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1996
RECORDATION DIV. FILED 196

MAR 28 2 59 PM '96

March 27, 1996

MAR 28 1996 -3 05 PM

FORCE COMMISSION

Mr. Vernon A. Williams
Secretary
Surface Transportation Board
Washington, D.C. 20423

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a), and the regulations thereunder, are two (2) copies of a Memorandum of Security Agreement, dated as of March 28, 1996, a primary document as defined in the Board's Rules for the Recordation of Documents.

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

Borrower: Cypress Equipment Fund II, Ltd.
One Sansome Street
San Francisco, California 94104

Lender: The CIT Group/Equipment Financing, Inc.
900 Ashwood Parkway
Atlanta, Georgia 30338

A description of the railroad equipment covered by the enclosed document is:

Two hundred and ninety-three (293) hopper cars within the series CR 491590 through CR 491889, inclusive.

SURFACE TRANSPORTATION BOARD
WASHINGTON, D.C. 20423-0001

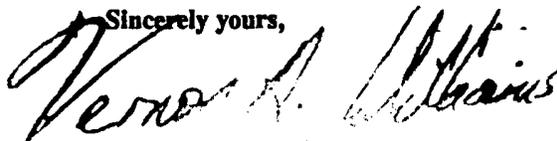
3/28/96

Robert W. Alvord
Alvord And Alvord
98 Sixteenth St., NW., Ste. 200
Washington, DC., 20006-2973

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 3/28/96 at 3:05PM, and assigned recordation number(s) 19996.

Sincerely yours,

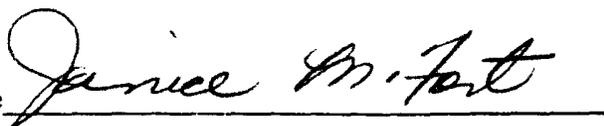


Vernon A. Williams
Secretary

Enclosure(s)

\$ 21.00 The amount indicated at the left has been received in payment of a fee in connection with a document filed on the date shown. This receipt is issued for the amount paid and in no way indicates acknowledgment that the fee paid is correct. This is accepted subject to review of the document which has been assigned the transaction number corresponding to the one typed on this receipt. In the event of an error or any questions concerning this fee, you will receive a notification after the Commission has had an opportunity to examine your document.

Signature



RECORDED AND INDEXED FILED 1996

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MEMORANDUM OF SECURITY AGREEMENT

UNITED STATES SURFACE TRANSPORTATION BOARD
SECURITY COMMISSION

THIS MEMORANDUM OF SECURITY AGREEMENT (this "Memorandum"), dated as of the 28 day of March, 1996, by and between CYPRESS EQUIPMENT FUND II, LTD., a Florida limited partnership (the "Borrower"), and THE CIT GROUP/EQUIPMENT FINANCING, INC., a New York corporation (the "Lender");

W I T N E S S E T H:

WHEREAS, the Lender and the Borrower are parties to that certain Loan and Security Agreement dated as of May 10, 1995 (as amended or otherwise modified from time to time, the "Loan Agreement"), whereby the Lender has agreed to make certain financial accommodations available to the Borrower (the "Loans") (terms defined in the Security Agreement (defined below), when used in this Memorandum, shall have the same meanings as ascribed thereto in the Security Agreement);

WHEREAS, as security for the Obligations, pursuant to the terms of a Security Agreement of even date herewith (as amended or otherwise modified from time to time, the "Security Agreement"), the Borrower has granted to the Lender a security interest in all of the Borrower's right, title and interest in and to, the Collateral, including certain hopper cars and parts and leases relating thereto as more particularly described on Exhibit A to the Security Agreement and hereto (collectively, the "Equipment");

WHEREAS, the Borrower and the Lender desire to enter into this Memorandum which is to be recorded in the records of the United States Surface Transportation Board (the "STB");

NOW, THEREFORE, for and in consideration of the foregoing, the mutual agreements contained in the Security Agreement, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Borrower and the Lender make this Memorandum and covenant and agree as follows:

1. Loans. The Lender has agreed to make Loans to the Borrower in an aggregate principal amount not to exceed the lesser of (i) \$10,450,000, and (ii) the Maximum Permitted CIT Loan Amount, on such terms and conditions as are more particularly described in the Loan Agreement.

2. Maturity Date. The Maturity Date for the Loans shall be May 30, 1999.

3. Security Interest. As collateral security for the complete payment and performance of all the Obligations and in order to induce the Lender to make certain Loans in accordance with the terms of the Loan Agreement to the Borrower, the Borrower hereby assigns, conveys, mortgages, pledges, hypothecates and transfers to CIT, and hereby grants to CIT a first priority security interest in, all of Borrower's right, title and interest in, to and under the Collateral (defined in the Security Agreement), including, without limitation, the Chattel Paper and the Equipment (as both terms are defined in the Security Agreement) (the "Security Interest").

4. Notice of Security Interest. The sole purpose of this instrument is to give notice of the Security Interest and the terms, covenants and conditions relating thereto as set forth in the Security Agreement.

5. Ratification of Security Agreement. The Borrower and CIT hereby ratify, approve and confirm all of the terms, conditions and provisions of the Security Agreement, and hereby covenant and agree that nothing set forth in this Memorandum is intended to nor does amend, modify or in any way affect any of said terms, conditions and provisions, and that all of the same shall remain and continue in full force and effect in accordance with the terms of the Security Agreement.

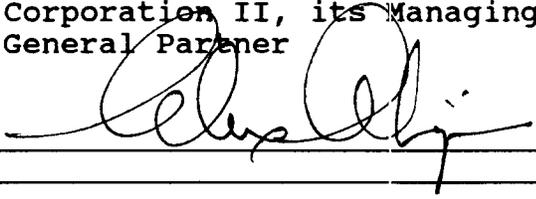
6. Successors and Assigns. This Memorandum shall apply to, be binding upon and inure to the benefit of, the parties hereto and their respective successors, executors, administrators, legal representatives and assigns.

IN WITNESS WHEREOF, the parties have executed this Memorandum under seal as of the date above written.

BORROWER:

CYPRESS EQUIPMENT FUND II, LTD.

By: Cypress Equipment Management Corporation II, its Managing General Partner

By: 
Its: _____

CIT:

THE CIT GROUP/EQUIPMENT FINANCING, INC.

By: _____
Its: _____

IN WITNESS WHEREOF, the parties have executed this Memorandum under seal as of the date above written.

BORROWER:

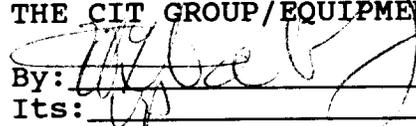
CYPRESS EQUIPMENT FUND II, LTD.

By: Cypress Equipment Management Corporation II, its Managing General Partner

By: _____
Its: _____

CIT:

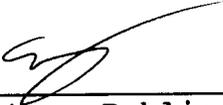
THE CIT GROUP/EQUIPMENT FINANCING, INC.

By:  _____
Its: _____

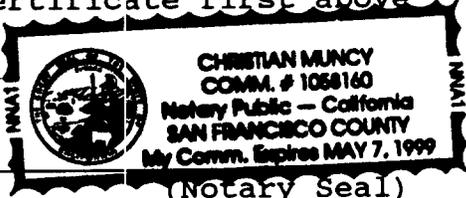
STATE OF California)
) ss:
COUNTY OF San Francisco)

On this 26 day of March in the year 1996, before me Christian Muncy, a Notary Public of said State, duly commissioned and sworn, personally appeared Alex Nasser, personally known to me to be the person who executed the within instrument as ~~Executive Vice President~~ Executive Vice President behalf of Cypress Equipment Management Corporation II, the Managing General Partner of CYPRESS EQUIPMENT FUND II, LTD. , and acknowledged to me that he executed the within instrument.

In Witness Whereof, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.



Notary Public



(Notary Seal)

STATE OF GEORGIA)
) ss:
COUNTY OF DEKALB)

On this 27 day of MARCH in the year 1996, before me BRENDA H. ROBERTS, a Notary Public of said State, duly commissioned and sworn, personally appeared A.F. HOLCOMB SR., personally known to me to be the person who executed the within instrument as VICE PRES on behalf of The CIT Group/Equipment Financing, Inc., a New York corporation, and acknowledged to me that he executed the within instrument.

In Witness Whereof, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

Brenda H. Roberts
Notary Public (Notary Seal)

Notary Public, DeKalb County, Georgia
Exp. 03/25/97

EXHIBIT "A"

DESCRIPTION OF EQUIPMENT

That certain railroad rolling stock consisting of:

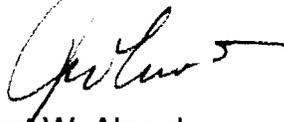
293 3,420 cubic foot, 100 ton open triple top hopper cars with road numbers and CR reporting marks within the series 491590 through 491889, inclusive.

Mr. Vernon A. Williams
March 27, 1996
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Also enclosed is a check in the amount of \$21.00 payable to the order of the Surface Transportation Board covering the required recordation fee.

Kindly return one (1) stamped copy of the enclosed document to the undersigned.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Robert W. Alvord", with a horizontal line extending to the right.

Robert W. Alvord

RWA/bg
Enclosures