THE GREENBRIER COMPANIES

The Greenbrier Companies

One Centerpointe Drive Suite 200
Lake Oswego Oregon 97035
503 684 7000 Fax 503 684 7553

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0100902034

December 18, 1995

Mr. Vernon A. Williams
Secretary
Interstate Commerce Commission
12th and Constitution Avenues, N.W.
Washington, D.C. 20423

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11303(a) are three (3) fully executed and acknowledged originals and two (2) photocopies of a Security Agreement dated December 15, 1995, a primary document as defined in the Commission's Rules for the Recordation of Documents, 49 C.F.R. Section 1177.

The names and addresses of the parties to the enclosed document are:

Secured Party: Greenbrier Leasing Corporation
One Centerpointe Drive, Suite 200
Lake Oswego, Oregon 97035

Debtor: Tim Lee
1895 Palisades Terrace
Lake Oswego, OR 97034

A description of the railroad equipment covered by the enclosed document is three (3) 100-ton, 60-foot, boxcars suitable for paper loading, marked and numbered as follows:

OTDX 50106
OTDX 62165
WCRC 10065

Also enclosed is a payment of $21 payable to the order of the Interstate Commerce Commission covering the required recordation fee.

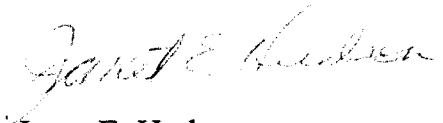
Kindly return stamped copies of the enclosed document not needed to the undersigned.

A short summary of the enclosed primary document to appear in the Commission's Index is:

> Security Agreement dated as of December 15, 1995 between Greenbrier Leasing Corporation, Secured Party, and Tim Lee, Debtor, covering three (3) 100-ton, 60-foot, boxcars suitable for paper loading, marked and numbered as follows:
>
> OTDX 50106
> OTDX 62165
> WCRC 10065

If you have any questions, please do not hesitate to call us.

Sincerely,



Janet E. Hudson
Assistant to the
Executive Vice President

jeh
Enclosure

cc: Robert W. Alvord, Esq.

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SECURITY AGREEMENT

THIS SECURITY AGREEMENT (the "Security Agreement") dated as of December 15, 1995 is entered into between Tim Lee, an individual (hereinafter called the "Debtor"), and Greenbrier Leasing Corporation (hereinafter called the "Secured Party").

WITNESSETH:

Secured Party and Debtor have entered into a Promissory Note of even date (the "Promissory Note"). Secured Party and Debtor propose that the Collateral (as herein defined) be used as security for the prompt and faithful performance by Debtor of each and every covenant under the Promissory Note, to wit:

1. Grant of Security Interest. In consideration of the execution of the Note by Secured Party and other good and valuable consideration, receipt of which is hereby acknowledged, Debtor hereby assigns to Secured Party, its successors and assigns, the collateral described in Section 2 below and grants to Secured Party, its successors and assigns, a security interest in the collateral described in Section 2 below (such collateral herein referred to as the "Collateral").

2. Collateral. The collateral of this Security Agreement is:

(a) Three (3) 100-ton, 60-foot, boxcars suitable for paper loading, marked and numbered as follows:

OTDX 50106
OTDX 62165
WCRC 10065

(b) All proceeds of the sale, collection, exchange or other disposition of the property described in paragraph (a) whether voluntary or involuntary, including, but not limited to, returned premiums, insurance proceeds and all rights to payments with respect to any cause of action affecting or relating to such property.

3. Covenants and Warranties of Debtor. Debtor covenants, warrants and agrees as follows:

3.1 Action With Respect to Collateral. Debtor shall not take any material action with respect to its right, title and interest in and to the Collateral

without the prior written consent of the Secured Party, which shall not be unreasonably withheld.

3.2 Condition of Collateral. Debtor shall cause the Collateral to be kept free and clear of liens and other security interests and in good repair and in operating condition without any cost or liability to Secured Party.

3.3 Accessions. All accessions which are or will become attached to or part of the Collateral are and shall become subject to the terms of this Security Agreement.

3.4 Sale, Etc. of Collateral. Debtor shall not sell, assign, transfer, mortgage or in any way encumber the Collateral, nor secrete or abandon the Collateral without the prior written consent of the Secured Party.

3.5 Insurance. Debtor shall keep or cause the Collateral to be insured against public liability, casualty and loss from fire, theft or other cause, by insurers in form, amount and coverage customary for such Collateral, and any such policy or policies of insurance shall contain an endorsement naming Secured Party as additional insured and additional loss payee and shall provide that such insurance may not be canceled or amended except on 30 days' prior written notification to Secured Party and further providing that Secured party shall not be liable for payment by way of a setoff for premiums for any breach of any representations or warranties of Debtor in connection with obtaining any such insurance.

3.6 Payment of Taxes. Debtor shall pay all charges, including without limitation, taxes and assessments, levied or assessed against Debtor which if unpaid would constitute an attachment on the Collateral or any portion thereof.

3.7 Records and Inspection. The Debtor will deliver to the Secured Party at the Debtor's expense such papers as the Secured Party may request with respect to the Collateral. The Debtor hereby covenants that its records relating to the Collateral, including without limitation all originals of all leases, instruments and other chattel paper relating thereto, will be kept at its chief executive office.

3.8 Financial Statements. Debtor will furnish or cause to be furnished to Secured Party within 90 days after the close of each fiscal year of the Debtor, a consolidated income statements for such fiscal year and consolidated balance sheet as of the end of such fiscal year and, if available, such statements and balance sheets to be audited by a firm of independent certified public accountants. Upon request reasonably made, Debtor shall also furnish such statements and balance sheets (unaudited) prepared by the Debtor on a quarterly basis.

4. Defaults and Related Provisions.

4.1 Event of Default. Any of the following events or conditions shall constitute an Event of Default hereunder:

(a) Debtor shall fail to pay, when due, any installment of principal or interest under the Promissory Note; or

(b) Default in the due observance or performance by Debtor of any covenant, condition or agreement to be observed or performed by Debtor under the Promissory Note or this Security Agreement and such default shall continue for 30 days after written notice thereof from Secured Party to Debtor; or

(c) Any representation or warranty made by Debtor herein, or in any report, shall prove to be false or misleading in any material respect as of the date of issuance of making thereof.

4.2 Secured Party's Rights. Debtor agrees that when an Event of Default has occurred and is continuing, Secured Party shall have the rights, options, duties and remedies of a secured party and Debtor shall have the rights and duties of a debtor under the Uniform Commercial Code then in effect in the State of Oregon regardless of where the Collateral or any part thereof is located.

4.3 Application of Proceeds. If an Event of Default shall occur and be continuing and the Secured Party shall exercise any of the powers conferred upon it by Sections 4.1 and made by Debtor to Secured Party hereunder after such Event of Default, and the proceeds of any judgment collected hereunder from the Debtor by the Secured Party, and the proceeds of every sale by the Secured Party of any of the Collateral, together with any other sums which may then be held by the Secured Party under any of the provisions hereof, shall be applied by the Secured Party to the payment in the following order of priority:

(a) First, to the payment of the costs or expenses of foreclosure or suit, if any, and of such sale, and of all costs, expenses, liability and advances, including legal expenses and attorneys' fees, incurred or made hereunder, or in connection herewith or with the Promissory Note, by Secured Party, or by the assignee of the Promissory Note, and to the payment of all taxes, assessments, liens or security interests superior to the lien of these presents, except any taxes, assessments or other superior liens or security interests subject to which said sale may have been made;

(b) Second, the payment or discharge of any unpaid obligations of the Debtor to the Secured Party.

(c) Third, to the payment of the balance remaining, if any, to Debtor.

4.4 Exercise of Rights. No delay or omission of Secured Party or the assignee of the Note to exercise any right or power arising from any default shall exhaust or impair any such right or power or prevent its exercise during the continuance of such default. No waiver by Secured Party or the assignee of the Promissory Note of any such default, whether such waiver be full or partial, shall extend to or be taken to affect any subsequent default, or to impair the rights resulting therefrom except as may be otherwise provided therein. The giving, taking or enforcement of any other or additional security, collateral or guaranty for the payment of the Note shall not operate to prejudice, waive or affect the security of this Security Agreement or any rights, powers or remedies hereunder, and neither Secured Party nor the assignee of the Note shall be required to look first to enforce or exhaust such other additional security collateral or guarantees. All rights, remedies and options of Secured Party hereunder or by law shall be cumulative.

5. Power of Attorney. The Debtor hereby irrevocably constitutes and appoints Secured Party and any officer thereof, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of the Debtor or its own name, for the purpose of carrying out the terms of this Security Agreement to take any and all appropriate action and to execute any and all documents and instruments which may be necessary or desirable to accomplish the purposes of this Security Agreement. The powers conferred upon the Secured Party hereunder are solely to protect the Secured Party's interest in the Collateral and shall not impose any duty upon it to exercise such powers.

6. Miscellaneous.

6.1 Successors and Assigns. Whenever any of the parties hereto is referred to, such reference shall be deemed to include the successors and assigns of such parties, and all the covenants, promises and agreements in this Security Agreement contained by or on behalf of Debtor or Secured Party shall bind and inure to the benefit of the respective successors and assigns of such parties whether so expressed or not.

6.2 Partial Invalidity. The unenforceability or invalidity of any provisions(s) of this Security Agreement shall not render any other provision(s) herein contained unenforceable or invalid.

6.3 Communications. All communications provided for herein shall be in writing and shall be deemed to have been given (unless otherwise required by the specific provisions hereof in respect of any matter) when addressed and delivered personally or when deposited in the United States mail, registered or certified, postage prepaid, and addressed as follows:

If to Debtor:

Tim Lee
1895 Palisades Terrace
Lake Oswego, OR 97034

If to Secured Party:

Greenbrier Leasing Corporation
One Centerpointe Drive, Suite 200
Lake Oswego, OR 97035

or as to Debtor or Secured Party at such other address as they may designate by notice duly given in accordance with this Section to the other party.

6.4 Attorney's Fees. Upon a default hereunder or under the Promissory Note, Secured Party's reasonable attorney's fees and the legal and other expenses for pursuing, searching for, receiving, taking, keeping, storing, advertising and selling the Collateral shall be chargeable to the Debtor and payable out of the proceeds of the sale or other disposition of the Collateral.

6.5 Counterpart; Governing Law. This Security Agreement may be executed, acknowledged, and delivered in any number of counterparts, each of such counterparts constituting an original but all together only one Security Agreement. This Security Agreement and the Promissory Note shall be construed in accordance with and governed by the laws of the State of Oregon

IN WITNESS WHEREOF, Debtor and Secured Party have caused this Security Agreement to be executed as of the day and year first above written.

SECURED PARTY:
Greenbrier Leasing Corporation

By: Norriss M. Webb
Its: Executive Vice President

DEBTOR:
Tim Lee

STATE OF OREGON)
) ss.
COUNTY OF CLACKAMAS)

On this 15th day of December, 1995, before me personally appeared Norriss M. Webb, to me personally known, who being by me duly sworn, says that he is the Executive Vice President of Greenbrier Leasing Corporation that the foregoing instrument was signed on behalf of said corporation, and he acknowledged that the execution of the said instrument was his free act and deed.

Janet E. Hudson
NOTARY PUBLIC

My commission expires: 5/28/98

OFFICIAL SEAL
JANET E. HUDSON
NOTARY PUBLIC - OREGON
COMMISSION NO.032937
MY COMMISSION EXPIRES MAY 28, 1998

STATE OF OREGON)
) ss.
COUNTY OF CLACKAMAS)

On this 15th day of December, 1995, before me personally appeared Tim Lee, to me personally known, who being by me duly sworn, acknowledged that the execution of the said instrument was his free act and deed.

Janet E. Hudson
NOTARY PUBLIC

My commission expires: 5/28/98
WORD\NMW\N121552.SEC

OFFICIAL SEAL
JANET E. HUDSON
NOTARY PUBLIC - OREGON
COMMISSION NO.032937
MY COMMISSION EXPIRES MAY 28, 1998