

15,00



111 SW FIFTH AVENUE, SUITE 1000
PORTLAND, OREGON 97204
PO BOX 40829
PORTLAND, OREGON 97240-0829
(503) 275-5300

0-057A074

RECORDATION NO. 16777 FILED 1488

Secretary of the Interstate Commerce Commission
Washington D.C. 20423

FEB 26 1990 -2 55 PM

INTERSTATE COMMERCE COMMISSION

To whom it may concern

Please accept this as our letter of transmittal. We are making a loan to Proflame, Inc. to finance the purchase of Seven new tank railcars manufactured by the Union Tank Car company. The Description of the cars is summarized as follows:

Seven Union Tank railcars, model DOT 105J300W complete, Road Numbers CGSX 4 through 10 with corresponding stamped numbers 6704-1 through 6704-7.

The parties to the loan transaction are:

Lender U.S. Bancorp Leasing & Financial
111 SW Fifth suite #1000
Portland, Oregon 97204

Borrower Proflame, Inc.
P.O. Box 5069
Novato, CA 94948

There are no Guarantors.

Please have the enclosed original Security Agreement (along with the two certified true copies thereof) recorded in the Commission's files. Furthermore we request that the original security agreement be returned stamped with the recordation number, time and date to the Lender, attention Ron Blackledge AVP.

Thank you

Ron Blackledge
Assistant Vice President

Counterpart - for Charles E. Simon & Co.

RECORDED
26 FEB 1990

Interstate Commerce Commission
Washington, D.C. 20423

OFFICE OF THE SECRETARY

Ron Blackledge-Assistant Vice President
U. S. Bancorp Leasing
111 S. W. Fifth Avenue Ste. 1000
Portland, Oregon 97204

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 2/26/90 at 2:55PM , and assigned recordation number(s). 16777

Sincerely yours,



Noreta R. McGee
Secretary

Enclosure(s)

SECURITY AGREEMENT COVERING CONSUMER GOODS, FIXTURES, OR EQUIPMENT
INCLUDING FARM EQUIPMENT
(May Be Used For Motor Vehicles In These Categories)

January 11, 1990

1.0 Proflame, Inc., P.O. Box 5069, Novato, California 94947;

(hereinafter called "Debtor") hereby grants to U.S. Bancorp Leasing & Financial (hereinafter called "Secured Party"), its successors and assigns, a security interest in the following property, any and all additions, attachments, and accessions thereto now owned and hereafter acquired:

Seven (7) tank railcars manufactured by the Union Tank Car Company complete, model DOT 105J300W. Road Numbers CGSX 4, CGSX 5, CGSX 6, CGSX 7, CGSX 8, CGSX 9 and CGSX 10. Stamped Numbers 6704-1, 6704-2, 6704-3, 6704-4, 6704-5, 6704-6, 6704-7.

16777

(collectively the "Collateral").

FEB 26 1990 -2 55 PM

2.0 OBLIGATIONS; FUTURE ADVANCES.

INTERSTATE COMMERCE COMMISSION

2.1 The security interest granted hereby is to secure payment and performance of all liabilities and obligations of Debtor to Secured Party of every kind and description, direct or indirect, absolute or contingent, due or to become due, now existing and hereafter arising including without limitation, obligations and liabilities of Debtor to Secured Party as guarantor, surety, endorser or otherwise; however, any indebtedness owed to Secured Party by Debtor on a VISA account which was or is incurred for a personal, family or household purpose shall not be part of the Obligations secured hereby;

2.2 Obligations shall include any amounts paid or liabilities incurred by Secured Party for: (a) taxes, liens, levies or insurance on repairs to or maintenance of the collateral (b) taking possession of, disposing of, maintaining or preserving the Collateral on default (c) reasonable attorneys' fees at trial or on any appeal (d) interest on any such amounts at the highest rate provided in any note executed pursuant to this Agreement, not to exceed any maximum imposed by law for the calculation of such interest;

2.3 It is the true, clear and express intention of Debtor that the security interest granted hereby shall secure payment and performance of all Obligations of Debtor, whether now existing or hereinafter incurred, including Obligations incurred by future advances made by Secured Party or by any assignee of Secured Party, or otherwise, whether or not any Obligation is related to any other Obligation by class or kind and whether or not any Obligation was contemplated by the parties at the time of Debtor's granting this security interest. Any future advance made by Secured Party hereunder or by any assignee of Secured Party shall be deemed to have been made pursuant to the Uniform Commercial Code. Notice of the security interest granted hereby shall not be required to be stated on the face of any note or other writing representing any Obligation of Debtor, nor must any such note or other writing otherwise be identified as being secured hereby. If any Obligation shall remain or become that of fewer than all of the Debtors herein, any Debtor not liable therefor hereby expressly hypothecates his, her, its or their ownership interest in the Collateral, to the extent required to satisfy said Obligation, without restriction or limitation. (collectively "Obligations").

3.0 WARRANTIES. Debtor represents and warrants that:

3.1 Corporate Status. If Debtor is a corporation, Debtor is duly organized and existing under the laws of California and is duly qualified and in good standing under the laws of such State and in every other State in which it is doing business;

3.2 Corporate Authority. If Debtor is a corporation, the execution, delivery, and performance hereof are within Debtor's corporate powers, have been duly authorized, are not in contravention of law or Debtor's articles of incorporation or bylaws, or of any indenture, agreement or undertaking to which Debtor is a party or by which it is bound;

3.3 Title and Adverse Liens. Debtor is the sole owner of the Collateral free of all liens and security interests except as indicated in any Exhibits hereto. (Attach as an Exhibit any agreement which creates an ownership interest in the Collateral in someone other than the Debtor and a listing of all liens and security interests, if any, against the Collateral). No financing statement covering any Collateral or any proceeds thereof is on file in any public office except as noted in any Exhibits attached as required by this subsection. Except for purchase money security interests in Collateral acquired hereafter, Debtor will defend the Collateral against all claims and demands of all other persons at any time claiming an interest therein, and upon request of Secured Party, Debtor will provide a completed public records search at Debtor's cost to verify that no claims of liens have been filed with regard to any Collateral.;

3.4 Use. The Collateral is bought or used primarily for
Check One Personal, family or household purposes
 Farming operations
 Business use
and if checked here is being acquired with the proceeds of loans by Secured Party to Borrower, which Secured Party may disburse directly to the seller of the Collateral.

3.5 Location of Collateral. The Collateral will be kept at:
various states/various locations within the USA
STREET, CITY, STATE

or if left blank, at the address shown at the beginning of this Agreement. Debtor will not remove the Collateral from said state without the written consent of Secured Party;

3.6 Location of Business. If the Collateral is bought or used primarily for business use, Debtor's place of business in said state is:
None

NUMBER AND STREET, CITY, COUNTY

(If none, write "none"), or if left blank, is that shown at the beginning of this Agreement. Debtor has does not have (check one) places of business in more than one county in said state.;

3.7 Fixtures. If the Collateral is to be or has been attached to real estate, a description of the real property is as follows:

and the name of the record owner is _____

Debtor will, on demand of Secured Party, furnish the latter with a disclaimer or disclaimers, signed by all persons having an interest in the real property, of any interest in the Collateral which is prior to Secured Party's interest;

3.8 Perfection of Security Interest. The Debtor agrees to execute and file financing statements and do whatever may be necessary under applicable law to perfect and continue the Secured Party's interest in the Collateral, all at Debtor's expense. Secured Party is hereby appointed Debtor's attorney-in-fact to do all acts and things which Secured Party may deem necessary to perfect and continue perfected its security interest in the Collateral and its proceeds. Debtor will pay to Secured Party, on demand, all costs relative thereto, and until paid such costs shall be an Obligation secured hereby;

3.9 Accurate Information. All information and representations furnished by Debtor to Secured Party concerning Collateral or Debtor's financial condition for the purpose of obtaining credit or any extension of credit is accurate and correct in all material respects, as complete as necessary to give Secured Party a true and accurate assessment of the subject matter and not furnished with any intent to deceive or defraud;

3.10 Sale Prohibited. Debtor will not sell or offer to sell or otherwise transfer the Collateral or any interest therein without the written consent of Secured Party. In case of any sale in violation of this provision, Secured Party's security interest shall remain perfected in the proceeds of any such sale;

3.11 Insurance. Debtor will insure the Collateral against all hazards and in form and amount satisfactory to Secured Party. All policies of insurance shall have endorsed thereon a standard loss payable clause and/or such other endorsements as Secured Party may request and Debtor will promptly provide Secured Party with evidence of such insurance. ~~Secured Party is hereby appointed Debtor's attorney-in-fact to obtain, adjust, settle and cancel insurance, in its own discretion. In the event of Debtor's failure to insure the Collateral, Secured Party may, without obligation, provide such insurance, and Debtor will pay to Secured Party, on demand, the cost thereof, plus interest, otherwise to be an Obligation secured hereby.~~ Debtor assigns to Secured Party all rights to receive proceeds of insurance, not to exceed the total of Debtor's Obligations secured hereby; directs any insurer to pay all proceeds directly to Secured Party; and authorizes Secured Party to endorse any draft or check for proceeds.

3.12 Adverse Liens and Use. Debtor will keep the Collateral free from any adverse lien, security interest (except as provided in paragraph 3.3 above) or encumbrance and in good order and repair and will not waste or destroy the Collateral or any part thereof. Debtor will not use or permit any one to use the Collateral in violation of any statute, ordinance, or state or federal regulation; and Secured Party may examine and inspect the Collateral at any time, wherever located. Debtor will not permit (a) any other lien or security interest to attach to any of the Collateral or its proceeds; (b) any of the Collateral or its proceeds to be levied upon under any legal process; (c) any of the Collateral to be sold for cash, traded, leased or otherwise disposed of or removed from the above mentioned location without the prior written consent of Secured Party; or (d) anything to be done that may impair the value of the Collateral or its proceeds of the security intended to be afforded by this Agreement;

3.13 Taxes and Assessments. Debtor will pay promptly when due all taxes and assessments upon the Collateral or for its use or operation. At its option Secured Party may discharge taxes, liens or security interests or other encumbrances at any time levied or placed on the Collateral, may pay for insurance on the Collateral and may pay for the maintenance and preservation of the Collateral. Debtor will pay to Secured Party, on demand, all costs relative thereto, and until paid, all such costs, plus interest, shall be an Obligation secured hereby.

4.0 LOCATION OF COLLATERAL; MAILING ADDRESS; CORPORATE STRUCTURE.

4.1 Debtor will immediately advise Secured Party in writing of any change in Debtor's mailing address, location of business or farming operations or records, residence address, or any change in location of any Collateral now or hereafter subject to this Agreement;

4.2 Debtor will promptly notify Secured Party in writing of any change in its name, identity, or corporate structure.

5.0 FINANCING STATEMENTS.

5.1 In order to protect Secured Party's interest in the Collateral, Debtor will, at Secured Party's request, execute and pay all costs of filing one or more Financing Statements or other documents required by the Uniform Commercial Code or any other statutes or laws. If certificates of title are issued or outstanding with respect to any of the Collateral, Debtor will cause the interest of Secured Party to be promptly noted thereon at Debtor's expense;

5.2 Without the written consent of Secured Party, Debtor will not allow any other financing statement covering any Collateral or its proceeds to be on file in any public office;

5.3 A carbon, photographic, or other reproduction of this security agreement shall be sufficient as a Financing Statement.

6.0 EVENTS OF DEFAULT; ACCELERATION. Until default, Debtor may retain possession of the Collateral and use it in any lawful manner not inconsistent with this Agreement or with the terms and conditions of any policy of insurance thereon. However, any or all Obligations of Debtor shall, at the option of Secured Party and notwithstanding any time or credit allowed by any instrument evidencing a liability, become immediately due and payable, without notice or demand, upon the occurrence of any of the following:

6.1 Debtor fails to pay timely or perform fully any Obligation, covenant, agreement, promise, term or liability contained herein or in any note secured hereby;

6.2 Debtor furnishes or makes any warranty, representation, statement or report to Secured Party which proves to have been false or misleading in any material respect when made or furnished;

6.3 Any evidence of debt of Debtor under any note, indenture, agreement, undertaking or obligation of any kind becomes due by acceleration or otherwise and is not promptly paid;

6.4 Any of the Collateral or its proceeds is lost, stolen, ^{severely} damaged, destroyed, sold, removed, encumbered, levied upon, seized or attached;

6.5 The death, dissolution, termination of existence, insolvency or business failure of Debtor;

6.6 Debtor (a) applies for or consents to the appointment of, or the taking possession by, a receiver, custodian, trustee or liquidator of itself or of all or a substantial part of its property, (b) admits in writing its inability to pay, or generally not to be paying, its debts as they become due, (c) makes general assignment for the benefit of creditors, (d) commences a voluntary action under the Federal Bankruptcy Code (as now or hereafter in effect), (e) files a petition seeking to take advantage of any other law relating to bankruptcy, insolvency, reorganization, winding-up, or composition or adjustment of debts, (f) fails to controvert in a timely or appropriate manner, or acquiesces in writing to, any petition filed against Debtor, in an involuntary action under such Bankruptcy Code, or (g) takes any action for the purpose of effecting any of the foregoing;

6.7 A proceeding or case is commenced, without Debtor's consent, in any court of competent jurisdiction which seeks (a) the liquidation, reorganization, dissolution, wind-up, or composition or readjustment of Debtor's debts (b) the appointment of a receiver, trustee, custodian, liquidator or the like for Debtor, or for all or a substantial part of Debtor's assets, or (c) similar relief with respect to Debtor under any law relating to bankruptcy, insolvency, reorganization, winding-up, or composition or adjustment of debts, and such proceeding or case continues undismissed, or an order, judgment or decree approving or ordering any of the foregoing is entered and continues unstayed and in effect for any period of sixty days, or an order for relief against Debtor is entered in an involuntary case under the Bankruptcy Code.

7.0 RIGHTS AND REMEDIES ON DEFAULT.

If any such Event of Default occurs and is continuing, the Secured Party may, at its option, do any one or more of the following:

(a) by written notice to Debtor, immediately terminate any commitment to advance or loan funds to Debtor,
(b) by written notice to Debtor, declare all indebtedness of Debtor to Secured Party forthwith due and payable, whereupon the same shall become forthwith due and payable, without further notice of any kind,
(c) enforce Secured Party's rights by an action at law, suit in equity or other appropriate proceeding, whether for the specific performance of, or for an injunction against a violation of, any covenant, agreement, warranty, condition or promise contained herein or in any note executed hereunder, or in aid of the exercise of any power granted hereby or thereby or by law;

7.1 Secured Party shall have all rights and remedies of a secured party under the Uniform Commercial Code or other applicable law in addition to the rights and remedies provided herein, or in any other instrument, paper, note or security or loan agreement executed by Debtor, all of which rights and remedies shall be optional and cumulative. Secured Party may, without obligation, assemble the Collateral for sale or may require Debtor to assemble the Collateral and make it available to Secured Party at a place to be designated by Secured Party, which is reasonably convenient to both parties;

7.2 Unless the Collateral is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, Secured Party will give Debtor reasonable notice of time after which any private sale or any other intended disposition thereof is to be made. The requirements of reasonable notice shall be met if such notice is provided Debtor by any method included in Subsection 9.2 at least ten days before the time of sale or disposition. Expenses of retaking, holding, preparing for sale, selling or the like shall include Secured Party's reasonable attorneys' fees and legal expenses, whether or not litigation is commenced and also such fees and expenses on appeal;

7.3 All of Secured Party's rights and remedies, whether evidenced hereby or by other agreement, instrument, note or paper shall be cumulative and may be exercised singularly or concurrently.

8.0 ADDITIONAL SECURITY.

Regardless of the adequacy of any Collateral which Secured Party may at any time hold hereunder, and regardless of the adequacy of any other collateral which Secured Party may obtain from Debtor in connection with any other transactions, any deposits or other moneys due from Secured Party to Debtor shall constitute additional security for and may be set off against loans secured hereby, even though said loans may not then be due. Any and all instruments, documents, policies and certificates of insurance, securities, goods, accounts, choses in action, chattel paper, cash, property and any proceeds thereof (whether or not Collateral or proceeds hereunder) owned by Debtor or in which Debtor has an interest, which now or hereafter are at any time in possession or control of Secured Party or in possession of any third party acting in Secured Party's behalf without regard to whether Secured Party received the same in pledge, for safekeeping, as agent for collection or transmission, or otherwise, or whether Secured Party has conditionally released the same, shall constitute additional security for Obligations and may be applied at any time to Obligations which are then due whether by acceleration or otherwise.

9.0 GENERAL.

Secured Party shall not be deemed to have waived any of Secured Party's rights hereunder or under any other agreement, instrument, or paper signed by Debtor unless such waiver be in writing and signed by Secured Party. No delay or omission on the part of Secured Party in exercising any right shall operate as a waiver of such right or any other right. A waiver on any one occasion shall not be construed as a bar or waiver of any right or remedy on any future occasion. Secured Party's waiver of any default hereunder shall not be deemed its waiver of any subsequent default;

9.1 Notice of acceptance hereof is waived. This Agreement is effective when signed by Debtor and delivered to Secured Party and shall continue in full force and effect until amended, replaced or terminated in writing. If at any time during the term of this Agreement, there is no outstanding Obligation or commitment to make advances, such events or either of them shall not affect the validity of this Agreement as security for subsequent loans and advances hereunder;

9.2 Any demand upon or notice to Debtor which is required by this Agreement shall be deemed effective if sent by U.S. First Class Mail, postage prepaid, by prepaid express mail service (private or governmental), or by hand delivery to Debtor at the address shown at the beginning of this Agreement (or as modified on Secured Party's records) or at any address at which Secured Party customarily communicates with Debtor;

9.3 This Agreement and all rights and liabilities hereunder (and in and to any and all Obligations and Collateral) shall inure to the benefit of the Secured Party, its successors and assigns, and shall be binding upon Debtor, its successors and assigns. If there be more than one Debtor hereunder, their Obligations shall be joint and several;

9.4 If at any time, by assignment or otherwise, Secured Party transfers any Obligations and Collateral, or other security therefor, such transfer shall carry with it Secured Party's powers and rights under this Agreement with respect to the Obligations and Collateral or other securities transferred, and the transferee shall become vested with all said powers and rights including the right to make future advances hereunder, whether or not specifically referred to in the transfer. If and to the extent that Secured Party retains any Obligations or Collateral or other security, Secured Party will continue to have rights and powers herein set forth with respect thereto;

9.5 Nothing herein shall be construed to obligate Secured Party to make any loans or advances to Debtor, the sole purpose of this Agreement being to provide Collateral security for presently existing indebtedness and for loans and advances made hereafter to Debtor in the absolute discretion of Secured Party, or assigns;

9.6 Debtor will pay Secured Party all amounts payable on any Obligations hereunder, as and when they shall be due and payable, whether at maturity, by acceleration or otherwise, and will perform all terms of said Obligations in this or any other

security or loan agreement between Debtor and Secured Party, and will discharge all said Obligations;

9.7 This Agreement and all rights and Obligations, including matters of construction, validity and performance, shall be construed in accordance with, and governed by the laws of the State of Oregon without regard to Conflict of Laws principals;

9.8 Debtor shall pay to Secured Party on demand, together with interest at the highest rate provided in any note executed pursuant to this Agreement, not to exceed any maximum rate imposed by law for the calculation of such interest, any and all costs and expenses reasonably incurred or expended by Secured Party in the protection, storage, maintenance and liquidation of Collateral; in the collection or attempted collection of any Obligation; and in the protection, construction or enforcement of any of the covenants and other rights of Secured Party hereunder. Reasonable collection costs incurred hereunder shall include, without limitation, attorneys' fees at trial or on any appeal, a reasonable hourly rate for collection personnel whether employed in-house or on a contract basis, that portion of Secured Party's overhead costs reasonably allocated to the collection effort; and all out-of-pocket expenses actually incurred by Secured Party;

9.9 In the event any suit or action is instituted to enforce or interpret any of this Agreement, the prevailing party shall be entitled to recover from the other party such sum as the court may determine reasonable as attorneys' fees, at trial or on any appeal, in addition to all other sums provided by law;

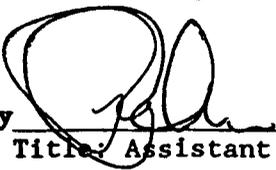
9.10 In the event that any provision of this Agreement is held to be invalid, such event shall not affect, in any respect whatsoever, the validity of the remainder of this Agreement, and the remainder shall be reasonably construed without the invalid provision so as to carry out the intent of the parties.

10.0 SPECIAL PROVISIONS. (if none, write "none")

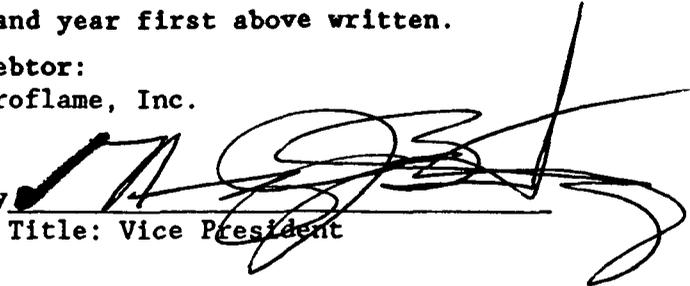
none

Signed and delivered to Secured Party on the day and year first above written.

Secured Party:
U.S. Bancorp Leasing & Financial
111 S.W. Fifth Avenue, Suite 1000
Portland, Oregon 97204

By 
Title: Assistant Vice President

Debtor:
Proflame, Inc.

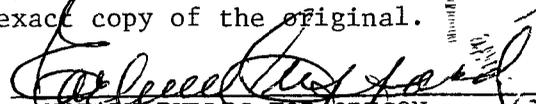
By 
Title: Vice President

Co-Debtor:

By _____
Title:

52-6516 4/88

The undersigned acknowledges this Security Agreement consisting of four pages is a true and exact copy of the original.


NOTARY PUBLIC FOR OREGON
My Comm. Exp: 11/29/92