

First Valley Bank

RECORDATION NO. 21294 FILED

MAR 27 '98

12-58 PM

March 20, 1998

MCALLEN

Mr. Vernon Williams
Secretary
Surface Transportation Board
1925 K Street NW, Suite 700
Washington, DC 20423

Re: Texas Railcar Leasing, Inc.

Dear Mr. Williams:

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

The document described is a Security Agreement, being a primary document, dated March 20, 1998. A description of the equipment covered by the document is as follows:

1. Twenty (20) Covered Top Hopper Railcars, 4427 and 4750 cubic foot capacity, identified as follows:

TRLX4401	TRLX4507
TRLX4403	TRLX4749
TRLX4404	TRLX4750
TRLX4505	TRLX4751
TRLX4501	TRLX4752
TRLX4502	TRLX4753
TRLX4503	TRLX4754
TRLX 4504	TRLX4755
TRLX4505	TRLX4756
TRLX 4506	TRLX4757

2. Debtor's rights, title, and interest in and to Railroad Car Lease Agreement No. 98/010040 between Texas Railcar Leasing Company, a Texas Corporation, and Applied Industrial Materials Corporation (Aimcor), dated February 6, 1998.

RECEIVED
SURFACE TRANSPORTATION
BOARD
MAR 27 12 58 PM '98

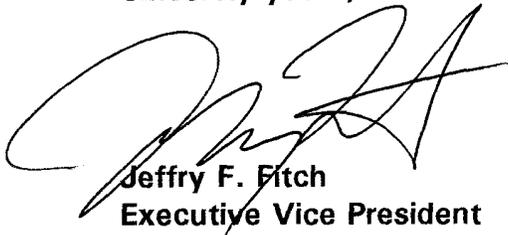
Mr. Vernon Williams, Secretary
Surface Transportation Board
March 20, 1998
Page 2

A fee of \$26.00 is enclosed. Please return the original and any extra copies not needed by the Commission for recordation to Jeffry F. Fitch, Executive Vice President, First Valley Bank, P. O. Box 2708, McAllen, Texas, 78502-2708.

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

A Security Agreement between Texas Railcar Leasing Company, a Texas Corporation, P. O. Box 1330, McAllen, TX 78505-1330, and First Valley Bank, McAllen, TX, dated March 20, 1998, covering twenty (20) 4427 and 4750 cubic foot covered top hopper railcars and Debtor's rights, title, and interest in and to Railcar Leasing Agreement No. 98/010040 between Texas Railcar Leasing Company, a Texas Corporation, and Applied Industrial Materials Corporation (Aimcor), dated February 6, 1998.

Sincerely yours,



Jeffry F. Fitch
Executive Vice President

JFF/bc

STATE OF TEXAS
COUNTY OF HIDALGO

This instrument was acknowledged before me on the 20th day of March, 1998, by Jeffry F. Fitch, Executive Vice President of First Valley Bank, McAllen, Texas, on behalf of said corporation.



Notary Public, State of Texas

TEXAS RAILCAR LEASING COMPANY,
A TEXAS CORPORATION
PO BOX 1330
MCALLEN TX 78505-1330

DEBTOR'S NAME, ADDRESS AND SSN OR TIN
 ("I" means each Debtor who signs.)

FIRST VALLEY BANK-UPPER VALLEY
1901 SOUTH 77 SUNSHINE STRIP
HARLINGEN, TEXAS 78550

SECURED PARTY'S NAME AND ADDRESS
 ("You" means the Secured Party, its successors and assigns.)

I am entering into this security agreement with you on March 20, 1998 (date).

SECURED DEBTS. I agree that this security agreement will secure the payment and performance of the debts, liabilities or obligations described below that (Check one) I (name) TEXAS RAILCAR LEASING COMPANY,
A TEXAS CORPORATION owe(s) to you now or in the future:
 (Check one below):

Specific Debt(s). The debt(s), liability or obligations evidenced by (describe): _____ and all extensions, renewals, refinancings, modifications and replacements of the debt, liability or obligation.

All Debt(s). Except in those cases listed in the "LIMITATIONS" paragraph on page 2, each and every debt, liability and obligation of every type and description (whether such debt, liability or obligation now exists or is incurred or created in the future and whether it is or may be direct or indirect, due or to become due, absolute or contingent, primary or secondary, liquidated or unliquidated, or joint, several or joint and several).

Security Interest. To secure the payment and performance of the above described Secured Debts, liabilities and obligations, I give you a security interest in all of the property described below that I now own and that I may own in the future (including, but not limited to, all parts, accessories, repairs, improvements, and accessions to the property), wherever the property is or may be located, and all proceeds and products from the property.

Inventory: All inventory which I hold for ultimate sale or lease, or which has been or will be supplied under contracts of service, or which are raw materials, work in process, or materials used or consumed in my business.

Equipment: All equipment including, but not limited to, all machinery, vehicles, furniture, fixtures, manufacturing equipment, farm machinery and equipment, shop equipment, office and recordkeeping equipment, and parts and tools. All equipment described in a list or schedule which I give to you will also be included in the secured property, but such a list is not necessary for a valid security interest in my equipment.

Farm Products: All farm products including, but not limited to:
 (a) all poultry and livestock and their young, along with their products, produce and replacements;
 (b) all crops, annual or perennial, and all products of the crops; and
 (c) all feed, seed, fertilizer, medicines, and other supplies used or produced in my farming operations.

Accounts, Instruments, Documents, Chattel Paper and Other Rights to Payment: All rights I have now and that I may have in the future to the payment of money including, but not limited to:
 (a) payment for goods and other property sold or leased or for services rendered, whether or not I have earned such payment by performance; and
 (b) rights to payment arising out of all present and future debt instruments, chattel paper and loans and obligations receivable. The above include any rights and interests (including all liens and security interests) which I may have by law or agreement against any account debtor or obligor of mine.

General Intangibles: All general intangibles including, but not limited to, tax refunds, applications for patents, patents, copyrights, trademarks, trade secrets, good will, trade names, customer lists, permits and franchises, and the right to use my name.

Government Payments and Programs: All payments, accounts, general intangibles, or other benefits (including, but not limited to, payments in kind, deficiency payments, letters of entitlement, warehouse receipts, storage payments, emergency assistance payments, diversion payments, and conservation reserve payments) in which I now have and in the future may have any rights or interest and which arise under or as a result of any preexisting, current or future Federal or state governmental program (including, but not limited to, all programs administered by the Commodity Credit Corporation and the ASCS).

The secured property includes, but is not limited by, the following: TWENTY (20) COVERED TOP HOPPER RAILCARS AND ASSIGNMENT OF LEASE AGREEMENT, ALL BEING FURTHER DESCRIBED IN SCHEDULE "A" ATTACHED HERETO AND MADE A PART HEREOF.

If this agreement covers timber to be cut, minerals (including oil and gas), fixtures or crops growing or to be grown, the legal description is:

RECORDATION NO. 21294 FILED

MAR 27 '98 12-58 PM

I am a(n) individual partnership corporation

If checked, file this agreement in the real estate records.
 Record Owner (if not me): _____

The property will be used for personal business
 agricultural _____ reasons.

FIRST VALLEY BANK-UPPER VALLEY
 (Secured Party's Name)
 By: [Signature]
JEFFRY F. FITCH
 Title: EXECUTIVE VICE PRESIDENT

I AGREE TO THE TERMS SET OUT ON BOTH PAGE 1 AND PAGE 2 OF THIS AGREEMENT. I have received a copy of this document on today's date.

TEXAS RAILCAR LEASING COMPANY,
 A TEXAS CORPORATION (Name)
 By: [Signature]
HENRY NOVELL
 Title: PRESIDENT

THIS IS TO CERTIFY THAT THE ABOVE AND FOREGOING INSTRUMENT IS A TRUE AND CORRECT COPY OF THE ORIGINAL.
 By: [Signature]
JEFFRY F. FITCH, EXECUTIVE VICE PRESIDENT
 Title: _____

SCHEDULE "A"

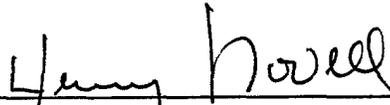
1. **Twenty (20) Covered Top Hopper Railcars, 4427 and 4750 cubic foot capacity, identified as follows:**

TRLX4401	TRLX4507
TRLX4403	TRLX4749
TRLX4404	TRLX4750
TRLX4505	TRLX4751
TRLX4501	TRLX4752
TRLX4502	TRLX4753
TRLX4503	TRLX4754
TRLX4504	TRLX4755
TRLX4505	TRLX4756
TRLX4506	TRLX4757

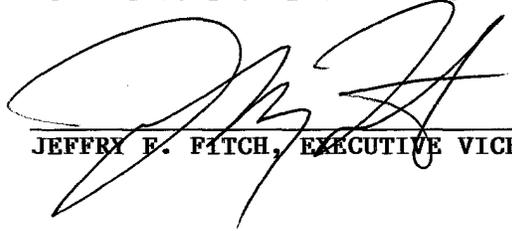
2. **Debtor's rights, title, and interest in and to Railroad Car Lease Agreement No. 98/010040 between Texas Railcar Leasing Company, a Texas Corporation, and Applied Industrial Materials Corporation (Aimcor), dated February 6, 1998.**

**TEXAS RAILCAR LEASING COMPANY,
A TEXAS CORPORATION**

By: _____


Henry Novell, President

**THIS IS TO CERTIFY THAT THE ABOVE AND
FOREGOING INSTRUMENT IS A TRUE AND
CORRECT COPY OF THE ORIGINAL.**


JEFFREY E. FITCH, EXECUTIVE VICE PRESIDENT