledge, lien or charge of any kind (other than to or in favor of the Bank) on or with respect to the Collateral, except that (i) the Borrower may lease the Collateral to third parties pursuant to Section 4 hereof and (ii) the Borrower shall not be required to discharge any of the following so long as the execution or other enforcement thereof is effectively stayed and the claims secured thereby are being contested in good faith and by appropriate proceedings: (a) liens securing the claims of materialmen, mechanics, carriers, warehousemen, landlords or other like parties; (b) liens securing taxes, assessments or other governmental charges or levies; and (c) attachment, judgment or other similar liens arising in connection with court proceedings.

SECTION 7. Release of Collateral. When all of the Obligations of the Borrower to the Bank under the Loan Documents have been paid, this Security Agreement shall

terminate and all right, title and interest of the Bank in the Collateral shall revert to the Borrower. The Bank shall promptly execute and deliver to the Borrower such releases and other instruments as may be necessary to record such termination.

Upon any prepayment of the Note, in whole or in part, the Bank shall, upon Request, execute and deliver to the Borrower such releases and other instruments as may be necessary to terminate the security interest of the Bank in such units of Collateral as shall be specified in such Request; provided, however, that if less than the entire principal amount of the Note then outstanding is prepaid, such Request shall be accompanied by an Officers' Certificate which shall state that, after giving effect to the release of such Collateral, the Depreciated Value of the Collateral then subject to the security interest of the Bank hereunder will be not less than 133-1/3% of the principal amount of the Note outstanding, after giving effect to such prepayment.

Any costs or expenses incurred by the Bank in effectuating the foregoing shall be borne by the Borrower.

SECTION 8. Remedies in Event of Default. If an Event of Default shall have occurred and be continuing, the Bank may by its agents enter upon the premises of the Borrower or any lessee where any of the Collateral may be and take possession of all or any part of the Collateral and withdraw the same from said premises, and shall be entitled to collect, receive and retain all unpaid rental, per diem, mileage or other charges of any kind earned by the Collateral or any part thereof, and may lease the Collateral or any part thereof, or with or without retaking possession thereof (but only after declaring due and payable the entire principal amount of the Note as provided in the Loan Agreement) may sell the same or any part thereof, free from any and all claims of the Borrower at law or in equity, in one lot and as an entirety or in separate lots, at public or private sale, for cash or upon credit, in its discretion, and may proceed otherwise to enforce its rights hereunder in the manner herein provided. Upon any such sale, the Bank itself may bid for the property offered for sale or any part thereof. Any such sale may be held or conducted at such place and at such time as the Bank may specify, or as may be required by law, and without gathering at the place of sale the Collateral to be sold, and in general in such manner as the Bank may determine, but so that the Borrower may and shall have a reasonable opportunity to bid at any such sale. Upon such taking possession or withdrawal or lease or sale of the Collateral, the Borrower shall cease to have any rights or remedies in respect of the Collateral hereunder, but all

such rights and remedies shall be deemed thenceforth to have been waived and surrendered by the Borrower. No such taking possession, withdrawal, lease or sale of the Collateral by the Bank shall be a bar to the recovery by the Bank from the Borrower of Obligations then or thereafter due and payable.

The foregoing provisions are in addition to any rights and remedies which the Bank may have under the Uniform Commercial Code or otherwise and are subject to all mandatory requirements of law.

The Borrower will pay all reasonable expenses, including reasonable attorneys' fees, incurred by the Bank in enforcing its remedies under this Agreement. In the event that the Bank shall bring any suit to enforce any of its rights hereunder and shall be entitled to judgment, then in such suit the Borrower may recover reasonable expenses, including reasonable attorneys' fees, and the amount thereof shall be included in such judgment.

SECTION 9. Application of Proceeds. If, in the case of the happening of any Event of Default, the Bank shall exercise any of the powers conferred upon it by Section 8, all payments made by the Borrower to the Bank hereunder after such Event of Default, and the proceeds of any judgment collected from the Borrower by the Bank hereunder, and the proceeds of every sale or lease by the Bank hereunder of any of the Collateral, shall be applied by the Bank to the payment, in the following order of priority, (a) of all proper charges or expenses made or incurred by the Bank in accordance with the provisions of this Agreement, (b) of the interest then accrued, with interest on overdue interest at the rate specified in the Note to the extent legally enforceable, and (c) of the principal amount of the Note outstanding.

After all such payments shall have been made in full, the interest of the Bank in any of the Collateral remaining unsold shall be assigned by the Bank to the Borrower free from any further liabilities or obligations to the Bank hereunder. If, after applying all such sums of money realized by the Bank as aforesaid, there shall remain any amount due to the Bank under the Loan Documents, the Borrower agrees to pay the amount of such deficit to the Bank. If, after applying as aforesaid the sums of money realized by the Bank, there shall remain a surplus in the possession of the Bank, such surplus shall be paid to the Borrower.

SECTION 10. Certain Terms Defined. As used in this Agreement, the terms "Casualty Occurrence", "Depreciated Value", "Event of Default", "Loan", "Note", "Officers' Certificate", and "Request" have the meanings given to them in the Loan Agreement.

SECTION 11. Addresses for Notices, Etc. All notices, requests, demands and other communications provided for hereunder shall be in writing and mailed or delivered to the applicable party at the addresses indicated below:

If to the Borrower:

Seley Barges, Inc.
c/o Union Tank Car Company
90 Half Day Road
Lincolnshire, Illinois 60015
Attention: Secretary

If to the Bank:

Harris Trust and Savings Bank
111 West Monroe Street
Chicago, Illinois 60690
Attention: Randall Becker, Vice President

or, as to each party, at such other address as shall be designated by such party in a written notice to the other party complying as to delivery with the terms of this Section. All such notices, requests, demands and other communications shall, when mailed, be effective when deposited in the mails, addressed as aforesaid.

SECTION 12. Incorporation By Reference of Certain Provisions of the Loan Agreement. Article VII of the Loan Agreement is hereby incorporated herein by reference as if the same were set forth herein at length.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers, thereunto duly authorized, as of the date first above written.

SELEY BARGES, INC.

ATTEST:


W. B. Moore
W. B. Moore
Assistant Secretary

By P. J. Johnson
P. J. Johnson
Treasurer

HARRIS TRUST AND SAVINGS BANK

ATTEST:

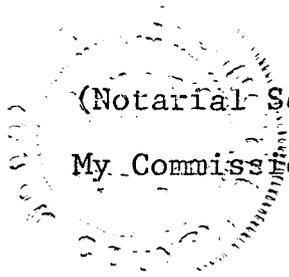
R. S. Mason
ASSISTANT SECRETARY

By Randall Becker
Randall Becker
Vice President

STATE OF ILLINOIS)
) SS.
COUNTY OF COOK)

On this 21st day of July, 1977, before me personally appeared Randall Becker, to me personally known, who, being by me duly sworn, says that he is Vice President of HARRIS TRUST AND SAVINGS BANK, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Betty Person
Notary Public



(Notarial Seal)

My Commission expires: My commission expires February 21, 1980

STATE OF ILLINOIS)
) SS.
COUNTY OF LAKE)

On this 20th day of July, 1977, before me personally appeared P. J. Johnson, to me personally known, who, being by me duly sworn, says that he is Treasurer of SELEY BARGES, INC., that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Jane H. Greene
Notary Public



(Notarial Seal)

My Commission expires:

3-10-80

SCHEDULE A

Schedule A to Security Agreement dated as of July 15, 1977,
between Seley Barges, Inc. and Harris Trust and Savings Bank

<u>Quantity</u>	<u>Type</u>	<u>Capacity</u>	<u>A.A.R. Mechanical Designation Code</u>	<u>Road Numbers</u>
160	50'6" Box Car	70 Tons	XM	WCTR 101500 - 101659