

20338  
NOV 27 1996 - 11 10 AM

ALVORD AND ALVORD  
ATTORNEYS AT LAW  
918 SIXTEENTH STREET, N W  
SUITE 200  
WASHINGTON, D.C.

ELIAS C ALVORD (1942)  
ELLSWORTH C ALVORD (1964)

20006-2973

OF COUNSEL  
URBAN A. LESTER

(202) 393-2266

FAX (202) 393-2156

*Ed M. Linn*  
*December 1996 -*

November 27, 1996

20338 L A, B  
NOV 27 1996 - 11 10 AM

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), are two (2) copies of each of the following documents, all dated as of November 13, 1996: the Security Agreement, a primary document as defined in the Board's Rules for the Recordation of Documents, and an Addendum to Security Agreement (Railcars) and Amendment to Security Agreement (Subleasing), both secondary documents related thereto.

The names and addresses of the parties to each of the enclosed documents are:

Borrower: Mid-Am Equipment, Inc.  
45 West University  
Mesa, Arizona 85201

Secured Party: KeyCorp Leasing Ltd.  
54 State Street  
Albany, New York 12207

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

seven (7) rail tank cars bearing reporting mark and road numbers NECX 1600 through NECX 1606, inclusive

Mr. Vernon A. Williams  
November 27, 1996  
Page 2

Also enclosed is a check in the amount of \$66.00 payable to the order of the Surface Transportation Board covering the required recordation fee.

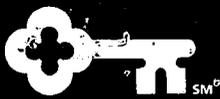
Kindly return stamped copy of the enclosed documents to the undersigned.

Very truly yours,

A handwritten signature in black ink, appearing to read 'R. Alvord', with a long horizontal flourish extending to the right.

Robert W. Alvord

RWA/bg  
Enclosures



ADDENDUM TO SECURITY AGREEMENT  
(RAILCARS)  
DATED NOVEMBER 13, 1996  
BETWEEN KEYCORP LEASING LTD., AS SECURED PARTY  
AND  
MID-AM EQUIPMENT, INC., AS BORROWER

20388 A  
NOV 27 1996 11 10 AM

This Addendum is annexed to, and made a part of, the above-referenced Security Agreement (the "Agreement" or "Security Agreement"). KeyCorp Leasing Ltd. ("KCL") and Borrower hereby agree to add the following terms to the Agreement:

1. **Ownership and Marking of Equipment.**

(a) **Duty to Number and Mark Equipment.** As soon as practicable, Borrower will cause each item of Collateral (hereafter, a "Unit") Unit to be numbered with its reporting mark shown on Schedule 1 to the Security Agreement; with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect KCL's right, title and interest in and to such Unit and its rights under this Agreement. Except as provided hereinabove, Borrower will not place any such Units in operation or exercise any control or dominion over the same until the required legend shall have been so marked on both sides thereof, and will replace promptly any such word or words in such legend which may be removed, defaced obliterated or destroyed. Borrower will not change the reporting mark of any Unit except in accordance with a statement of new reporting marks to be substituted therefor, which statement shall be delivered to KCL by Borrower and a supplement to this Agreement with respect to such new reporting marks shall be filed or recorded in all public offices where this Agreement shall have been filed or recorded.

(b) **Prohibition against Certain Designations.** Except as above provided, Borrower will not allow the name of any person to be placed on any Unit as a designation that might reasonably be interpreted as claim of ownership or security interest, provided, however, that subject to the delivery of the statement specified in the last sentence of Section 1(a) above, Borrower may cause the Equipment to be lettered with the names or initials or other insignia customarily used by Borrower on railroad equipment used by it of the same or a similar type.

2. **Return Of Equipment; Storage.**

(a) **General.** Upon the occurrence of an Event of Default which has not been cured within the applicable time period and upon request by KCL, Borrower will, at its own cost and expense, deliver possession of all Units demanded to KCL at any interchange point on the tracks of Borrower f.o.b. or to such interchange point as KCL may designate to Borrower in writing or, in the absence of such designation, as Borrower may select or, if KCL has requested storage pursuant to Section 2(c) below, to the location determined in accordance with such Section. To the extent that any maintenance logs are kept with respect to any Unit returned pursuant to this Section and such maintenance logs are customarily made available to the purchaser of equipment of a type similar to such Unit, upon the request of KCL and at Borrower's expense, such maintenance logs shall be made available to KCL or its designee upon the return of such Unit.

(b) **Condition of Equipment.** Each Unit shall be maintained by Borrower such that when returned to KCL pursuant to Section 2(a) above it shall be (i) capable of performing the functions for which it was designed, with all loading and unloading components operating, (ii) free from excessive accumulations or deposits from the commodities transported in or on the Unit during the term of the Agreement, (iii) in the condition required by Section 3 and 4, and (iv) free and clear of all Liens except KCL's lien and permitted Liens.

(c) **Storage.** Upon the occurrence of an Event of Default which has not been cured within the applicable time period and upon written request of KCL, Borrower shall permit KCL to store any or all Units, free of charge, at such location on the tracks of Borrower used by Borrower for the storage of surplus rolling stock or rolling stock available for sale as shall be reasonably designated by Borrower (taking into account, among other things, Borrower's storage capacity, security and access) in its request for storage pursuant to this Section 2(c) for a period (the "Storage Period") beginning on the date of Default and ending upon the earlier of the date KCL completes the liquidation of all Units sought to be stored, or the date such Event of Default is cured. Any storage facilities provided by Borrower pursuant to this Section shall, in all cases, be at Borrower's costs and risks and the costs of necessary to complete the liquidation shall be added to the amounts due under the Secured Obligations, whether or not such costs were originally contemplated hereby to be provided during the Storage Period. With respect to the Units stored pursuant hereto, Borrower shall continue to carry and maintain with respect to such stored Units, during the Storage Period, under Borrower's insurance policies, property damage insurance and public liability insurance with respect to third party personal and property damage. Upon written request by KCL directing that a purchaser has been obtained for one or more Units, Borrower will, during the Storage Period, transport such Units, at Borrower's cost and expense, to a destination or interchange point, *f o b*, such destination or interchange point, on the Borrower's line specified by KCL. During the Storage Period, Borrower will permit KCL or any person designated by it, including the authorized representative or representatives of any prospective purchaser or user of such Unit, to inspect the same.

### 3. **Maintenance and Operations.**

(a) **Maintenance.** Borrower at its own cost and expense, shall maintain, repair and keep each Unit (i) in accordance with prudent AAR mechanical standards for interchangeable conditions and Class I railroad industry maintenance practices in existence from time to time, (ii) in a manner consistent with maintenance practices used by Borrower in respect of equipment owned or leased by Borrower similar in type to such Unit, (iii) in accordance with maintenance requirements of insurance policies covering such Unit, (iv) as shall be necessary to maintain each Unit in good repair and working order as specified in the Interchange Rules and in accordance with FRA Railroad Freight Car Safety Standards and other applicable laws and federal agency regulations. "Ordinary wear and tear" shall mean any damage to the Equipment which is not considered "unfair usage" pursuant to Rule 95 of the Interchange Rules. If no definition is available or applicable to the Equipment under the Interchange Rules, "ordinary wear and tear" shall have the meaning customarily given to it in the railroad industry with respect to cars similarly situated to the Equipment.

(b) **Operation.** Borrower shall be entitled to the possession of the Equipment and to the use of the Equipment by it or its Permitted Lessees upon lines of railroad owned or operated by it or its Permitted Lessees, upon lines of railroad over which Borrower has trackage or other operating rights or over which railroad equipment of Borrower is regularly operated pursuant to contract and on railroad lines of other railroads in the United States in the usual interchange of traffic or in through or run-through agreements. Nothing in this Section shall be deemed to constitute permission by KCL to any person that acquires possession of any Unit to take any action inconsistent with the terms and provisions of this Agreement and any of the other agreements between KCL and Borrower. The rights of any person that acquires possession of any Unit pursuant to this Section shall be subject and subordinate to the rights of KCL hereunder.

### 4. **Modifications.**

**Required Modifications.** In the event the Association of American Railroads, the United States Department of Transportation, or any other United States governmental agency having jurisdiction over the operation, safety or use of railroad equipment requires that any Unit be

altered, replaced or modified, Borrower agrees to make such Required Modification at its own expense, provided, however, that Borrower may, in good faith and by appropriate proceedings diligently conducted, contest the validity or application of any such law, regulation, requirement or rule in any reasonable manner which does not materially adversely affect the rights or interests of KCL in the Equipment or hereunder or otherwise expose KCL, to criminal sanctions or relieve Borrower of the obligation to perform the Secured Obligations and return the Equipment in compliance with the provisions of Section 2

**5. Filings; further assurances.**

The Security Agreement or appropriate evidence thereof shall be duly filed and recorded (i) with the Surface Transportation Board in accordance with 49 U.S.C. 11303; and (ii) at the appropriate office of the Secretary of State for filing against equipment pursuant to the Uniform Commercial Code.

**6. Terms.**

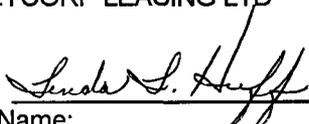
All capitalized terms not defined herein shall have the meaning set forth in the Security Agreement and Promissory Note

IN WITNESS WHEREOF, KCL and Borrower have executed this Addendum as of the 13th day of November, 1996.

**SECURED PARTY:**

KEYCORP LEASING LTD

By

  
Name:

Title.

**Linda L. Huff**

Vice President

Regional Business Unit Manager

**BORROWER:**

MID-AM EQUIPMENT, INC

By

  
Name

Title

**ROBERT J. SCHROEDER**

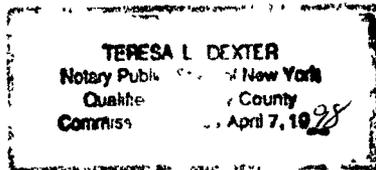
**PRESIDENT**

STATE OF NEW YORK )  
 ) ss  
COUNTY OF ALBANY )

On this 26<sup>th</sup> day of November, 1996, before me the subscriber personally appeared Linda L. HUFF, who being by me duly sworn, did depose and say; that he/she resides at 7104 SUZANNE LANE Schenectady NY 12303 that he/she is a Vice President of KeyCorp Leasing Ltd, the corporation described in and which executed the foregoing instrument, and that he signed his name thereto by order of the Board of Directors of said corporation

Teresa L. Dexter  
NOTARY PUBLIC

My Commission Expires:



STATE OF ARIZONA )  
 ) ss  
COUNTY OF MARICOPA )

On this 19<sup>th</sup> day of November, 1996, before me the subscriber personally appeared Robert J. Schroeder, who being by me duly sworn, did depose and say, that he/she resides at 2422 S. LOS ALTOS MESA AZ 85202 that he/she is a President of Mid-Am Equipment, Inc the corporation described in and which executed the foregoing instrument, and that he signed his name thereto by order of the Board of Directors of said corporation

Jennie Cunico  
NOTARY PUBLIC

My Commission Expires

Jennie Cunico, Notary Public  
Maricopa County, Arizona  
My Commission Expires 3/30/98