

**TEXAS STATE BANK**



0101326017

20547

February 7, 1997

Mr. Vernon A. Williams  
Secretary  
Surface Transportation Board  
12th St. & Constitution Ave. Northwest  
Washington D.C. 20423

FEB 13 9 35 AM '97

RECEIVED  
SURFACE TRANSPORTATION  
BOARD

Re: *Rio Grande Chemical Sales Company  
Addendum to Attachment #1, Railcar Master Net Leasing Agreement*

Dear Mr. Williams:

*I have enclosed an original and one certified copy of the document described below to be recorded pursuant to Section 11303, Title 49 of the U.S. Code.*

*The document described in a Security Agreement, being a primary document, dated January 24, 1997. A description of the equipment covered by the document is as follows:*

*Purchase Money Security interest on 10 Gondola Railcars Numbers TM 1130, TM1131, TM1132, TM1133, TM1134, TM1135, TM1136, TM1137, TM1138, TM1139, and all returns, repossessions, exchanges, substitutions, replacements, attachments, parts, accessories and accessions thereto and thereof and all other goods used or intended to be used in conjunction therewith*

*Assignment of Railcar Master Net Leasing Agreement, Dated November 20, 1996, By and Between Rio Grande Chemical Sales Company, (Lessor) and Texas-Mexican Railway Company*

*A fee of \$21.00 is enclosed. Please return the original and any extra copies not needed by the commission for recordation to Mr. Mark Voss, Vice President, Texas State Bank, P.O. Box 4797, McAllen, Texas 78502-4797.*

Very truly yours,

Mark Voss  
Vice President

MV:1cr

# TEXAS STATE BANK



RECORDATION NO 20547 FILED 1425  
FEB 13 1997 -9 40 AM

February 7, 1997

RECEIVED  
SURFACE TRANSPORTATION  
BOARD  
FEB 13 9 35 AM '97

Mr. Vernon A. Williams  
Secretary  
Surface Transportation Board  
12th St. & Constitution Ave. Northwest  
Washington D.C. 20423

Re: Rio Grande Chemical Sales Company  
Addendum to Attachment #1, Railcar Master Net Leasing Agreement

Dear Mr. Williams:

I have enclosed an original and one certified copy of the document described below to be recorded pursuant to Section 11303, Title 49 of the U.S. Code.

The document described in a Security Agreement, being a primary document, dated January 24, 1997. A description of the equipment covered by the document is as follows:

+ 30 more funds 1/00-1/29,  
Purchase Money Security interest on 10 Gondola Railcars Numbers TM 1130, TM1131, TM1132, TM1133, TM1134, TM1135, TM1136, TM1137, TM1138, TM1139, and all returns, repossessions, exchanges, substitutions, replacements, attachments, parts, accessories and accessions thereto and thereof and all other goods used or intended to be used in conjunction therewith

Assignment of Railcar Master Net Leasing Agreement, Dated November 20, 1996, By and Between Rio Grande Chemical Sales Company, (Lessor) and Texas-Mexican Railway Company.

A fee of \$21.00 is enclosed. Please return the original and any extra copies not needed by the commission for recordation to Mr. Mark Voss, Vice President, Texas State Bank, P.O. Box 4797, McAllen, Texas 78502-4797.

Very truly yours,

Mark Voss  
Vice President

MV:icr

HARLINGEN

P O Box 191  
Harlingen, Texas 78551-0191  
(210) 430-5000

McALLEN

P O Box 4797  
McAllen, Texas 78502-4797  
(210) 631-5401

WESLACO

P O Box 8008  
Weslaco, Texas 78599-8008  
(210) 968-4511

SURFACE TRANSPORTATION BOARD  
WASHINGTON, D.C. 20425-0001

2/13/97

Mark Voss  
Vice President  
Texas State Bank  
P. O. Box 4797  
McAllen, Texas 78502-4797

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 2/13/97 at 9:40AM, and assigned recordation number(s). 20547.

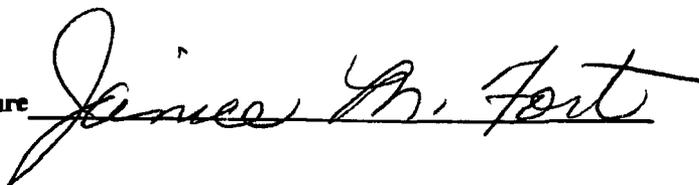
Sincerely yours,

  
Vernon A. Williams  
Secretary

Enclosure(s)

\$ 22.00 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



RECORDATION NO 20547 FILED 1/26  
 FEB 13 1997 - 9 40 AM

**SECURITY AGREEMENT**  
 (Collateral Pledge Agreement)

DATE JANUARY 24, 1997

DEBTOR	RIO GRANDE CHEMICAL SALES COMPANY	SECURED PARTY	TEXAS STATE BANK
BUSINESS OR RESIDENCE ADDRESS	P.O. BOX 69	ADDRESS	3900 NORTH 10TH AT NOLANA
CITY, STATE & ZIP CODE	MCALLEN, TX 78505-0069	CITY, STATE & ZIP CODE	MCALLEN, TX 78501

**1. Security Interest and Collateral.** To secure (check one):

the payment and performance of each and every debt, liability and obligation of every type and description which Debtor may now or at any time hereafter owe to Secured Party (whether such debt, liability or obligation now exists or is hereafter created or incurred, and whether it is or may be direct or indirect, due or to become due, absolute or contingent, primary or secondary, liquidated or unliquidated, or joint, several or joint and several; all such debts, liabilities and obligations being herein collectively referred to as the "Obligations"),

the debt, liability or obligation of the Debtor to secured party evidenced by the following: NOTE #85151 IN THE AMOUNT OF \$980,000.00, and any extensions, renewals or replacements thereof (herein referred to as the "Obligations"),

Debtor hereby grants Secured Party a security interest (herein called the "Security Interest") in (check one):

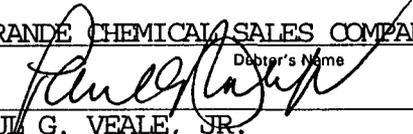
all property of any kind now or at any time hereafter owned by Debtor, or in which Debtor may now or hereafter have an interest, which may now be or may at any time hereafter come into the possession or control of Secured Party or into the possession or control of Secured Party's agents or correspondents, whether such possession or control is given for collateral purposes or for safekeeping, together with all rights in connection with such property (herein called the "Collateral"),

the property owned by Debtor and held by Secured Party that is described as follows: ASSIGNMENT OF RAILCAR MASTER NET LEASING AGREEMENT, DATED NOVEMBER 20, 1996, BY AND BETWEEN RIO GRANDE CHEMICAL SALES COMPANY, (LESSOR) AND TEXAS-MEXICAN RAILWAY COMPANY, (LESSEE). together with all rights in connection with such property (herein called the "Collateral").

**2. Representations, Warranties and Covenants.** Debtor represents, warrants and covenants that:

- (a) Debtor will duly endorse, in blank, each and every instrument constituting Collateral by signing on said instrument or by signing a separate document of assignment or transfer, if required by Secured Party.
- (b) Debtor is the owner of the Collateral free and clear of all liens, encumbrances, security interests and restrictions, except the Security Interest and any restrictive legend appearing on any instrument constituting Collateral.
- (c) Debtor will keep the Collateral free and clear of all liens, encumbrances and security interests, except the Security Interest.
- (d) Debtor will pay, when due, all taxes and other governmental charges levied or assessed upon or against any Collateral.
- (e) At any time, upon request by Secured Party, Debtor will deliver to Secured Party all notices, financial statements, reports or other communications received by Debtor as an owner or holder of the Collateral.
- (f) Debtor will upon receipt deliver to Secured Party in pledge as additional Collateral all securities distributed on account of the Collateral such as stock dividends and securities resulting from stock splits, reorganizations and recapitalizations.

**THIS AGREEMENT CONTAINS ADDITIONAL PROVISIONS SET FORTH ON PAGE 2 HEREOF, ALL OF WHICH ARE MADE A PART HEREOF.**

RIO GRANDE CHEMICAL SALES COMPANY  
Debtor's Name  
 By   
PAUL G. VEALE, JR.  
 Title: PRESIDENT  
 By \_\_\_\_\_  
 Title: \_\_\_\_\_

**THIS IS TO CERTIFY THAT THE ABOVE & FORGOING INSTRUMENT IS A TRUE AND CORRECT COPY OF THE ORIGINAL.**

MARK VOSS/VICE PRESIDENT  
 TEXAS STATE BANK

### ADDITIONAL PROVISIONS

**3. Rights of Secured Party.** Debtor agrees that Secured Party may at any time, whether before or after the occurrence of an Event of Default and without notice or demand of any kind, (i) notify the obligor or issuer of any Collateral to make payment to Secured Party of any amounts due or distributable thereon, (ii) in Debtor's name or Secured Party's name enforce collection of any Collateral by suit or otherwise, or surrender, release or exchange all or any part of it, or compromise, extend or renew for any period any obligation evidenced by the Collateral, (iii) receive all proceeds of the Collateral, and (iv) hold any increase or profits received from the Collateral as additional security for the Obligations, except that any money received from the Collateral shall, at Secured Party's option, be applied in reduction of the Obligations, in such order of application as Secured Party may determine, or be remitted to Debtor.

**4. Events of Default.** Each of the following occurrences shall constitute an event of default under this Agreement (herein called "Event of Default"); (i) Debtor shall fail to pay any or all of the Obligations when due or (if payable on demand) on demand, or shall fail to observe or perform any covenant or agreement herein binding on it, (ii) any representation or warranty by Debtor set forth in this Agreement or made to Secured Party in any financial statements or reports submitted to Secured Party by or on behalf of Debtor shall prove materially false or misleading, (iii) a garnishment summons or a writ of attachment shall be issued against or served upon the Secured Party for the attachment of any property of the Debtor or any indebtedness owing to Debtor; (iv) Debtor or any guarantor of any Obligation shall (A) be or become insolvent (however defined), (B) voluntarily file, or have filed against it, involuntarily, a petition under the United States Bankruptcy Code, or (C) if a corporation, partnership or organization, be dissolved or liquidated or, if a partnership, suffer the death of a partner or, if an individual, die; or (D) go out of business, (v) Secured Party shall in good faith believe that the value then realizable by collection or disposition of the Collateral, after deduction of expenses of collection and disposition, is less than the aggregate unpaid balance of all Obligations then outstanding, (vi) Secured Party shall in good faith believe that the prospect of due and punctual payment of any or all of the Obligations is impaired

**5. Remedies upon Event of Default.** Upon the occurrence of an Event of Default and at any time thereafter, Secured Party may exercise any one or more of the following rights or remedies: (i) declare all unmatured Obligations to be immediately due and payable, and the same shall thereupon be immediately due and payable, without presentment or other notice or demand; (ii) exercise all voting and other rights as a holder of the Collateral, (iii) exercise and enforce any or all rights and remedies available upon default to a secured party under the Uniform Commercial Code, including the right to offer and sell the Collateral privately to purchasers who will agree to take the Collateral for investment and not with a view to distribution and who will agree to the imposition of restrictive legends on the certificates representing the Collateral, and the right to arrange for a sale which would otherwise qualify as exempt from registration under the Securities Act of 1933; and if notice to Debtor of any intended disposition of the Collateral or any other intended action is required by law in a particular instance, such notice shall be deemed commercially reasonable if given at least 10 calendar days prior to the date of intended disposition or other action, (iv) exercise or enforce any or all other rights or remedies available to Secured Party by law or agreement against the Collateral, against Debtor or against any other person or property. Upon the occurrence of the Event of Default described in Section 4 (iv) (B), all Obligations shall be immediately due and payable without demand or notice thereof

**6. Miscellaneous.** Any disposition of the Collateral in the manner provided in Section 5 shall be deemed commercially reasonable. This Agreement can be waived, modified, amended, terminated or discharged, and the Security Interest can be released, only explicitly in a writing signed by Secured Party. A waiver signed by Secured Party shall be effective only in the specific instance and for the specific purpose given. Mere delay or failure to act shall not preclude the exercise or enforcement of any of Secured Party's rights or remedies. All rights and remedies of Secured Party shall be cumulative and may be exercised singularly or concurrently, at Secured Party's option, and the exercise or enforcement of any one such right or remedy shall neither be a condition to nor bar the exercise or enforcement of any other. All notices to be given to Debtor shall be deemed sufficiently given if delivered or mailed by registered or certified mail, postage prepaid, to Debtor at its address set forth above or at the most recent address shown on Secured Party's records. Secured Party's duty of care with respect to Collateral in its possession (as imposed by law) shall be deemed fulfilled if Secured Party exercises reasonable care in physically safekeeping such Collateral or, in the case of Collateral in the custody or possession of a bailee or other third person, exercises reasonable care in the selection of the bailee or other third person, and Secured Party need not otherwise preserve, protect, insure or care for any Collateral. Secured Party shall not be obligated to preserve any rights Debtor may have against prior parties, to exercise at all or in any particular manner any voting rights which may be available with respect to any Collateral, to realize on the Collateral at all or in any particular manner or order, or to apply any cash proceeds of Collateral in any particular order of application. Debtor will reimburse Secured Party for all expenses (including reasonable attorney's fees and legal expenses) incurred by Secured Party in the protection, defense or enforcement of the Security Interest, including expenses incurred in any litigation or bankruptcy or insolvency proceedings. This Agreement shall be binding upon and inure to the benefit of Debtor and Secured Party and their respective heirs, representatives, successors and assigns and shall take effect when signed by Debtor and delivered to Secured Party, and Debtor waives notice of Secured Party's acceptance hereof. This Agreement shall be governed by laws of the state in which it is executed and, unless the context otherwise requires, all terms used herein which are defined in Articles 1 and 9 of the Uniform Commercial Code, as in effect in said state, shall have the meanings therein stated. If any provision or application of this Agreement is held unlawful or unenforceable in any respect, such illegality or unenforceability shall not affect other provisions or applications which can be given effect, and this Agreement shall be construed as if the unlawful or unenforceable provision or application had never been contained herein or prescribed hereby. All representations and warranties contained in this Agreement shall survive the execution, delivery and performance of this Agreement and the creation and payment of the Obligations. If this Agreement is signed by more than one person as Debtor, the term "Debtor" shall refer to each of them separately and to both or all of them jointly, all such persons shall be bound both severally and jointly with the other(s), and the Obligations shall include all debts, liabilities and obligations owed to Secured Party by a Debtor solely or by both or several or all Debtors jointly or jointly and severally, and all property described in Section 1 shall be included as part of the Collateral, whether it is owned jointly by both or all Debtors or is owned in whole or in part by one (or more) of them.

RIO GRANDE CHEMICAL SALES COMPANY P.O. BOX 69 MCALLEN, TX 78505-0069	TEXAS STATE BANK 3900 NORTH 10TH AT NOLANA MCALLEN, TX 78501	EXTENSION OF SECURITY AGREEMENT DATED: JANUARY 24, 1997
DEBTOR'S NAME AND ADDRESS	SECURED PARTY'S NAME AND ADDRESS	

For value received, the Debtor hereby grants the Secured Party a security interest in the following additional collateral:

EXHIBIT 'A'

40 GONDOLA RAILCARS NUMBERS TM-1100, TM-1101, TM-1102, TM-1103, TM-1104, TM-1105, TM-1106, TM-1107, TM-1108, TM-1109, TM-1110, TM-1111, TM-1112, TM-1113, TM-1114, TM-1115, TM-1116, TM-1117, TM-1118, TM-1119, TM-1120, TM-1121, TM-1122, TM-1123, TM-1124, TM-1125, TM-1126, TM-1127, TM-1128, TM-1129, PURCHASE MONEY SECURITY INTEREST ON RAILCAR NUMBERS TM-1130, TM-1131, TM-1132, TM-1133, TM-1134, TM-1135, TM-1136, TM-1137, TM-1138, TM-1139, AND ALL RETURNS, REPOSSESSIONS, EXCHANGES, SUBSTITUTIONS, REPLACEMENTS, ATTACHMENTS, PARTS, ACCESSORIES AND ACCESSIONS THERETO AND THEREOF AND ALL OTHER GOODS USED OR INTENDED TO BE USED IN CONJUNCTION THEREWITH

ASSIGNMENT OF RAILCAR MASTER NET LEASING AGREEMENT, DATED NOVEMBER 20, 1996, BY AND BETWEEN RIO GRANDE CHEMICAL SALES COMPANY, (LESSOR) AND TEXAS-MEXICAN RAILWAY COMPANY, (LESSEE).

By signing below, Debtor acknowledges that this document describes additional collateral which is subject to all terms and conditions of the Security Agreement referred to above.

Authorized Signature(s) of Secured Party - sign below only if filing this document. RIO GRANDE CHEMICAL SALES COMPANY

Debtor BY: Paul G. Veale, Jr. (TITLE)

Debtor \_\_\_\_\_ (TITLE)

Debtor \_\_\_\_\_ (TITLE)

RIO GRANDE CHEMICAL SALES COMPANY

P.O. BOX 69

MCCALLEN, TX 78505-0069

TEXAS STATE BANK

3900 NORTH 10TH AT NOLANA

MCCALLEN, TX 78501

TAXPAYER I.D. NUMBER : 74-1822191

DEBTOR'S NAME, ADDRESS AND SSN OR TIN ("I" means each Debtor who signs )

SECURED PARTY'S NAME AND ADDRESS ("You" means the Secured Party, its successors and assigns.)

I am entering into this security agreement with you on JANUARY 24, 1997 (date)

SECURED DEBTS I agree that this security agreement will secure the payment and performance of the debts, liabilities or obligations described below that (Check one) [X] I [ ] (name) \_\_\_\_\_

owe(s) to you now or in the future:

(Check one below).

[X] Specific Debt(s). The debt(s), liability or obligations evidenced by (describe): NOTE #85151 IN THE AMOUNT OF \$980,000.00 and all extensions, renewals, refinancings, modifications and replacements of the debt, liability or obligation

[ ] All Debt(s). Except in those cases listed in the "LIMITATIONS" paragraph on page 2, each and every debt, liability and obligation of every type and description (whether such debt, liability or obligation now exists or is incurred or created in the future and whether it is or may be direct or indirect, due or to become due, absolute or contingent, primary or secondary, liquidated or unliquidated, or joint, several or joint and several)

Security Interest. To secure the payment and performance of the above described Secured Debts, liabilities and obligations, I give you a security interest in all of the property described below that I now own and that I may own in the future (including, but not limited to, all parts, accessories, repairs, improvements, and accessions to the property), wherever the property is or may be located, and all proceeds and products from the property.

[ ] Inventory: All inventory which I hold for ultimate sale or lease, or which has been or will be supplied under contracts of service, or which are raw materials, work in process, or materials used or consumed in my business.

[ ] Equipment: All equipment including, but not limited to, all machinery, vehicles, furniture, fixtures, manufacturing equipment, farm machinery and equipment, shop equipment, office and recordkeeping equipment, and parts and tools All equipment described in a list or schedule which I give to you will also be included in the secured property, but such a list is not necessary for a valid security interest in my equipment

[ ] Farm Products: All farm products including, but not limited to (a) all poultry and livestock and their young, along with their products, produce and replacements, (b) all crops, annual or perennial, and all products of the crops; and (c) all feed, seed, fertilizer, medicines, and other supplies used or produced in my farming operations

[ ] Accounts, Instruments, Documents, Chattel Paper and Other Rights to Payment: All rights I have now and that I may have in the future to the payment of money including, but not limited to (a) payment for goods and other property sold or leased or for services rendered, whether or not I have earned such payment by performance, and (b) rights to payment arising out of all present and future debt instruments, chattel paper and loans and obligations receivable The above include any rights and interests (including all liens and security interests) which I may have by law or agreement against any account debtor or obligor of mine

[ ] General Intangibles: All general intangibles including, but not limited to, tax refunds, applications for patents, patents, copyrights, trademarks, trade secrets, good will, trade names, customer lists, permits and franchises, and the right to use my name

[ ] Government Payments and Programs: All payments, accounts, general intangibles, or other benefits (including, but not limited to, payments in kind, deficiency payments, letters of entitlement, warehouse receipts, storage payments, emergency assistance payments, diversion payments, and conservation reserve payments) in which I now have and in the future may have any rights or interest and which arise under or as a result of any preexisting, current or future Federal or state governmental program (including, but not limited to, all programs administered by the Commodity Credit Corporation and the ASCS)

[X] The secured property includes, but is not limited by, the following:

SEE EXHIBIT 'A' ATTACHED HERETO AND MADE A PART HEREOF

If this agreement covers timber to be cut, minerals (including oil and gas), fixtures or crops growing or to be grown, the legal description is

I am a(n) [ ] individual [ ] partnership [X] corporation

I AGREE TO THE TERMS SET OUT ON BOTH PAGE 1 AND PAGE 2 OF THIS AGREEMENT. I have received a copy of this document on today's date

[ ] If checked, file this agreement in the real estate records

Record Owner-(if-not-me) \_\_\_\_\_

RIO GRANDE CHEMICAL SALES COMPANY

(Debtor's Name)

The property will be used for [ ] personal [X] business [ ] agricultural [ ] \_\_\_\_\_ reasons

By Paul G. Veale, Jr.

PAUL G. VEALE, JR.

TEXAS STATE BANK

(Secured Party's Name)

Title PRESIDENT

By Mark Vooss  
MARK VOSS

By: \_\_\_\_\_

Title VICE PRESIDENT

Title \_\_\_\_\_

**GENERALLY** - "You" means the Secured Party identified on page 1 of this agreement. "I," "me" and "my" means each person who signs this security agreement as Debtor and who agrees to give the property described in this agreement as security for the Secured Debts. All terms and duties under this agreement are joint and individual. No modification of this security agreement is effective unless made in writing and signed by you and me. This security agreement remains in effect, even if the note is paid and I owe no other debt to you, until discharged in writing. Time is of the essence in this agreement.

**APPLICABLE LAW** - I agree that this security agreement will be governed by the law of the state in which you are located. If property described in this agreement is located in another state, this agreement may also, in some circumstances, be governed by the law of the state in which the property is located.

To the extent permitted by law, the terms of this agreement may vary applicable law. If any provision of applicable law may not be varied by agreement, any provision of this agreement that does not comply with that law will not be effective. If any provision of this agreement cannot be enforced according to its terms, this fact will not affect the enforceability of the remainder of this agreement.

**OWNERSHIP AND DUTIES TOWARD PROPERTY** - I represent that I own all of the property, or to the extent this is a purchase money security interest I will acquire ownership of the property with the proceeds of the loan. I will defend it against any other claim. Your claim to the property is ahead of the claims of any other creditor. I agree to do whatever you require to protect your security interest and to keep your claim in the property ahead of the claims of other creditors. I will not do anything to harm your position.

I will keep books, records and accounts about the property and my business in general. I will let you examine these records at any reasonable time. I will prepare any report or accounting you request, which deals with the property.

I will keep the property in my possession and will keep it in good repair and use it only for the purpose(s) described on page 1 of this agreement. I will not change this specified use without your express written permission. I represent that I am the original owner of the property and, if I am not, that I have provided you with a list of prior owners of the property.

I will keep the property at my address listed on page 1 of this agreement; unless we agree I may keep it at another location. If the property is to be used in another state, I will give you a list of those states. I will not try to sell the property unless it is inventory or I receive your written permission to do so. If I sell the property I will have the payment made payable to the order of you and me.

You may demand immediate payment of the debt(s) if the debtor is not a natural person and without your prior written consent: (1) a beneficial interest in the debtor is sold or transferred or (2) there is a change in either the identity or number of members of a partnership or (3) there is a change in ownership of more than 25 percent of the voting stock of a corporation.

I will pay all taxes and charges on the property as they become due. You have the right of reasonable access in order to inspect the property. I will immediately inform you of any loss or damage to the property.

**LIMITATIONS** - This agreement will not secure a debt described in the section entitled "Secured Debts" on page 1.

- 1) if you fail to make any disclosure of the existence of this security interest required by law for such other debt,
- 2) if this security interest is in my principal dwelling and you fail to provide (to all persons entitled) any notice of right of rescission required by law for such other debt,
- 3) to the extent that this security interest is in "household goods" and the other debt to be secured is a "consumer" loan (as those terms are defined in applicable federal regulations governing unfair and deceptive credit practices),
- 4) if this security interest is in margin stock subject to the requirements of 12 C.F.R. Section 207 or 221 and you do not obtain a statement of purpose if required under these regulations with respect to that debt, or
- 5) if this security interest is unenforceable by law with respect to that debt.

**PURCHASE MONEY SECURITY INTEREST** - For the sole purpose of determining the extent of a purchase money security interest arising under this security agreement: (a) payments on any non-purchase money loan also secured by this agreement will not be deemed to apply to the purchase money loan, and (b) payments on the purchase money loan will be deemed to apply first to the non-purchase money portion of the loan, if any, and then to the purchase money obligations in the order in which the items of collateral were acquired or if acquired at the same time, in the order selected by you. No security interest will be terminated by application of this formula. "Purchase money loan" means any loan the proceeds of which, in whole or in part, are used to acquire any collateral securing the loan and all extensions, renewals, consolidations and refinancings of such loan.

**AUTHORITY OF SECURED PARTY TO MAKE ADVANCES AND PERFORM FOR DEBTOR** - I agree to pay you on demand any sums you advanced on my behalf including, but not limited to, expenses incurred in collecting, insuring, conserving, or protecting the property or in any inventories, audits, inspections or other examinations by you in respect to the property. If I fail to pay such sums, you may do so for me, adding the amount paid to the other amounts secured by this agreement. All such sums will be due on demand and will bear interest at the highest rate provided in any agreement, note or other instrument evidencing the Secured Debt(s) and permitted by law at the time of the advance.

If I fail to perform any of my duties under this security agreement, or any mortgage, deed of trust, lien or other security interest, you may without notice to me perform the duties or cause them to be performed. I understand that this authorization includes, but is not limited to, permission to: (1) prepare, file, and sign my name to any necessary reports or accountings, (2) notify any account debtor of your interest in this property and tell the account debtor to make the payments to you or someone else you name, rather than me, (3) place on any chattel paper a note indicating your interest in the property, (4) in my name, demand, collect, receive and give a receipt for, compromise, settle, and handle any suits or other proceedings involving the collateral, (5) take any action you feel is necessary in order to realize on the collateral, including performing any part of a contract or endorsing it in my name, and (6) make an entry on my books and records showing the existence of the security agreement. Your right to perform for me shall not create an obligation to perform and your failure to perform will not preclude you from exercising any of your other rights under the law or this security agreement.

**INSURANCE** - I agree to buy insurance on the property against the risks and for the amounts you require and to furnish you continuing proof of coverage. I will have the insurance company name you as loss payee on any such policy. You may require added security if you agree that insurance proceeds may be used to repair or replace the property. I will buy insurance from a firm licensed to do business in the state where you are located. The firm will be reasonably acceptable to you. The insurance will last until the property is released from this agreement. If I fail to buy or maintain the insurance (or fail to name you as loss payee) you may purchase it yourself.

**WARRANTIES AND REPRESENTATIONS** - If this agreement includes accounts, I will not settle any account for less than its full value without your written permission. I will collect all accounts until you tell me otherwise. I will keep the proceeds from all the accounts and any goods which are returned to me or which I take back in trust for you. I will not mix them with any other property of mine. I will deliver them to you at your request. If you ask me to pay you the full price on any returned items or items retaken by myself, I will do so.

If this agreement covers inventory, I will not dispose of it except in my ordinary course of business at the fair market value for the property, or at a minimum price established between you and me.

If this agreement covers farm products I will provide you, at your request, a written list of the buyers, commission merchants or selling agents to or through whom I may sell my farm products. In addition to those parties named on this written list, I authorize you to notify at your sole discretion any additional parties regarding your security interest in my farm products. I remain subject to all applicable penalties for selling my farm products in violation of my agreement with you and the Food Security Act. In this paragraph the terms farm products, buyers, commission merchants and selling agents have the meanings given to them in the Federal Food Security Act of 1985.

**DEFAULT** - I will be in default if any one or more of the following occur: (1) I fail to make a payment on time or in the amount due, (2) I fail to keep the property insured, if required, (3) I fail to pay, or keep any promise, on any debt or agreement I have with you, (4) any other creditor of mine attempts to collect any debt I owe him through court proceedings, (5) I die, am declared incompetent, make an assignment for the benefit of creditors, or become insolvent (either because my liabilities exceed my assets or I am unable to pay my debts as they become due); (6) I make any written statement or provide any financial information that is untrue or inaccurate at the time it was provided, (7) I do or fail to do something which causes you to believe that you will have difficulty collecting the amount I owe you, (8) I change my name or assume an additional name without first notifying you before making such a change, (9) failure to plant, cultivate and harvest crops in due season, (10) if any loan proceeds are used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity, as further explained in 7 C.F.R. Part 1940, Subpart G, Exhibit M.

**REMEDIES** - If I am in default on this agreement, you have the following remedies:

- 1) You may demand immediate payment of all I owe you under any obligation secured by this agreement.
- 2) You may set off any obligation I have to you against any right I have to the payment of money from you.
- 3) You may demand more security or new parties obligated to pay any debt I owe you as a condition of giving up any other remedy.
- 4) You may make use of any remedy you have under state or federal law.
- 5) If I default by failing to pay taxes or other charges, you may pay them (but you are not required to do so). If you do, I will repay to you the amount you paid plus interest at the highest contract rate.
- 6) You may require me to gather the property and make it available to you in a reasonable fashion.
- 7) You may repossess the property and sell it as provided by law. You may repossess the property so long as the repossession does not involve a breach of the peace or an illegal entry onto my property. You may sell the property as provided by law. You may apply what you receive from the sale of the property to your expenses; your reasonable attorneys' fees and legal expenses (where not prohibited by law), any debt I owe you. If what you receive from the sale of the property does not satisfy the debts, you may take me to court to recover the difference (where permitted by law).

I agree that 10 days written notice sent to my address listed on page 1 by first class mail will be reasonable notice to me under the Uniform Commercial Code. If any items not otherwise subject to this agreement are contained in the property when you take possession, you may hold these items for me at my risk and you will not be liable for taking possession of them.

8) In some cases, you may keep the property to satisfy the debt. You may enter upon and take possession of all or any part of my property, so long as you do not breach the peace or illegally enter onto the property, including lands, plants, buildings, machinery, and equipment as may be necessary to permit you to manufacture, produce, process, store or sell or complete the manufacture, production, processing, storing or sale of any of the property and to use and operate the property for the length of time you feel is necessary to protect your interest, all without payment or compensation to me.

By choosing any one or more of these remedies, you do not waive your right to later use any other remedy. You do not waive a default if you choose not to use any remedy, and, by electing not to use any remedy, you do not waive your right to later consider the event a default and to immediately use any remedies if it continues or occurs again.

**FILING** - A carbon, photographic or other reproduction of this security agreement or the financing statement covering the property described in this agreement may be used as a financing statement where allowed by law. Where permitted by law, you may file a financing statement which does not contain my signature, covering the property secured by this agreement.

**CO-MAKERS** - If more than one of us has signed this agreement, we are all obligated equally under the agreement. You may sue any one of us or any of us together if this agreement is violated. You do not have to tell me if any term of the agreement has not been carried out. You may release any co-signer and I will still be obligated under this agreement. You may release any of the security and I will still be obligated under this agreement. Waiver by you of any of your rights will not affect my duties under this agreement. Extending this agreement or new obligations under this agreement, will not affect my duty under the agreement.

**ADDENDUM**  
to ATTACHMENT I - RIDER No. 1  
**RAILCAR MASTER NET LEASING AGREEMENT**  
December 23, 1996

The Railcar Master Net Leasing Agreement entered into as of November 20, 1996 between RIO GRANDE CHEMICAL SALES CO. (RGC) and the TEXAS MEXICAN RAILWAY COMPANY (Lessee) is hereby amended as set forth below.

**Article 1. Railcars Covered by Agreement.**

The list of thirty (30) railcars on Rider No. 1, Attachment I is hereby amended to include the addition of the following ten (10) gondolas, bringing the total to forty (40):

TM 1130	TM 1135
TM 1131	TM 1136
TM 1132	TM 1137
TM 1133	TM 1138
TM 1134	TM 1139

All other terms and conditions shall remain unchanged and in full force and effect.

RIO GRANDE CHEMICAL SALES COMPANY

TEXAS MEXICAN RAILWAY COMPANY

By \_\_\_\_\_

Its \_\_\_\_\_

Printed Name \_\_\_\_\_

Witness \_\_\_\_\_

Witness \_\_\_\_\_

By \_\_\_\_\_

Its \_\_\_\_\_

Printed Name: \_\_\_\_\_

Witness \_\_\_\_\_

Witness \_\_\_\_\_