

DONELAN, CLEARY, WOOD & MASER, P.C.

ATTORNEYS AND COUNSELORS AT LAW
SUITE 750
1100 NEW YORK AVENUE, N.W.
WASHINGTON, D.C. 20005-3934

OFFICE: (202) 371-9500

TELECOPIER: (202) 371-0900

JULY 18, 1996

20189

RECORDATION FILED

JUL 18 1996 -2:45 PM

New Recordation No.

STATE OF MARYLAND

Dear Mr. Williams:

On behalf of Compass Rail Corporation, I submit for filing and recording under 49 U.S.C. § 11301(a) and the regulations applicable thereunder, executed counterparts of a primary document, not previously recorded, entitled Security Agreement ("Agreement"), made as of July 18, 1996.

The parties to the enclosed Agreement are:

Compass Rail Corporation
555 California Street
Sacramento, CA 94104

- ASSIGNOR/DEBTOR

New England Capital Corporation
30 Avon Meadow Lane
Avon, CT 06001

- ASSIGNEE/SECURED PARTY

The said Agreement, among other things, acts to create a security interest by the Assignor to the Assignee in forty eight boxcars, BAR 8850-8899, less 8862 and 8869, and in the lease of the said boxcars.

The equipment covered by the instant Agreement is as identified above.

A short summary of the Agreement to appear in the Surface Transportation Board Index is as follows:

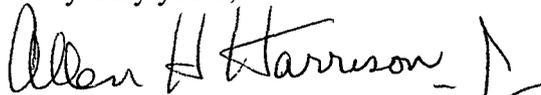
"Covers 48 boxcars, BAR 8850-8899, less 8862 and 8869."

Enclosed is a check in the amount of twenty-one dollars (\$21.00) in payment of the filing fee.

Counterparts - C. Williams

Once the filing has been made, please return to bearer the stamped counterparts(s) of the document not required for filing purposes, together with the letter/fee receipt from the Surface Transportation Board acknowledging the filing, and the two extra copies of this letter of transmittal.

Very truly yours,

A handwritten signature in black ink that reads "Allen H. Harrison, Jr." with a stylized flourish at the end.

Allen H. Harrison, Jr.
*Attorney for Compass Rail Corporation
for the purpose of this filing.*

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

Enclosures

BY HAND

8396-020

DONELAN, CLEARY, WOOD & MASER, P.C.

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

Enclosures

BY HAND

8396-020

SURFACE TRANSPORTATION BOARD
WASHINGTON, D.C. 20427-0001

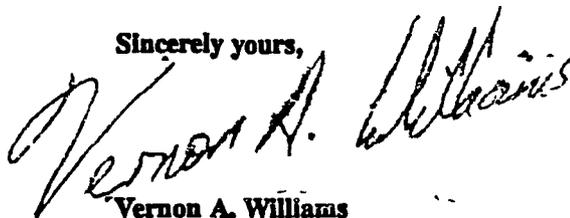
7/18/96

Allen H. Harrison, Jr.
Donelan, Cleary, Wood & Maser, P.C.
1100 New York Avenue, NW., Ste. 750
Washington, DC., 20005-3934

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 7/18/96 at 2:40PM, and 2:45PM assigned recordation number(s). 14015-D and 14015-E, 20189.

Sincerely yours,

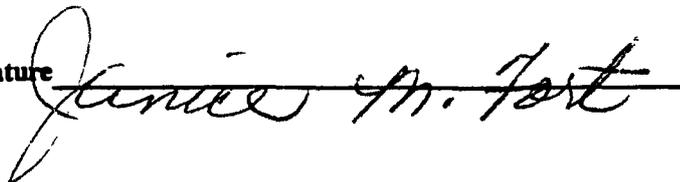


Vernon A. Williams
Secretary

Enclosure(s)

\$ 63.00 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



SECURITY AGREEMENT

THIS SECURITY AGREEMENT (the "Agreement") is made as of July 18, 1996 by Compass Rail Corporation, a California corporation ("Assignor") in favor of New England Capital Corporation, a New Hampshire corporation ("Assignee").

A. Recitals.

1. Assignor and Assignee are parties to a certain Sale and Assignment of Rentals Agreement dated as of even date herewith (the "Rentals Agreement").

2. Capitalized terms not defined herein shall have the meanings set forth in the Rentals Agreement.

3. Under the Rentals Agreement it is provided that Assignor shall grant Assignee a security interest in the Collateral.

B. Agreements.

1. Security Interest. As collateral for all of the obligations of Assignor hereunder and under the Rentals Agreement and of the Lessee under the Lease, Assignor hereby bargains, sells, transfers, conveys and assigns to Assignee and grants a security interest to Assignee under the Uniform Commercial Code in all of Assignor's right, title and interest in and rights under the Lease and all Assignor's right, title and interest in the Equipment. Such security interest includes all related accounts, chattel paper, contract rights, instruments and general intangibles and all modifications, additions, replacements and substitutions in whole or in part, together with all proceeds thereof, including insurance proceeds. The Equipment as of the date hereof is more fully described on Schedule A hereto.

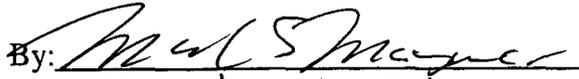
2. Terms and Conditions of Rentals Agreement. The security interest granted hereby is subject to all the terms, conditions and provisions of the Rentals Agreement, including the terms, conditions and provisions regarding default, foreclosure and other remedies.

3. Counterpart Execution. This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument.

IN WITNESS WHEREOF, this Agreement is executed as of the date first above written.

COMPASS RAIL CORPORATION

NEW ENGLAND CAPITAL CORPORATION

By: 
Name: Mark S. Meyner
Title: E. U. P.

By: _____
Name:
Title:

SCHEDULE A

48 50' 70-TON BOXCARS

ALL BAR NUMBERS

Old Numbers
(HULKS)

1 - 6125
2 - 6127 & 6128
1 - 6132
1 - 6137
1 - 6144
1 - 6152
3 - 6155 - 6157
1 - 6164
4 - 6169 - 6172
3 - 6176 - 6178
1 - 6180
6 - 6184 - 6189
4 - 6192 - 6195
1 - 6198
20 - 6500 - 6519
50 TOTAL

Current Numbers
(After Reconstruction)

12 - 8850 - 8861
6 - 8863 - 8868
30 - 8870 - 8899
48 TOTAL

ACKNOWLEDGMENTS

STATE OF California)
)
COUNTY OF San Francisco)

ss:

The foregoing instrument was acknowledged before me this 16th day of July by Mark S. Maymar of Compass Rail Corporation on behalf of the corporation.



Laura Miyoko Kawashima
Notary Public

My county of residence: San Francisco

My commission expires: 2-21-98

STATE OF _____)
)
COUNTY OF _____)

ss:

The foregoing instrument was acknowledged before me this ____ day of _____ by _____ of New England Capital Corporation, a New Hampshire corporation, on behalf of the corporation.

Notary Public

My county of residence:

My commission expires: _____

SECURITY AGREEMENT

THIS SECURITY AGREEMENT (the "Agreement") is made as of July 18, 1996 by Compass Rail Corporation, a California corporation ("Assignor") in favor of New England Capital Corporation, a New Hampshire corporation ("Assignee").

A. Recitals.

1. Assignor and Assignee are parties to a certain Sale and Assignment of Rentals Agreement dated as of even date herewith (the "Rentals Agreement").
2. Capitalized terms not defined herein shall have the meanings set forth in the Rentals Agreement.
3. Under the Rentals Agreement it is provided that Assignor shall grant Assignee a security interest in the Collateral.

B. Agreements.

1. Security Interest. As collateral for all of the obligations of Assignor hereunder and under the Rentals Agreement and of the Lessee under the Lease, Assignor hereby bargains, sells, transfers, conveys and assigns to Assignee and grants a security interest to Assignee under the Uniform Commercial Code in all of Assignor's right, title and interest in and rights under the Lease and all Assignor's right, title and interest in the Equipment. Such security interest includes all related accounts, chattel paper, contract rights, instruments and general intangibles and all modifications, additions, replacements and substitutions in whole or in part, together with all proceeds thereof, including insurance proceeds. The Equipment as of the date hereof is more fully described on Schedule A hereto.
2. Terms and Conditions of Rentals Agreement. The security interest granted hereby is subject to all the terms, conditions and provisions of the Rentals Agreement, including the terms, conditions and provisions regarding default, foreclosure and other remedies.
3. Counterpart Execution. This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument.

IN WITNESS WHEREOF, this Agreement is executed as of the date first above written.

COMPASS RAIL CORPORATION

NEW ENGLAND CAPITAL CORPORATION

By: _____
Name:
Title:

By: [Signature]
Name: CHARLES J. STICHAU
Title: President

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

No 515C

State of Connecticut
County of Hartford

OPTIONAL SECTION

CAPACITY CLAIMED BY SIGNER

Though statute does not require the Notary to fill in the data below, doing so may prove invaluable to persons relying on the document.

- INDIVIDUAL
- CORPORATE OFFICER(S)
President
- PARTNER(S) LIMITED
 GENERAL
- ATTORNEY-IN-FACT
- TRUSTEE(S)
- GUARDIAN/CONSERVATOR
- OTHER: _____

On _____ before me, Heidi L. Fulkerson, Notary Public
DATE NAME, TITLE OF OFFICER - E.G., "JANE DOE, NOTARY PUBLIC"
personally appeared Charles J. Stichau
NAME(S) OF SIGNER(S)

personally known to me - OR - proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

SIGNER IS REPRESENTING:

NAME OF PERSON(S) OR ENTITY(IES)
New England Capital Corporation



WITNESS my hand and official seal.

[Signature]
SIGNATURE OF NOTARY
my appointment expires 8/31/99

OPTIONAL SECTION

THIS CERTIFICATE MUST BE ATTACHED TO THE DOCUMENT DESCRIBED AT RIGHT.

TITLE OR TYPE OF DOCUMENT Security Agree
NUMBER OF PAGES _____ DATE OF DOCUMENT July 18, 1996
SIGNER(S) OTHER THAN NAMED ABOVE _____

Though the data requested here is not required by law, it could prevent fraudulent reattachment of this form

SCHEDULE A

48 50' 70-TON BOXCARS

ALL BAR NUMBERS

Old Numbers
(HULKS)

1 - 6125
2 - 6127 & 6128
1 - 6132
1 - 6137
1 - 6144
1 - 6152
3 - 6155 - 6157
1 - 6164
4 - 6169 - 6172
3 - 6176 - 6178
1 - 6180
6 - 6184 - 6189
4 - 6192 - 6195
1 - 6198
20 - 6500 - 6519
50 TOTAL

Current Numbers
(After Reconstruction)

12 - 8850 - 8861
6 - 8863 - 8868
30 - 8870 - 8899
48 TOTAL