



RECORDATION NO. 22173 FILED
MAY 25 '99 11-15AM



May 19, 1999

Surface Transportation Board
Attn: Taledia Stokes
1925 K Street N.W.
Washington D.C. 20423-0001

Dear Sir:

I have enclosed an original and one copy/counterpart of the documents described below, to be recorded pursuant to Section 11303 of Title 49 of the U.S. Code.

This document is a Security Agreement, a primary document, dated April 1, 1999.

The names and addresses of the parties to the documents are as follow:

Debtor: Branson Scenic Railway, Inc.
5723 Windsor
Fairway KS 66205

Secured Party: UMB Bank, n.a.
1010 Grand
Kansas City MO 64016

A description of the equipment covered by the document follows:

- (1) 1951 Electromotive F9PH Locomotive S/N BSRX98
 - (1) 1982 Electromotive GP30M Locomotive D/N BSRX99
 - (1) 1947 Budd Company Silver Island Dome Lounge Car #9540
 - (1) 1948 Budd Company Diner Car #582
 - (1) 1948 American Car & Foundry Mountain Home Diner Car #8044
 - (1) 1951 Budd Company Silver Lake Buffet Lounge Car #3118
 - (1) 1951 Budd Company Silver Terrace Dome Parlor Car #9320
- and all attachments and accessions thereto

A fee of \$26.00 is enclosed. Please return the original and any extra copies not needed by the Surface Transportation Board for recording to UMB Bank, n.a.

P.O. Box 419226
Kansas City, Missouri
64141-6226
(816) 860-7000
Internet:
<http://www.umb.com>

Member FDIC

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

Security Agreement between Branson Scenic Railway, Inc. (debtor), 5733 Windsor, Fairway KS 66205 and UMB Bank, n.a. (secured party) 1010 Grand, Kansas City MO 64106. Security Agreement covers one 1951 Electromotive F9Ph Locomotive S/N BSRX98, one 1982 Electromotive GP30M Locomotive D/N BSRX99, one 1947 Budd Company Silver Island Dome Lounge Car #9540, one 1948 Budd Company Diner Car #582, one 1948 American Car & Foundry Mountain Home Diner Car #8044, one 1951 Budd Company Silver Lake Buffet Lounge Car #3118 and one 1951 Budd Company Silver Terrace Dome Parlor Car #9320 and all attachments and accessions thereto.

Sincerely,

A handwritten signature in black ink that reads "Robert P. Elbert". The signature is written in a cursive style with a horizontal line extending to the right from the end of the name.

Robert P. Elbert
Vice President
1-816-860-7116

BORROWER

BRANSON SCENIC RAILWAY, INC.
5723 WINDSOR
FAIRWAY, KS 66205

Telephone Number

UMB
SECURITY
AGREEMENT

UMB BANK, N.A.
1010 GRAND BLVD
KANSAS CITY, MO 64106
"Lender"

UMB 2020946 (R 5/93) All States

DATED: APRIL 1, 1999

As used herein, the term "Debtor" shall refer both (i) individually, to each Borrower identified above, and (ii) collectively, to all the individuals and entities listed above. Debtor (if Debtor consists of more than one individual or entity, each shall be jointly and severally liable hereunder), for valuable consideration, the receipt of which is hereby acknowledged, hereby grant(s) to the Lender (as identified above and hereinafter called "Secured Party"), a security interest in: (a) all indebtedness of Secured Party to each Debtor, including (without limitation) any monies, credit balances or deposits due from or standing on deposit with Secured Party which belongs to or is in the name of or is subject to withdrawal by any Debtor, whether now existing or hereafter arising or deposited; (b) all of each Debtor's records relating to environmental matters; and (c) the following described property and any and all equipment and accessories therefor and all improvements, repairs, additions, accessions and substitutions thereto, and proceeds thereof, together with all items of equipment and personal property now used or useful in any Debtor's business, as now owned or hereafter acquired (all of the foregoing being hereinafter called the "Collateral"):

(1) 1951 ELECTROMOTIVE F9PH LOCOMOTIVE S/N BSRX98, (1) 1982 ELECTROMOTIVE GP30M LOCOMOTIVE D/N BSRX99, (1) 1947 BODD COMPANY SILVER ISLAND DOME LOUNGE CAR #9540, (1) 1948 BUDD COMPANY DINER CAR #582, (1) 1948 AMERICAN CAR & FOUNDRY MOUNTAIN HOME DINER CAR #8044, (1) 1951 BUDD COMPANY SILVER LAKE BUFFET LOUNGE CAR #3118, AND (1) 1952 BUDD COMPANY SILVER TERRACE DOME PARLOR CAR #9320 AND ALL ATTACHMENTS AND ACCESSIONS THERETO.

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The security interest granted hereby is to secure (a) the payment of each Debtor's obligations (whether joint, several or otherwise) to Secured Party as evidenced by any note or notes or other evidence of indebtedness executed by such Debtor and all renewals and extensions and substitutions thereof and all subsequent notes of greater or lesser amounts payable to or assigned to the Secured Party, (b) the performance of each Debtor's obligations under this Agreement, and (c) the payment of any and all other indebtedness, direct or indirect, mature or unmatured or contingent now or hereafter owned to Secured Party by any Debtor. Each Debtor acknowledges and agrees that the security interests granted herein by him/her/it, and all other obligations undertaken herein by him/her/it, shall secure and apply to all indebtedness and obligations of each and every Debtor may not himself/herself/itself be liable or obligated. Each Debtor represents and agrees that any security interest granted herein that secures indebtedness or obligations other than those of the grantor of such security interest, has been given for the purpose of including Secured Party to grant or continue credit to a Debtor other than such grantor, and with the purpose and intention that Secured Party may rely upon such security interest.

WARRANTIES AND COVENANTS OF OWNER

Each Debtor warrants, covenants and undertakes that:

1. Said Collateral will be used primarily for: Personal, family or household purposes, and that the location specified above is each Debtor's residence; Farming purposes; or Business purposes, and that the location specified above is each Debtor's only place of business except _____;

and, if checked here , said Collateral is being purchased with the proceeds of the note or notes above described and Debtor authorizes Secured Party to disburse directly to the seller of said Collateral.

2. If the Collateral is to be attached to real estate, said real estate is legally described as follows: (See attached Legal Description)

the name of the record owner (if other than Debtor) thereof is: _____

and Debtor will furnish to Secured Party written disclaimer of all persons having an interest in the real estate if the Collateral is attached to said real estate prior to the perfection of the security interest herein granted.

3. The Collateral will be kept at the address of Debtor above set forth except for temporary removal in connection with the above primary use, or unless Debtor notifies Secured Party in writing of a proposed removal to another location and Secured Party agrees to such removal in writing.

4. No financing statement covering the Collateral or proceeds thereof is on file in any public office, and on request of Secured Party, Debtor will execute one or more financing statements pursuant to the Uniform Commercial Code of the state in which Secured Party's office identified above is located, and if the Collateral is a motor vehicle(s) or trailer(s) will execute and deliver to the appropriate governmental agency designated by the Secured Party or to the Secured Party, application(s) for certificate(s) of title or such other form(s) as may be necessary to evidence Debtor's ownership of and indicate Secured Party's security interest in such Collateral. Debtor will pay the cost of any filing or recording required by Secured Party. A carbon, photographic or other reproduction of this Security Agreement or any financing statement executed in connection herewith shall be deemed sufficient as a financing statement regardless of whether the original thereof has been filed in the jurisdiction where the carbon, photographic or other reproduction is filed. The Secured Party may execute financing statements on behalf or instead of the Debtor to the extent authorized by the Uniform Commercial Code of the state in which Secured Party's office identified above is located.

5. Debtor owns, or will use the proceeds of the loan hereby secured to become the owner of, the Collateral described in this agreement, covenants that such Collateral is and will remain free from any prior, present or future adverse lien, security interest or encumbrance, and Debtor undertakes to defend title and possession of the Collateral against all persons claiming the same adversely to Debtor or Secured Party.

6. The Collateral will not be misused or abused or allowed to deteriorate, except from ordinary wear and tear, and Debtor shall at all times comply with all Environmental Regulations and shall not deposit, install or permit to be deposited or installed on or about the Collateral any Hazardous Material, except for materials which are commonly used household products properly and lawfully handled and disposed of by Debtor. As used herein, the term "Environmental Regulations" shall refer to all federal, state and local laws, rules, regulations, standards, codes, governmental restrictions and requirements, ordinances and orders (whether now existent or hereafter arising) pertaining to, or imposing liability or a standard of conduct regarding, the environment, Hazardous Material, pollutants, petroleum products, radioactive materials or contaminants, or any use, storage, holding, existence, emission, discharge, generation, handling, abatement, removal, disposition or transport thereof. The term "Hazardous Material" means any substance which is a "hazardous substance", "pollutant" or "contaminant" as those terms are defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA"), as amended from time to time, and regulations pursuant thereto, any hazardous substances as defined in or regulated or controlled under any Environmental Regulations, or any other substance or material defined, designated, classified or considered as hazardous, radioactive or toxic waste or material. Neither the Collateral nor any property previously or now occupied or owned by Debtor has ever been, or will be, used by it, or to the best of its information or belief, by previous owners and/or operators, (i) to refine, produce, store, handle, transfer, process or transport (A) Hazardous Material, other than in full compliance with all Environmental Regulations and other applicable laws, or (B) petroleum products stored in underground tanks; or (ii) as a landfill, resource recovery facility or system, solid waste disposal area or system, solid waste processing facility, hazardous waste facility, or abandoned or uncontrolled hazardous waste site, as defined in any Environmental Regulations.

7. The Collateral will be kept insured by an insurance company or companies acceptable to Secured Party against loss or damage by fire and perils commonly insured against by so-called extended coverage insurance and such other risks as Secured Party may require, and, if the Collateral is a motor vehicle or trailer, against loss or damage by fire, theft and collision; and the policy or policies thereof constantly assigned and delivered to Secured Party, loss, if any, payable to Secured Party and Debtor as their interests may appear and providing that at least 10 days advance notice will be given to Secured Party prior to any alteration or cancellation. Each Debtor assigns and transfers to Secured Party as additional security, any and all refunds of unearned insurance premiums, which refunds Secured Party is authorized to collect and receipt for either in Secured Party or in Debtor's name at any time. In the event the Debtor does not maintain insurance coverage on the Collateral deemed adequate by Secured Party, Secured Party may, in its discretion, purchase insurance or additional insurance -- but shall not be obligated to do so. The premium for such additional insurance shall be added to and become part of the principal. Any refund of insurance premiums shall be applied to the cost of other insurance, or upon the last maturing installment (or the principal) of the debt secured by this agreement.

8. Debtor covenants to keep the Collateral free and clear of all unpaid charges, liens (including a statutory or equitable lien, or administrative claim, in favor of any governmental entity or agency or a bankruptcy trustee for reimbursable cleanup, response or remedial action costs, damages, penalties or fines as a result of a release of any Hazardous Material) and security interests (other than the security interest herein created), and to pay all taxes and assessments with respect to the Collateral, its use or operation. Debtor covenants not to permit any of the Collateral to be used in violation of any law, ordinance or lawful regulation and not to encumber the Collateral in any manner whatsoever. Secured Party may, in its sole discretion, advance funds to be used to satisfy any encumbrances against the Collateral, to maintain and preserve the Collateral (which preservation, at Secured Party's election, may include removing, conducting remedial action or other response to the release of Hazardous Materials or other contaminated materials), and to keep the Collateral insured. Any advances by Secured Party for such purposes shall be secured by this agreement, provided, however, the foregoing shall not restrict or impair the Secured Party from seeking subrogation to the environmental lien or claim rights of any governmental entity or agency or bankruptcy trustee to the extent of such advancement. No liability shall arise against Secured Party from any act, or the omission of any act, pertaining to the collection or failure to collect any Collateral, and Debtor agrees that Secured Party may elect to abandon its interest in any portion of any Collateral if Secured Party has any reason to suspect that such Collateral may be contaminated with any Hazardous Material. Debtor shall immediately deliver to Secured Party copies of any notice or other communication received by Debtor alleging a violation of any Environmental Regulation or that any facility is being operated without any license or permit required for Hazardous Material or by Environmental Regulations.

9. The security interest in the Collateral hereinbefore described shall secure the payment and performance of each Debtor's obligations to Secured Party not only as respects the promissory note or notes hereinbefore referred to, but also any and all liabilities of each Debtor to Secured Party now existing or hereafter incurred, matured or unmatured or contingent, direct or indirect, and any renewals or extensions and substitutions thereof and therefore, even if such liabilities are not contemplated by any Debtor on the date hereof or are unrelated or dissimilar to the indebtedness in existence or contemplated by any Debtor on the date hereof.

10. Recognizing that a security interest may be granted herein by a Debtor to secure obligations for which only other Debtor(s) are liable, each Debtor further specifically warrants, covenants and undertakes as follows:

- a. That each Debtor has established adequate means of obtaining from all other Debtors on a continuing basis, financial and other information relating to such other Debtors' business, income and assets.
- b. Each Debtor hereby waives and relinquishes any duty on the part of the Secured Party to disclose to any Debtor any matter, fact or thing relating to the business, operation or condition of any other Debtor or his/her/its assets now known or hereafter known to the Secured Party.
- c. Neither any security interest granted herein nor any obligation of any Debtor shall be impaired or affected in any way as a result of: (1) Secured Party's failure to collect or realize upon any assets of any other Debtor or any collateral or any part thereof, if any, which Secured Party may have as security for payment of any and all obligations of any Debtor; (2) any delay in exercising any rights that Secured Party may have hereunder or otherwise against any Debtor or any prior parties or to keep the Collateral identifiable; or (3) any failure to comply with recording, rerecording, filing or refiling or other legal requirements necessary in order to establish or maintain the validity, priority or enforceability of any of Secured Party's liens, claims or rights in and to any Collateral or any other collateral or any part thereof.
- d. Each Debtor authorizes the Secured Party without notice or demand, and without effecting any debtor's liability hereunder, from time to time to:
 - 1) Extend new or additional credit to any other Debtor, or renew, extend, accelerate, modify, compromise, settle, release or otherwise change the time of payment of, or otherwise change any or all of the terms of, any Debtor's obligations to the Secured Party or any part thereof, including any collateral securing payment of the same, if any, and specifically including, without limitation, any increase or decrease in rate of interest thereon;
 - 2) Accept partial payments on any such obligations, or accept new, substitute or additional documents, instruments or agreements relative to any such obligations;
 - 3) Take and hold collateral or guaranties for the payment of such obligation, and release, amend, alter, exchange, substitute, transfer, enforce, waive, subordinate, terminate, modify, release or otherwise deal with in any manner, all or any part of any collateral or guaranties;
 - 4) Apply any collateral and direct the order or manner of sale thereof as Secured Party may in its sole discretion determine;
 - 5) Release or substitute any one or more guarantors, if any, without affecting the obligations of any Debtor hereunder;
 - 6) Settle, release on terms satisfactory to the Secured Party, or by operation of law or otherwise, compound, compromise, collect or otherwise liquidate any of any Debtor's obligations to the Secured Party and/or collateral therefore in any manner, consent to the transfer of collateral and bid on and purchase collateral at any sale without affecting or impairing the obligations of Debtor hereunder; and
 - 7) Modify, terminate or change any provision of any note, security agreement or other document or instrument relating to any indebtedness secured hereby or securing or governing or relating to any such indebtedness or any collateral therefore; release or modify any of Debtor's obligations or indebtedness; accept partial payments or payments after default of any of the indebtedness secured hereby; or fail or refuse to collect or attempt to collect any of the indebtedness secured hereby from any of the Debtors or any other person liable therefore.

EVENTS OF DEFAULT

- 1. Each Debtor shall be in default under the terms of this agreement upon the happening of any one or more of the following events:
 - 1. Default in the payment or performance of any obligation, covenant or undertaking contained or referred to in this agreement, in any promissory note or notes or obligations secured hereby, or any other obligations of any Debtor to the Secured Party or to the holder thereof.
 - 2. Loss, theft, damage, destruction, or in the opinion of Secured Party, danger of misuse or confiscation of, Collateral, sale of or encumbrance to the Collateral, or the existence or threat of levy, seizure or attachment of the Collateral.
 - 3. Death, dissolution, termination of existence, insolvency, appointment of a receiver, assignment for the benefit of creditors, commencement of any bankruptcy or insolvency proceedings of or by or against any Debtor or any guarantor or surety for any Debtor.
 - 4. The making or furnishing to Secured Party by any Debtor or anyone on behalf of any Debtor of any warranty, representation or statement which is false in any material respect.
 - 5. The determination by Secured Party or the holder hereof at any time that Secured Party or the holder hereof is insecure with respect to any obligation contained or referred to in this agreement or in any promissory note or notes secured hereby or any other obligations of any Debtor to the Secured Party or to the holder hereof.
 - 6. Failure to comply in all material respects with any Environmental Regulation or any federal, state or local law, statute, code, ordinance, regulation, requirements or rules relating to Hazardous Material which would subject an owner or holder of the Collateral to any damages, penalties or liabilities.

RIGHTS AND REMEDIES OF SECURED PARTY

- 1. Secured Party may assign this agreement and upon such assignment, the assignee shall be entitled, after notification to Debtor, to performance of all of Debtor's obligations hereunder and said assignee shall be entitled to all rights and remedies of Secured Party hereunder. Upon assignment the Debtor will assert no claims or defenses he may have against Secured Party against any assignee of this agreement.
- 2. Upon default, or at any time thereafter, Secured Party, may, without notice, declare all obligations owed or secured hereunder immediately due and payable and shall have all the rights and remedies of a Secured Party under the Uniform Commercial Code of the state in which Secured Party's office identified above is located, and any other applicable laws. Upon occurrence of an Event of Default, Secured Party may require the Debtor to assemble and make the Collateral available to Secured Party at a place to be designated by Secured Party, or in the event Debtor fails or refuses so to do, Secured Party shall have the right, and Debtor hereby authorizes and empowers Secured Party, to enter upon the premises wherever the Collateral may be in order to take possession of said Collateral, assemble and remove the same. Reasonable notice of time and place of any public sale of the Collateral or of the time after which any private sale thereof is to be made shall be given to Debtor by Secured Party by mailing notice thereof, postage prepaid, to the address of the Debtor as listed in this agreement at least five days prior to the date of sale or disposition, and Debtor agrees that such notice so given shall constitute reasonable notice.
- 3. After default the Secured Party may sell, lease or otherwise dispose of any or all of the property and apply the proceeds of disposition in accordance with the Uniform Commercial Code of the state in which Secured Party's office, identified above, is located.

4. ADDITIONAL TERMS: *The attached, executed acknowledgement is a part of this security agreement*

*RPE
TJY*

To the full extent, if any, permitted by applicable law, Debtor agrees to pay, and to indemnify Secured Party from and against, all costs, claims, liabilities, penalties, fines, judgments, damages and expenses, (including reasonable attorneys' fees incurred by Secured Party (i) in enforcing rights with respect to or realizing upon any Collateral, or (ii) as a result of or in connection with, directly or indirectly, the existence of any Hazardous material upon or emanating from the Collateral (including abatement and cleanup costs and any fines imposed by reason thereof)); provided, however, that such costs and attorneys' fees shall not include any charges of a salaried employee of the Secured Party and shall not include the recovery of both attorneys' fees and collection agency fees. Debtor further agrees that the proceeds of any disposition of the Collateral may be applied toward all of the foregoing.

The Interpretation of this agreement and the rights and remedies of the parties hereto shall be governed by the laws of the state in which Secured Party's office identified above is located.

All Rights of Secured Party hereunder shall inure to the benefit of its successors and assigns and all obligations of Debtor shall bind Debtor's heirs, executors, administrators, successors or assigns.

Borrower: BRANSON SCENIC RAILWAY, INC.
By: *Saul Whisen*
Title: Treas.

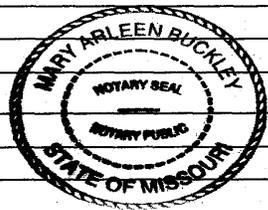
Borrower: _____
By: _____
Title: _____

Borrower: _____
By: *Thomas L. Johnson*
Title: PRESIDENT

Borrower: _____
By: _____
Title: _____

Borrower: Subscribed and sworn to before me this
By: *Mary Arleen Buckley*
Title: State of Missouri, County of Jackson
Notary Public

Borrower: _____
By: _____
Title: _____



Borrower: _____
By: _____
Title: _____

Borrower: _____
By: _____
Title: _____

Secured Party: UMB BANK, N.A.
By: *Robert P. Ellis*
Title: Vice President

MARY ARLEEN BUCKLEY
Notary Public, State of Missouri
PLATTE COUNTY
My Commission Expires Feb 14, 2001

ACKNOWLEDGMENT

I, TERRY DIERKS, certify that I am ASSISTANT SECRETARY of UMB Bank, N.A., that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that the instrument was signed and sealed on behalf of the corporation by authority of its Board of Directors, and that I acknowledge that the execution of the foregoing instrument was the free act and deed of the corporation. I further certify under penalty of perjury that the foregoing is true and correct. Executed on May 13TH, 1999.

UMB BANK, N.A.

Name

Terry Dierks

Title

Assistant Secretary

SEAL

ACKNOWLEDGMENT

I, ALAN A. KAMP, certify that I am SECRETARY of Branson Scenic Railway, Inc., that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that the instrument was signed and sealed on behalf of the corporation by authority of its Board of Directors, and that I acknowledge that the execution of the foregoing instrument was the free act and deed of the corporation. I further certify under penalty of perjury that the foregoing is true and correct. Executed on May 13TH, 1999.

BRANSON SCENIC RAILWAY, INC.

Name

Alan A. Kamp

Title

SECRETARY

SEAL

CERTIFICATE

The undersigned hereby certifies that he/she has compared the attached copy with the original Security Agreement dated ~~May~~^{April} 1, 1999 by and between UMB Bank N.A. as Secured Party and Branson Scenic Railway, Inc. as Debtor, and that such copy is complete and identical in all respects to the original document. The undersigned declares under penalty of perjury that the foregoing is true and correct.

Dated: May 18, 1999.

UMB Bank N.A.

Robert P. Elbert

Robert P. Elbert - Vice President
(name and title)