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A PROFESSIONAL CORPORATION
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WRITER'S DIRECT DIAL NUMBER

June 3, 1991

1-156A014

Interstate Commerce Commission
Registration Unit, Room 2303
12th Street & Constitution Avenue, N.W.
Washington, D.C. 24023

17367
REGISTRATION NO. 156A014

JUN 5 1991 - 2:20 PM

INTERSTATE COMMERCE COMMISSION

Re: A.R.C. Incorporated - Bryan County Economic
Development Authority Parity Mortgage With
Power of Sale, Security Agreement, and
Financing Statement

Ladies and Gentlemen:

Enclosed for filing on behalf of the Bryan County Economic Development Authority are multiple copies of the above-referenced security instrument which provides railroad cars as identified on the attached Exhibit B as security for a loan to A.R.C. Incorporated, an Oklahoma corporation.

Our firm check in the amount of \$15.00 is enclosed. Please file appropriately and return the original to us at the address above.

1. Name and Address of Borrower:

A.R.C. Incorporated
Suite 1100
7322 S.W. Freeway
Houston, Texas 77074
Attention: Chris Spradley

2. Name and Address of Lender:

Bryan County Economic Development Authority
c/o Farrell Hatch, Authority Counsel
524 West Evergreen
Durant, Oklahoma 74701

JUN 5 2 16 PM '91

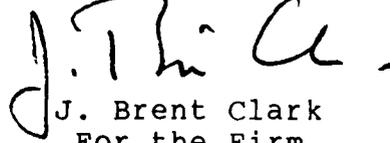
Handwritten notes:
C. Davis
A. Price

Interstate Commerce Commission
June 3, 1991
Page 2

3. Name and Address of Person Requesting Registration:

J. Brent Clark
Andrews Davis Legg Bixler Milsten & Price,
Bond Counsel
500 West Main, Suite 500
Oklahoma City, Oklahoma 73102
405/272-9241

Sincerely,


J. Brent Clark
For the Firm

JBC/ka

Enclosures

Interstate Commerce Commission
Washington, D.C. 20423

6/5/91

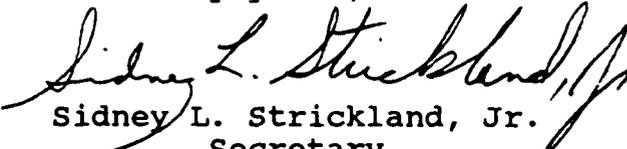
OFFICE OF THE SECRETARY

J. Brent Clark
Andrews Davis Legg Bixler Milsten & Price
500 West Maine Suite 500
Oklahoma City, Okla. 73102

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 6/5/91 at 2:20pm, and assigned
recordation number(s). 17367

Sincerely yours,


Sidney L. Strickland, Jr.
Secretary

ACT 7000 701

ANDREWS DAVIS LEGG BIXLER
MILSTEN & PRICE, INC.
500 WEST MAIN
OKLAHOMA CITY, OK 73102

17367

JUN 5 1991 2:20 PM

INTERSTATE COMMERCIAL SECURITY

PARITY MORTGAGE WITH POWER OF SALE, SECURITY AGREEMENT AND FINANCING STATEMENT

A POWER OF SALE HAS BEEN GRANTED IN THIS MORTGAGE. A POWER OF SALE MAY ALLOW THE MORTGAGEE TO TAKE THE MORTGAGED PROPERTY AND SELL IT WITHOUT GOING TO COURT IN A FORECLOSURE ACTION UPON DEFAULT BY THE MORTGAGOR UNDER THIS MORTGAGE.

THIS PARITY MORTGAGE WITH POWER OF SALE, SECURITY AGREEMENT AND FINANCING STATEMENT, ("Mortgage") is entered into this 1st day of May, 1991, by and between A.R.C., Incorporated, an Oklahoma corporation (the "Mortgagor"), 125 South First, Durant, Oklahoma 74701, and the Bryan County Economic Development Authority, an Oklahoma public trust (the "Authority") (the Authority hereinafter called the "Mortgagee").

WHEREAS, the Mortgagor is indebted to the Authority in the principal sum of Two Hundred Fifty Thousand and No/100 Dollars (\$250,000.00), with interest thereon, according to the terms of Mortgagor's note of even date herewith (the "\$250,000 Company Note Series A"), which matures on June 1, 2001; and

WHEREAS, Mortgagor is also indebted to the Authority in the principal sum of One Hundred Fifty Thousand and No/100 Dollars (\$150,000.00), with interest thereon, according to the terms of Mortgagor's note of even date herewith (the "\$150,000 Company Note Series B"), which matures on June 1, 2001.

This Mortgage ratably secures the \$250,000 Company Note Series A and the \$150,000 Company Note Series B above-mentioned. Reference is made to Sections 16(j) and 17 herein for enforcement and distribution of proceeds under this Mortgage.

NOW, THEREFORE, to secure to the Mortgagee the payment of the aforesaid indebtedness, with interest thereon, the payment of all other monies secured hereby or advanced hereunder and the performance of the covenants and agreements contained herein, the Mortgagor does hereby grant, bargain, sell, convey and mortgage unto the Mortgagee and to the Mortgagee's successors and assigns, and specifically grants to and confirms upon Mortgagee the power to sell in the manner provided in the Oklahoma Power of Sale Mortgage Foreclosure Act, 46 O.S. §§40, et seq., as the same may be amended from time to time, the real property located in Bryan County, State of Oklahoma, described on Exhibit "A" attached hereto, incorporated herein and made a

part hereof, together with all and singular the tenements, hereditaments, and appurtenances thereof, all buildings and improvements now or hereafter constructed thereon, all rents, revenues and profits therefrom, and all chattels, fixtures, goods to become fixtures, and articles of tangible and intangible personal property now owned or hereafter acquired by the Mortgagor and now or hereafter located in or used for the operation and maintenance of the aforesaid buildings and improvements including, but not limited to, furnaces, steam boilers, hot-water boilers, oil burners, pipes, radiators, air-conditioning and sprinkler systems, gas and electric fixtures, carpets, rugs, shades, awnings, screens, elevators, motors, dynamos, cabinets, incinerators, lawn plants and shrubbery and all other furnishings, tools, equipment and machinery, appliances, building supplies, materials, fittings and fixtures of every kind, all of which real estate, fixtures and personal property are hereinafter collectively referred to as the "Mortgaged Premises" and are hereby declared to be subject to the lien of this Parity Mortgage With Power of Sale, Security Agreement and Financing Statement as security for payment of the aforesaid indebtedness.

TO HAVE AND TO HOLD the Mortgaged Premises with all the rights, improvements and appurtenances thereunto belonging, or in any way appertaining unto the Mortgagee, Mortgagee's successors and assigns, forever. The Mortgagor covenants that, except for the matters set forth on Exhibit "B" attached hereto, the Mortgagor is seized of an indefeasible estate in fee simple in the Mortgaged Premises, that the Mortgagor has the right to sell, convey and mortgage the same, that the Mortgaged Premises are free and clear of all general and special taxes, liens, charges and encumbrances of every kind and character, and that the Mortgagor hereby warrants and will forever defend the title thereto against the claims of all persons whomsoever.

This Mortgage is made subject to the following covenants, conditions and agreements:

1. Indebtedness Secured:

(a) If the Mortgagor shall pay the indebtedness evidenced by the \$250,000 Company Note Series A and the \$150,000 Company Note Series B and secured hereunder in accordance with their respective terms and shall punctually perform and comply with all the obligations, covenants and conditions contained herein, and contained in a certain Project Loan Agreement dated as of May 1, 1991 by and between the Mortgagor and the Authority (the "Loan Agreement"), which is incorporated herein and made a part hereof by this

reference, and upon payment in full of all amounts owing hereunder and under the \$250,000 Company Note Series A and the \$150,000 Company Note Series B (collectively, the "Company Notes"), both of which are incorporated herein and made a part hereof by reference, then in that event only, this Mortgage shall be and become null and void, and discharged of record at the cost of the Mortgagor, which cost the Mortgagor agrees to pay.

(b) This Mortgage shall secure the payment of the above described Company Notes, including any and all future advancements made by the Authority thereunder, or pursuant to the Loan Agreement, and any and all additional indebtedness of the Mortgagor to the Mortgagee, or either of them, whether or not incurred or becoming payable under the provisions hereof and whether as future advancements or otherwise, together with any renewals or extensions of the Company Notes or other indebtedness.

2. Preservation and Maintenance of Property. With respect to the Mortgaged Premises, the Mortgagor covenants and agrees to keep the same in good condition and repair; to pay all general and special taxes and assessments and other charges that may be levied or assessed upon or against the same as they become due and payable, provided that the Mortgagor shall have the right to contest in good faith a bona fide dispute regarding any such taxes, assessments or charges; to furnish to the Mortgagee receipts showing payment of any such taxes and assessments, if demanded; to pay all debts for repair or improvements, now existing or hereafter arising, that may become liens upon or charges against the same; to comply with or cause to be complied with all requirements of any governmental authority relating to the Mortgaged Premises; and to promptly repair, restore, replace or rebuild any part of the Mortgaged Premises which may be damaged or destroyed by any casualty whatsoever or which may be affected by any condemnation proceeding or exercise of eminent domain. The Mortgagor further covenants and agrees that the Mortgagor will not commit nor suffer to be committed any waste of the Mortgaged Premises; nor initiate, join in or consent to any change in any private restrictive covenant, zoning ordinance, or other public or private restrictions limiting or defining the uses which may be made of the Mortgaged Premises or any part thereof; nor permit any lien or encumbrance, of any kind or character, to accrue or remain on the Mortgaged Premises or any part thereof which might take precedence over the lien of this Mortgage.

3. Insurance. The Mortgagor will keep the Mortgaged Premises insured for the benefit of the Mortgagee against loss

or damage by fire, lightning, windstorm, hail, explosion, riot, riot attending a strike, civil commotion, aircraft, vehicles, smoke, vandalism and malicious mischief, all in reasonable amounts approved by the Mortgagee not exceeding 100% of the then full replacement cost, and shall provide the Mortgagee with policies of liability insurance in reasonable amounts approved by the Mortgagee, and when and to the extent reasonably required by the Mortgagee, against any other risk generally insured against by persons, operating like properties in the locality of the Mortgaged Premises. All insurance herein provided for shall be in such form and by financially sound and reputable companies reasonably satisfactory to the Mortgagee. Regardless of the types or amounts of insurance required and approved by the Mortgagee, the Mortgagor will assign and deliver to the Mortgagee all policies of insurance which insure against any loss or damage to the Mortgaged Premises, as collateral and further security for the payment of the indebtedness secured by this Mortgage, with loss payable to the Mortgagee pursuant to the Oklahoma standard mortgage clause. If the Mortgagee by reason of such insurance receives any money for loss or damage and the Mortgagor is not in default hereunder, such amount may, at the option of the Mortgagee, be retained and applied by the Mortgagee toward payment of the monies secured by this Mortgage, or be paid over wholly or in part to the Mortgagor for the repair of such buildings or for the erection of new buildings in their place, but the Mortgagee shall not be obligated to see to the proper application of any amount paid over to the Mortgagor. Not less than ten (10) days prior to the expiration dates of each policy required of the Mortgagor pursuant to this Section, the Mortgagor will deliver to the Mortgagee a renewal policy or policies marked "premium paid" or accompanied by other evidence of payment satisfactory to the Mortgagee. In the event of a foreclosure of this Mortgage, the purchaser of the Mortgaged Premises shall succeed to all the rights of the Mortgagor, including any right to unearned premiums, in and to all policies of insurance assigned and delivered to the Mortgagee pursuant to the provisions of this Section.

4. Condemnation. The Mortgagor covenants and agrees that if at any time all or any portion of the Mortgaged Premises shall be taken or damaged under the power of eminent domain, the award received by condemnation proceedings for any property so taken or any payment received in lieu of such condemnation proceedings shall be paid directly to the Mortgagee and all or any portion of such award or payment, at the option of the Mortgagee, shall be applied to the indebtedness hereby secured, or paid over, wholly or in part, to the Mortgagor for the purpose of altering, restoring or rebuilding any part of the Mortgaged Premises which may have been altered, damaged or destroyed as a result of any such taking or damage, or for any

other purpose or object satisfactory to the Mortgagee; provided, that the Mortgagee shall not be obligated to see to the application of any amount paid over to the Mortgagor.

5. Indulgences, Extensions, Releases and Waivers.

(a) The Mortgagee may at any time, without notice to any person, grant to the Mortgagor any indulgence, forbearance or any extension of time for the payment of any indebtedness secured hereby or allow any change or substitution of or for any of the property described in this Mortgage or any other collateral which may be held by the Mortgagee, without in any manner affecting the liability of the Mortgagor, any endorsers of the indebtedness hereby secured or any other person liable for the payment of such indebtedness together with interest and any other sums which may be due and payable to the Mortgagee, and also without in any manner affecting or impairing the lien of this Mortgage upon the remainder of the property and other collateral which is not changed or substituted. It is also understood and agreed that the Mortgagee may at any time, without notice to any person, release any portion of the Mortgaged Premises or any other collateral or any portion of any other collateral which may be held as security for the payment of the indebtedness hereby secured, either with or without any consideration for such release or releases without in any manner affecting the liability of the Mortgagor, all endorsers, and all other persons who are or shall be liable for the payment of such indebtedness, and without affecting, disturbing or impairing in any manner whatsoever the validity and priority of the lien of this Mortgage upon the entire remainder of the Mortgaged Premises which is unreleased, and without in any manner affecting or impairing to any extent whatsoever any and all other collateral security which may be held by the Mortgagee. It is distinctly understood and agreed by the Mortgagor and the Mortgagee that any release or releases may be made by the Mortgagee without the consent or approval of any person or persons whomsoever.

(b) Any failure by the Mortgagee to insist upon the strict performance by the Mortgagor of any of the terms and provisions hereof shall not be deemed to be a waiver of any of the terms and provisions hereof, and the Mortgagee, notwithstanding any such failure, shall have the right thereafter to insist upon the

strict performance by the Mortgagor of any and all of the terms and provisions of this Mortgage to be performed by the Mortgagor. Neither the Mortgagor nor any other person now or hereafter obligated for the payment of the whole or any part of the sums now or hereafter secured by this Mortgage shall be relieved of such obligation by reason of the failure of the Mortgagee to comply with any request of the Mortgagor or of any other person so obligated to take action to foreclose this Mortgage or otherwise enforce any of the provisions of this Mortgage or of any obligations secured by this Mortgage, or by reason of the release, regardless of consideration, of the whole or any part of the security held for the indebtedness secured by this Mortgage, or by reason of any agreement or stipulation between any subsequent owner or owners of the Mortgaged Premises and the Mortgagee extending, from time to time, the time of payment or modifying the terms of the Note or Mortgage without first having obtained the consent of the Mortgagor or such other person, and, in the latter event, the Mortgagor and all such other persons shall continue liable to make such payments according to the terms of any such agreement of extension or modification unless expressly released and discharged in writing by the Mortgagee. Regardless of consideration, and without the necessity for any notice to or consent by the holder of any subordinate lien on the Mortgaged Premises, the Mortgagee may release the obligation of anyone at any time liable for any of the indebtedness secured by this Mortgage or any part of the security held for the indebtedness and may from time to time extend the time of payment or otherwise modify the terms of the Company Notes, or either of them, or this Mortgage without, as to the security or the remainder thereof, in any way impairing or affecting the lien of and security interest granted in this Mortgage or the priority of such lien or security interest, as security for the payment of the indebtedness as it may be so extended or modified, over any subordinate lien. The holder of any subordinate lien shall have no right to terminate any lease affecting the Mortgaged Premises whether or not such lease be subordinate to this Mortgage. The Mortgagee may resort for the payment of the indebtedness secured hereby to any other security therefor held by the Mortgagee in such order and manner as the Mortgagee may elect.

6. Security Agreement and Financing Statement. This instrument is a mortgage of both real and personal property and

shall constitute a security agreement and a financing statement under the Oklahoma Uniform Commercial Code. To effectuate the purposes of the foregoing and to further secure the indebtedness evidenced by the Company Notes, Mortgagor hereby grants to Mortgagee a security interest in and to the Mortgaged Premises insofar as the Mortgaged Premises consists of equipment, rolling stock, apparatus, machinery, fixtures and any and all other personal property of any kind or character attached to the real property or defined in and subject to the provisions of the Uniform Commercial Code, as adopted in the State of Oklahoma, including the proceeds and products from any and all of such personal property, specifically, but without limitation, the personal property described on Exhibit "B", attached hereto. Upon the breach of any covenant or agreement contained in this Mortgage, Mortgagee is and shall be entitled to all of the rights, powers and remedies afforded a secured party by the Uniform Commercial Code, as adopted in the State of Oklahoma, with reference to the personal property and fixtures in which Mortgagee has been granted a security interest herein, or the Mortgagee may proceed as to both the real and personal property covered hereby in accordance with the rights and remedies granted under this Mortgage in respect of the real property covered hereby. Such rights, power and remedies shall be cumulative and in addition to those granted Mortgagee under any other provision of this instrument or under any other instrument executed in connection with or as security for any of said indebtedness, evidenced by the Note. The Mortgagor will, from time to time, within fifteen (15) days after request by the Mortgagee, execute, acknowledge and deliver any Financing Statement, Renewal Affidavit, Certificate, Continuation Statement, Inventory or other similar documents as the Mortgagee may request in order to protect, preserve, continue, extend or maintain the security interest under the priority of this Mortgage and will, upon demand, pay any expenses incurred by the Mortgagee in the preparation, execution and filing of any such documents.

7. Taxes. The Mortgagor hereby agrees to pay any and all taxes which may be levied or assessed directly or indirectly upon the Company Notes, or this Mortgage, or the debt secured hereby, without regard to any law which may be hereafter enacted imposing payment of the whole or any part thereof upon the Mortgagee, or Mortgagee's successors or assigns. Upon violation of this agreement, then, and in any such event, the debt hereby secured, without deduction, shall, at the option of the Mortgagee, or Mortgagee's successors or assigns, become immediately due and payable, anything contained in this Mortgage or in the Company Notes secured hereby notwithstanding. The additional amounts which may become due and payable hereunder shall be part of the debt secured by this Mortgage; PROVIDED, however, that the provisions of this Section shall not

apply to the amount to be paid under the present mortgage tax law, which the Mortgagee will pay.

8. Mortgagee's Rights.

(a) Upon the failure of the Mortgagor to pay any of the taxes or assessments, or other charges above mentioned, as they become due and payable or to pay any other of the debts or liens above mentioned at the time above mentioned, or to insure the Mortgaged Premises or deliver the policies of insurance as herein agreed, or to perform any of the Mortgagor's covenants and agreements herein, the Mortgagee is hereby authorized, at Mortgagee's option, to insure the Mortgaged Premises, or any part thereof, and pay the costs of such insurance, and to pay such taxes, liens, assessments or other charges herein mentioned, or any part thereof, and to remedy the Mortgagor's failure to perform hereunder and pay the costs associated therewith. The Mortgagor hereby agrees to refund on demand all sum or sums so paid, with interest thereon at the post-default rate of interest stated in the Company Notes, and this Mortgage shall stand as security therefor. Any such sum or sums so paid shall become a part of the indebtedness hereby secured; provided, however, that the retention of a lien hereunder for any sum so paid shall not be a waiver of subrogation or substitution which the Mortgagee might otherwise have had, and, in the event of the failure by the Mortgagor to keep the Mortgaged Premises insured in the manner and time herein provided, or the failure to deliver renewal policies in the manner and time herein provided, or if any installment of principal or interest is not paid at or within the time required by the terms of the Company Notes, or in the case of the actual or threatened demolition or removal of any of the Mortgaged Premises, or the failure to do any of the things herein agreed to be done, or on the breach of any of the terms of this Mortgage or the Company Notes, then in any of such events, whether the Mortgagee has paid any of the taxes, liens or other charges, or procured the insurance, or remedied the Mortgagor's failure to perform, all as above mentioned, or not, the Mortgagee shall be entitled to exercise any or all remedies provided or referenced in this Mortgage.

(b) Upon the institution of any foreclosure proceeding by the holder of any mortgage or lien upon the Mortgaged Premises, or in case the Mortgagor or any

guarantor should become insolvent, or should the Mortgagor or any guarantor make an assignment for the benefit of creditors, file a petition in bankruptcy, be adjudicated insolvent or bankrupt, petition or apply to any tribunal for any receiver or trustee for the Mortgagor or for any substantial part of the Mortgagor's property, commence any proceeding relating to the Mortgagor or any guarantor under the bankruptcy, insolvency, reorganization, arrangement, readjustment of debt, dissolution or liquidation law or statute of any jurisdiction, whether now or hereafter in effect, or by any act indicate the Mortgagor's or any guarantor's consent to, approval of, or acquiescence in any such proceeding, application or petition, or should a third person commence any such proceeding, file a petition or make such application, and any such proceedings shall be pending for a period of 60 days, then in any of such events, the Mortgagee shall be entitled to exercise any or all remedies provided or referenced in this Mortgage.

(c) In the event the Mortgagor, without the prior written consent of the Mortgagee, shall mortgage or otherwise encumber, sell, transfer, convey or voluntarily or involuntarily permit or suffer the Mortgaged Premises or any part thereof to be leased, mortgaged, encumbered, sold, transferred or conveyed, the Mortgagee shall be entitled to exercise any or all remedies provided or referenced in this Mortgage. This provision shall apply to each and every lease, sale, transfer, conveyance or encumbrance regardless of whether or not the Mortgagee has consented to or waived its rights hereunder whether by action or non-action in connection with any previous sale, transfer, conveyance or encumbrance, whether one or more.

(d) The Mortgagee will provide the Mortgagor with notice and thirty (30) days' (the "cure period") opportunity to cure any non-monetary default described above. Upon the Mortgagor's failure to cure the non-monetary default to the Mortgagee's satisfaction within the cure period or in the event of a monetary default described above, and without notice and opportunity to cure, the whole of the indebtedness hereby secured shall, at the election of the Mortgagee, become immediately due and payable without notice and the Mortgagee, at Mortgagee's option, may proceed to foreclose this Mortgage, with or without appraisal as the Mortgagee may elect at the time judgment is rendered; and thereupon or at any time

during the existence of any such default, the Mortgagee shall be entitled to enter into possession of the Mortgaged Premises and to collect the rents, issues and profits thereof, accrued and to accrue, and to apply the same on any indebtedness secured hereby or, if the Mortgagee so elects, the Mortgagee shall be entitled to the appointment of a receiver in any court of competent jurisdiction to collect such rents, issues and profits under the direction of the court, notice of the exercise thereof being hereby waived. In addition the Mortgagee shall be entitled to exercise any and all other remedies available by applicable laws and judicial decisions.

(e) Mortgagee, as an alternative to judicial foreclosure, may elect to foreclose by power of sale as provided under and pursuant to the Oklahoma Power of Sale Mortgage Foreclosure Act, 46 O.S. §§40 et seq., as the same may be amended from time to time, and for such purposes Mortgagor authorizes Mortgagee or Mortgagee's attorney or agent, and grants to Mortgagee and Mortgagee's attorney or agent the power, to sell and convey the Property to a purchaser and to foreclose all right, title, interest and estate of Mortgagor and all other persons having an interest subject to the lien of this Mortgage in and to the Mortgaged Premises.

9. Fees and Expenses. It is agreed that if, and as often as, this Mortgage or the Company Notes, or either of them, is placed in the hands of an attorney for collection, or to protect the priority or validity of this Mortgage, or to defend any suit affecting the title to the Mortgaged Premises, or to enforce or defend any of the Mortgagee's rights hereunder, the Mortgagor shall pay to the Mortgagee its reasonable attorney's fees, together with all court costs, expenses for title examination, title insurance or other disbursements relating to the Mortgaged Premises, which sums shall be secured hereby.

10. Estoppel Certificate. The Mortgage upon request, made either personally or by mail, shall certify, by a writing duly acknowledged, to the Mortgagee or to any proposed assignee of this Mortgage, the amount of principal and interest owing on this Mortgage and whether any offsets or defenses exist against the mortgage debt, within six (6) days in case the request is made personally, or within ten (10) days after the mailing of such request in case the request is made by mail.

11. Notice. Every provision for notice and demand on request shall be deemed fulfilled if personally served or sent

by registered or certified mail, postage prepaid, return receipt requested, if to Mortgagor, at 125 South First Durant, Oklahoma 74701 or to such other address as the Mortgagor may substitute by written notice addressed to the Mortgagee, if to the Authority, at P.O. Box 1107 Durant, Oklahoma 74702. All notices shall be deemed received within three days (excluding Saturdays, Sundays and holidays recognized by national banking associations) after being mailed.

12. Books and Records. The Mortgagor will maintain full and correct books and records showing in detail the earnings and expenses of the Mortgaged Premises, will permit the Mortgagee and its representatives, during normal business hours, to examine such books and records and all supporting vouchers and data at any time and from time to time upon request by the Mortgagee in such place as such books and records are customarily kept, and will furnish to the Mortgagee, within one-hundred twenty (120) days after the close of the Mortgagor's fiscal year, an operating statement and profit and loss statement certified by the Mortgagor showing in detail all income derived from and expenses incurred in connection with the ownership of the Mortgaged Premises.

13. Change in Property. The Mortgagor covenants and agrees to permit or suffer none of the following without the prior written consent of the Mortgagee:

(a) Any structural alteration of, or addition to, the buildings or improvements now or hereafter situated upon the above described real property; or

(b) The removal from the premises of any part of the property covered by this Mortgage except the renewal, replacement, or substitution of fixtures, equipment, machinery, apparatus and articles of personal property (replacement or substituted items must be of like or better quality than the removed items) covered hereby may be made in the normal course of business; or

(c) The use of any of the buildings or improvements now or hereafter situated upon the above described real estate for any purpose other than their present uses.

14. Tax and Insurance Escrows. Upon request of the Mortgagee, the Mortgagor agrees to pay to the Mortgagee, together with and in addition to each installment of interest or of principal and interest payable under the terms of the Company

Notes, a pro rata portion of the taxes, assessments and insurance premiums next to become due, as estimated by the Mortgagee, so that the Mortgagee will have sufficient funds on hand to pay such taxes, assessments and premiums thirty (30) days before the due date thereof. Any deficit shall immediately be paid to the Mortgagee by the Mortgagor. Monies so held shall not bear interest, shall not be trust funds and upon default, may be applied by the Mortgagee on account of the Mortgage indebtedness. It shall be the responsibility of the Mortgagor to furnish the Mortgagee with bills in sufficient time to pay the taxes and assessments before penalty attaches and the insurance premiums before the policies lapse.

15. Subrogation. In the event all or any portion of the proceeds of the loan evidenced and secured hereby are used for the purpose of retiring debt or debts secured by prior liens on the Mortgaged Premises, the Mortgagee shall be subrogated to the rights and lien priority of the holder of the lien so discharged.

16. General Provisions.

(a) The rights of the Mortgagee arising under the clauses and covenants contained in this Mortgage shall be separate, distinct and cumulative and none of them shall be in exclusion of the others; and no act of the Mortgagee shall be construed as an election to proceed under any one provision herein to the exclusion of any other provisions, anything herein or otherwise to the contrary notwithstanding.

(b) The covenants and agreements contained herein are binding upon the Mortgagor, and the successors and assigns of the Mortgagor, and shall inure to the benefit of the Mortgagee and its successors and assigns.

(c) In case of any sale under this Mortgage, by virtue of judicial proceedings or otherwise, the Mortgaged Premises may be sold in one parcel and as an entirety or in such parcels, manner or order as the Mortgagee in its sole discretion may elect.

(d) Wherever used in this Mortgage, unless the context clearly indicates a contrary intent or unless otherwise specifically provided herein, the word "Mortgagor" shall mean the "Mortgagor and/or any subsequent owner or owners of the Mortgaged Premises," the word "Mortgagee" shall mean the "Authority or any subsequent holder or holders of partial or full

interests of this Mortgage or any interest therein," the word "Notes" shall mean the "notes secured by this Mortgage" and the word "person" shall mean "an individual, corporation, partnership or unincorporated association."

(e) This Mortgage cannot be changed except by an agreement in writing, signed by the party against whom enforcement of the change is sought and in recordable form.

(f) This Mortgage covering property situated in the State of Oklahoma, is given as an incident to a lending transaction negotiated and consummated in Bryan County, Oklahoma, and is to be governed by the laws of the State of Oklahoma.

(g) This Mortgage is subject to and secures the performance of the terms and provisions of the Loan Agreement of even date between the Mortgagor and the Authority. A default under the Loan Agreement shall constitute a default under this Mortgage. In the event of a conflict between the terms of this Mortgage and the terms of the Loan Agreement, the terms of the Loan Agreement shall control.

(h) Time is of the essence of this Mortgage.

(i) Appraisement of the Mortgaged Premises is hereby waived or not waived at Mortgagee's option, which shall be exercised at the time judgment is rendered in any judicial foreclosure hereof.

(j) Any proceeds paid to or by or derived or owed by Mortgagee by virtue of or pursuant to the provisions of Section 3 (Insurance), or Section 4 (Condemnation, or Section 8 (Mortgagee's Rights), or Section 9 (Fees and Expenses), or any other provision hereof, shall be paid to or borne by the Authority and the holder or holders by assignment of any interest in this Mortgage in the proportion that the principal amount of each of their Notes bears to the total debt secured hereby and due and owing from time to time, i.e., 62.5% to or by the Authority and 37.5% to or by the Authority or its assignee until the Company Notes are paid in full.

17. Enforcement by Either Mortgagee. In the event of a default under either of the Company Notes, the Loan Agreement, this Mortgage, or any other document executed in connection with this transaction, it is specifically understood and agreed that any remedy available under the terms of this Mortgage may

EXHIBIT "A"

LEGAL DESCRIPTION

Lots One (1) and Two (2) and the East Forty (40) feet of Lot Three (3) and Lot Eleven (11) LESS the West 3 feet thereof, in Block One Hundred Ninety-Six B (196-B), in the City of Durant, Bryan County, Oklahoma, according to the official plat and survey thereof.

EQUIPMENT SCHEDULE

EXHIBIT "B"

INVENTORY OF OFFICE EQUIPMENT & FURNITURE

SHERMAN OFFICE
JANUARY 01, 1990

ITEM	QUANTITY
Metal desk with typewriter table	1
4-Drawer file cabinet	1
3-Drawer file cabinet	3
Secretarial chair	1
Occasional chair	2
Unisonic XL-1136 calculator	1
IBM Correcting Selectric III	1
Leather sofa	1
Metal desk	1
Secretarial chair	2
3-shelf bookcase	1
2-Drawer file cabinet	1
4-Drawer file cabinet	3
4-Drawer file cabinet/legal	1
Computer Software/CertiFlex	1
IBM Clone Computer w/Samsung Monitor	1
Star Printer	1
Victor Medalist calculator	1
Brother typewriter	1
Ricoh FAX 08	1
Oak executive desk	1
Executive desk chair	1
Oak credenza	1
Occasional chair	2
Sharp calculator	1
Wooden executive desk	1
Wooden credenza	1
Executive desk chair	1
Occasional chair	2
Metal desk	1
Metal desk with typewriter table	1
Secretarial chair	1
Plan table	1
4-drawer file cabinet	1
Wooden executive desk	1
Wooden credenza	1
Wooden desk	1
Wooden bookcase	1
Executive desk chair	2
Occasional chair	2
4-Drawer file cabinet	1
2-Drawer file cabinet/fireproof	1
TI calculator	1
Casio Calculator	1
Star printer	1

INVENTORY OF OFFICE EQUIPMENT & FURNITURE
SHERMAN OFFICE
JANUARY 01, 1990

Page 2

ITEM	QUANTITY
Wooden desk	1
Wooden credenza	1
Chair	1
Wooden bookcase	1
Occasional chair	1
TI calculator	1
InterTel telephone system	1
Canon PC-25 copier	1
Toshiba BD-3301 copier	1
Folding table	2
Service cart	1
Lanier dictating equipment	1
Dictaphone dictating equipment	1
Magic Chef microwave	1
Refrigerator	1
Transit	1
Transit level	1
Train memorabilia	assorted
Miscellaneous office supplies	assorted

INVENTORY OF SHOP EQUIPMENT

January 01, 1990

ITEM	QUANTITY
Motor Stand	1
Automotive Stand	4
Transmission Jack (Viking 1-ton)	1
Floor Jack (2-ton)	1
Battery Chargers	2
Battery (12-volt)	4
Battery	1
Battery	1
Steel Table	2
Vise	2
Drill Press	1
Metal Cutting Saw (Wheel Type)	1
Metal Cutting Saw (Blade Type)	1
Parts Washer	1
Grinder	1
Electric Welder	1
Hobart Welder	1
Miller Welder	1
Fork Lift (3,000#)	1
Fork Lift (5,000#)	1
Press (80-ton)	1
Cutting Torch Sets	2
Oxygen & Acetylene Bottle Cart	1
Welding Hood	2
Electric Drill (1")	2
Electric Drill (3/8")	2
Grinder, Hand (4 1/2")	1
Grinder, Hand (6")	3
Impact Wrench, Air (1/2")	1
Impact Wrench, (3/4")	1
Air Ratchet (3/8")	1
Freon Gages (set)	1
Paint Sprayer	1
Tie Banding Tool (set)	3
Fuel Pumps (hand)	3
Fuel Pump (electric)	1
Battery Tester	1
Mechanic Creeper	2
Air Compressor	1
Air Compressor (portable)	1
PortaPower (10-ton)	1
Grease Bucket with Pump	1
Steel Cabinets	3
Nut & Bolt Bin with Stand	1
Nut & Bolt Bin, Portable	1
Tool Cart	1
Fire Extinguishers	3
Tool Box with Tools	2
Chain Saw	2
Misc. Shelves	6

EQUIPMENT LIST
January 01, 1990

Serial Number		Description
10FA33	(401)	Kalamazoo Handyman Power Jack Tamper
26	(410)	RTW Tie Handler, Stiff Boom
12-500	(411)	Kershaw Tie Crane, TH39, Knuckleboom
126	()	RTW Tie Crane, Stiff Boom
615728IN	(480)	Steam Jenny Mobile Car Wash
310368T	(481)	John Deere 544B Loader
J435383	(482)	Simplex Hydraulic Rail Stretcher
	(483)	Single Driver Spike Hammer (Woodpecker)
	()	Single Driver Spike Hammer (Woodpecker)
	(484)	Nordberg Spike Puller
2162	(485)	Nordberg Spike Puller (Hydraulic Drive)
540	(486)	Kershaw Dual Tie Saw
	(487)	Magnum Gas Powered Impact Wrench
221	(488)	Nordberg Hydraspiker
DSS119	()	Safetran Dual Air Spiker
FHR385518	(500)	Hobbs 1973 Platform Trailer
Homemade	(501)	Belche Trailer, Gooseneck
Homemade	(502)	Utility Trailer, Small
Homemade	(503)	Utility Trailer, Large
	()	Dovetail Equipment Trailer
	(508)	Yale Forklift, Small, 3,000#
	(509)	Yale Forklift, Large, 5,000#
D2137BCB11144	(510)	International Heavy Haul Tractor, 1981
F25SNBA6864	(511)	Ford, 3/4 ton P.U., 1978, no bed
C6836S217290	(512)	Chev.. 2-ton Flatbed Dump w/hi-rails
226611CO66201	(513)	International Crane Truck w/hi-rails
0 047394AHO	(520)	Sullair Air Compressor, 125 cfm
128814	(521)	Joy Air Compressor, 185 cfm w/hi-rails
251293	(530)	Fairmont Ballast Regulator, 1982
251204	(531)	Fairmont Ballast Regulator, 1981
1814	(540)	Pettibone Speedswing, 441-AD
1671	(541)	Pettibone Speedswing, 441-A
	(542)	Pettibone Speedswing, 441-B
86198	()	Jackson Track Maintainer, 1959
86268	()	Jackson Track Maintainer, 1959
248026	(560)	Fairmont Tie Remover, Single
	()	Fairmont Tie Remover, Single
	()	Fairmont Tie Remover, Single
244451	(561)	Fairmont Tie Remover, Dual
24517352	(562)	Fairmont Tie Remover, Dual, w/cab
76176	(570)	Fairmont Motor Car
76178	(571)	Fairmont Motor Car w/curtains
76159	(572)	Fairmont Motor Car, chassis & engine only
716187/C-1497	()	Fairmont Motor Car
	()	Fairmont Motor Car
	(573)	Shopmade Push Car
	(574)	Shopmade Push Car
	(575)	Shopmade Push Car
	(576)	Shopmade Push Car
	()	Shopmade Push Car, no bed
	()	Shopmade Push Car, no bed
	()	Shopmade Push Car, no bed

continued...

Serial Number	Description
	() Shopmade Push Car, Steel Bed
	() Shopmade Push Car, w/A-Frame bed
253638	() Fairmont Push Car, wood bed
	() Shopmade Push Car, Steel bed
	() Shopmade Push Car, Large Steel bed
	() Shopmade Push Car, Large Steel bed
	() Shopmade Push Car, Metal, Small
	() Shopmade Push Car, Metal, Small
HSH-3	(580) Fairmont Scarifier-Insertter
236062	(581) Fairmont Scarifier
	(582) Fairmont Scarifier
230073	() Fairmont Scarifier
	() Fairmont Scarifier, frame only
676327	(590) Canron Mark I Tamper
274852	(591) Canron Mark II Tamper
25713373	(592) Tamper Tie Hydranewer
TCM33AB516217	(601) GMC, 1-ton Crew Truck, 1980
1GDJC33M5BB500251	(602) GMC, 1-ton Crew Truck, 1981
1GDHC33MOBZ502799	(603) GMC, 1-ton Crew Truck, 1981
1GDHC33M9BZ508343	(604) GMC, 1-ton Crew Truck, 1981
1GBHC33MIGS136179	(607) Chev., 1-ton Crew Truck, 1986
1GBHC33J4GS135419	(608) Chev., 1-ton Crew Truck, 1986
1GBHR33K8JJ143351	(609) Chev., 1-ton Crew Truck, 1988
1GCGC24J3DS143359	(610) Chev., 3/4-ton Serv. Truck, 1983
1811417	(701) Hale Tool Trailer
1811345	(702) Hale Tool Trailer
181407	(703) Hale Tool Trailer
1811389	(704) Hale Tool Trailer
1811388	(705) Hale Tool Trailer
1GTDC14H9FH503494	(808) GMC 1/2-ton P.U., 1985
2GCDC14KXJ1300354	(809) Chev., 1/2-ton P.U., 1988
6296VRT	Nabors Van Trailer, Storage Only
CM2058	Atlantic Mobile Office Trailer
A8881255	Subaru Brat P.U., 1979
	Cushman Motorscooter, Rail
AF568	Nordberg Rail Grinder
	Racine Anchor-Fast
	Geismar Rail Shear
21142	Magnum Rail Shear
	Safetran Bolt Machine

AFFIDAVIT IN SUPPORT OF
CLAIM FOR EXEMPTION

STATE OF OKLAHOMA)
)SS:
COUNTY OF BRYAN)

The undersigned duly qualified and acting Sx. Vice-President of The Oklahoma Industrial Finance Authority, being sworn, upon oath states:

The within and foregoing Parity Mortgage with Power of Sale, Security Agreement and Financing Statement secures, in part, the payment of indebtedness in the amount of \$250,000 and represents security for a loan from, and for the benefit of, The Oklahoma Industrial Finance Authority ("OIFA"), through the conduit of the Bryan County Economic Development Authority, and as such, said Parity Mortgage with Power of Sale, Security Agreement and Financing Statement is exempt from the real estate mortgage tax payable under the provisions of Title 68, Oklahoma Statutes 1981, Section 1905, and under the provisions of the Constitution and Statutes of the State of Oklahoma, to the extent OIFA receives said benefits, which is \$250,000.

James G. Gulmer
~~Vice Chairman~~ *Sx. Vice - Pres*

Subscribed and sworn to before me this 31 day of May, 1991.

Nancy J. Green
Notary Public

(SEAL)
My Commission Expires:
5-28-93
NOTARY PUBLIC
OKLAHOMA
BRYAN COUNTY