Victoria National Bank

01100133010

February 11, 1994

RECORDATION NO. 18711-A FILED 1425

MAR 8 1994 -9 50 AM

INTERSTATE COMMERCE COMMISSION

LICENSING BRANCH

RECEIVED OFFICE OF THE SECRETARY MAR 8 9 44 AM '94

Secretary, Interstate Commerce Commission
12th and Constitution Avenue NW
Room 2303
Washington, D.C. 20423

Dear Secretary:

I have enclosed an original and one 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 Collateral Assignment of Lease Agreement, a secondary document, dated the 11th day of February, 1994.

The primary document to which this secondary document is connected is recorded under Recordation No. 18711.

We request that this assignment be cross-indexed.

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

Assignor: ITG, Inc.
106 North Main, Suite 200
P. O. Box 1777
Victoria, Texas 77901

Assignee: First Victoria National Bank
101 S. Main Street/P. O. Box 1338
Victoria, Texas 77902

A description of the equipment covered by the document is as follows: 16 steel gondola railway cars.

A fee of $18.00 is enclosed. Please return the original and any extra copies not needed by the commission for recordation to Craig G. Friemel at First Victoria National Bank, P. O. Box 1338, Victoria, Texas 77902.

A short summary of the document to appear in the index follows: Collateral Assignment of Lease Agreement from ITG, Inc., 106 North Main, Victoria, Texas 77901 to First Victoria National Bank, P. O. Box 1338, Victoria, Texas 77902, dated February 11, 1994, and covering Railroad Car Lease Agreement between ITG, Inc. and Peoria and Pekin Union Railway, dated the 13th day of May, 1988, and covering 16 steel gondola railway cars, initial numbers PPU 3000 through 3002, 3004 through 3012, 3026, 3028, 3030 and 3031.

Very truly yours,

FIRST VICTORIA NATIONAL BANK

By: Craig G. Friemel
Its Vice President

THE STATE OF TEXAS §

COUNTY OF VICTORIA §

This instrument was acknowledged before me on February 15, 1994, by Craig G. Friemel, as Vice President of First Victoria National Bank, on behalf of said corporation.

Diana N. Gray
Notary Public, State of Texas

DIANA N. GRAY
Notary Public
STATE OF TEXAS
My Commission Expires
February 18, 1995

Interstate Commerce Commission

Washington, D.C. 20423

3/9/94

OFFICE OF THE SECRETARY

Craig G. Friemel
First Victoria National Bank
P.O.Box 1338
Victoria,Texas 77902

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 3/8/94 at 9:50am, and assigned recordation number(s). 18711-A

Sincerely yours,

Secretary
SIDNEY L. STRICKLAND, JR.

Enclosure(s)

Loans/ITG/Feb-94/Collat.Asn/MM/dr 2-9-94/12997

RECORDATION NO. 18711-A FILED 1425
MAR 8 1994 - 9 50 AM
INTERSTATE COMMERCE COMMISSION

COLLATERAL ASSIGNMENT OF LEASE AGREEMENT

THE STATE OF TEXAS §

COUNTY OF VICTORIA § KNOW ALL MEN BY THESE PRESENTS:

THAT THIS ASSIGNMENT made as of the 11th day of February, 1994, by ITG, INC., a Texas corporation, which has the address of 106 North Main, Victoria, Texas 77901, (hereinafter referred to as "Assignor," whether one or more), to First Victoria National Bank, a national banking corporation with offices located at 101 South Main, Victoria, Texas 77901 (hereinafter referred to as "Assignee"), as follows:

W I T N E S S E T H:

THAT Assignor, for good and valuable consideration, the receipt of which is hereby acknowledged, hereby grants, transfers and assigns to Assignee all rents, charges and rights to payment of any kind arising from or under the terms of that certain Railroad Equipment Lease Agreement No. ITG-1643, dated May 13, 1988, by and between Assignor and Peoria and Pekin Union Railway and recorded with the Secretary of the Interstate Commerce Commission under I.C.C. Recordation No. 18711 and covering the railroad cars as described therein, and on Exhibit A attached hereto, together with all further leases or renewals thereof now or hereafter to be made or executed by Assignor, whether written or oral, covering all or any portion of said railroad cars or any substitutions or replacements therefor.

THIS ASSIGNMENT is made for the purposes of securing the following:

a. The payment of the principal sum, interest and indebtedness evidenced by that certain promissory note ("Note") dated the 11th day of February, 1994, and any amendments, extensions, or renewals thereof, in the original principal sum of $150,000.00, being a revolving multiple advances note, executed by Assignor, and payable to the order of Assignee, at Victoria, in Victoria County, Texas, secured by a security agreement of even date herewith, by and between Assignor, as Debtor, and Assignee, as Secured Party, covering the above referenced railroad cars, among other collateral, and governed by the terms of a Loan Agreement dated the 10th day of September, 1990, between Assignor, as Borrower, and Assignee, as Lender, and the Guarantor named therein; and

b. Payment of all other sums with interest thereon becoming due and payable to Assignee under the provisions of this Assignment or of said Note, Security Agreement, and Loan Agreement;

c. The performance and discharge of each and every obligation, covenant and agreement of Assignor contained herein or in said Note, Security Agreement, and Loan Agreement; and

d. Any and all other indebtedness of Assignor to Assignee now or hereafter owing, whether direct or indirect, primary or secondary, fixed or contingent, joint or several, regardless of how evidenced or arising.

Assignor covenants with Assignee to observe and perform all the obligations imposed upon the Lessor under any of said leases and not to do or permit to be done anything to impair the security thereof; not to collect any of the rents, income or profits arising or accruing under said leases in advance of the time when the same shall become due; not to execute any other assignment of lessor's interest in said leases or assignment of rents arising or accruing from said leases; not to alter, modify or change said leases without the prior written consent of Assignee; at Assignee's request to assign and transfer to Assignee any and all subsequent leases upon all or any part of the railroad cars described above; to regularly invoice the lessee under any such lease for rentals as required therein, including, but not limited to invoicing the lessee in the above described lease for rentals in accordance with that lease; to permit and direct that all lessees, including the said lessee, make all payments of rentals and other charges under said leases to Assignee directly and to take all steps necessary to notify, authorize and enable said lessees to make such payments to Assignor directly; and to execute and deliver at the request of Assignee all such further assurances and assignments as the Assignee shall from time to time reasonably require.

THIS ASSIGNMENT is made on the following terms, covenants and conditions:

1. All rentals, charges and other rights to payment coming due to Assignor under the terms of said leases shall be paid directly to Assignee at Victoria, in Victoria County, Texas, without regard in any way to whether any default has occurred in

the payment of the principal sum, interest and indebtedness secured hereby and by said Note, Security Agreement, and Loan Agreement. Assignor shall, and by this assignment does hereby authorize and direct the lessees under any such leases, including the lessee under the above described Lease Agreement No. ITG-1643, to pay all rentals, charges, and other payments coming due to Assignor under the terms of such leases to Assignee directly and to continue to do so until otherwise notified by Assignee.

2. Assignee shall not be liable for any loss sustained by Assignor resulting from Assignee's failure to relet the railroad cars after any default under any lease agreement or from any act or omission of Assignee in managing any of the collateral after any such default. Nor shall Assignee be obligated to perform or discharge nor does Assignee hereby undertake to perform or discharge any liability, duty or obligation under any of said leases or under or by reason of this Assignment and Assignor shall, and does hereby agree, to indemnify Assignee for, and to hold Assignee harmless from, any and all liability, loss or damage which might be incurred under said leases or under or by reason of this Assignment and from any and all claims and demands whatsoever which may be asserted against Assignee by reason of any alleged obligations or undertakings on its part to perform or discharge any of the terms, covenants or agreements contained in said leases. Should Assignor incur any such liability under said leases or under or by reason of this Assignment or in defense of any such claims or demands, the amount thereof, including costs, expenses and reasonable attorney's fees, shall be secured hereby and Assignor shall reimburse Assignee therefor immediately upon demand, and upon the failure of Assignor so to do, Assignee may, at its option, declare all sums secured hereby and by said Note and Security Agreement, immediately due and payable. And it is further understood that this Assignment shall not operate to place responsibility upon Assignee for the purposes of carrying out any of the terms and conditions of said leases; nor shall it operate to make Assignee responsible or liable for any

damage done to any of the leased property by the lessees or any other parties or for any dangerous or defective condition of the leased railroad cars, or for any negligence in the management, upkeep, repair or control of the leased railroad cars resulting in loss or injury or death to any lessee, licensee, employee or any other person.

3. Upon payment in full of the principal sum, interest and indebtedness secured hereby and by said Note, Security Agreement, and Loan Agreement, this Assignment shall become and be void and of no effect, but the affidavit, certificate, letter or statement of any officer, agent or attorney of Assignee showing any part of said principal, interest or indebtedness to remain unpaid shall be and constitute conclusive evidence of the validity, effectiveness and continuing force of this Assignment upon which any person may, and is hereby authorized to, rely. Assignor hereby authorizes and directs the lessees named in said leases or any further leases described herein upon receipt from Assignee of written notice to the effect that Assignee is then the holder of said Note, Security Agreement, and Loan Agreement, and that a default exists thereunder or under this assignment, to pay over to Assignee all rents, income and profits arising or accruing under said leases or from the railroad cars described therein or in said Note, Security Agreement, and Loan Agreement, and to continue so to do until otherwise notified by Assignee.

4. Assignee may take or release other security for the payment of said principal sum, interest and indebtedness, may release any party primarily or secondarily liable therefor and may apply any other security held by it to the satisfaction of such principal sum, interest, or indebtedness without prejudice to any of its rights under this Assignment.

5. The term "leases" or "said leases" as used herein means said leases hereby assigned, any extension or renewal thereof, and any leases subsequently executed during the term of this Assignment covering the railroad cars described above, or any portion thereof, or any substitutions or replacements therefor.

6. Nothing contained in this Assignment and no act done or omitted by Assignee pursuant to the powers and rights granted it hereunder shall be deemed to be a waiver by Assignee of its rights and remedies under said Note, Security Agreement, and Loan Agreement, and this Assignment is made and accepted without prejudice to any of the rights and remedies possessed by Assignee under the terms of said Note, Security Agreement, and Loan Agreement. The right of Assignee to collect said principal sum, interest and indebtedness and to enforce any other security therefor held by it may be exercised by Assignee either prior to, simultaneously with, or subsequent to any action taken by it hereunder.

THIS ASSIGNMENT, together with the covenants and warranties herein contained shall inure to the benefit of Assignee and any and all subsequent holders of said Note, Security Agreement, and Loan Agreement, and shall be binding upon Assignor, their successors and assigns, and any subsequent owner of the above described railroad cars.

WITNESS THE EXECUTION HEREOF as of the date first above written, in duplicate original counterparts.

ITG, INC.

ATTEST:

Connie Perkins

By _____

Its President

STATE OF TEXAS §

COUNTY OF VICTORIA §

This instrument was acknowledged before me on February 11, 1994, by Michael Sagebiel, as President of ITG, INC., a Texas corporation, on behalf of said corporation.

CYNTHIA S. GARCIA
NOTARY PUBLIC
State of Texas
Comm. Exp. 09-28-97

Cynthia S. Garcia
Notary Public, State of Texas

EXHIBIT A

Car Initial Numbers:	3000 - 3002, 3004 - 3012, 3026, 3028, 3030, and 3031
Car Lessee's Marks:	PPU
Number of Cars:	Sixteen (16)