

**MATTHEWS & BRANSCOMB**  
A PROFESSIONAL CORPORATION  
ATTORNEYS AT LAW  
ONE ALAMO CENTER  
SAN ANTONIO, TEXAS 78205

1800 FIRST CITY BANK TOWER  
CORPUS CHRISTI, TEXAS 78477  
512-888-9261

TELEPHONE 512-226-4211  
TELECOPIER 512-226-0521  
TELEX 5106009283  
CABLE CODE MBLAW

301 CONGRESS AVENUE, SUITE 2050  
AUSTIN, TEXAS 78701  
512-320-5055

August 12, 1991

REGISTRATION NO. **17480** FILED NO.

**AUG 12 1991 - 10 50 AM**

INTERSTATE COMMERCE COMMISSION  
**1-224A023**

**VIA FEDERAL EXPRESS**

Office of the Secretary  
Interstate Commerce Commission  
Twelfth Street and Constitution Avenue, N.W.  
Washington, D.C. 20423

Re: *Transcisco Texan Railway, Inc.*

Dear Sir:

Enclosed are three (3) originals of the document described below to be recorded pursuant to Section 11303 of Title 49 of the U.S. Code.

The primary document is a Security Agreement, dated August 1, 1991. The names and addresses of the parties to the document are as follows:

Debtor:	Transcisco Texan Railway, Inc. 1000 N. Alamo San Antonio, Texas 78215
Secured Parties:	Transcisco Industries, Inc. 555 California Street, Suite 2420 San Francisco, California 94104
	Transcisco Rail Services Company 555 California Street, Suite 2420 San Francisco, California 94104

Also, the equipment covered by the document is described as follows:

Ex CO 1920; 1948 Budd blunt-end diner  
Ex ATSF 1389; 800187; 1941 Budd lounge car  
Ex WP 812; 1948 Budd dome coach, "Silver Feather"

AUG 12 10 43 AM '91  
16, 1991

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Ex IC 4128A; 1950 Pullman kitchen/dormitory/power, "Hanover"

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F-7A<sup>1</sup> Locomotive; Ex USS 723A; TTXR 100.

F-7A Locomotive; Ex USS 724A; TTXR 102<sup>f</sup>.

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F-7B Locomotive; Ex USS 724B; TTXR 103.

F-7B Locomotive; Ex USS 726B; TTXR 105<sup>f</sup>.

F-7B Locomotive; Ex USS 712B; TTXR 107<sup>c</sup>.

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August 12, 1991  
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and all appurtenances pertaining to said locomotives and cars.

A short summary of the document to appear in the index follows:

Security Agreement, dated August 1, 1991, between Transcisco Texan Railway, Inc., 1000 N. Alamo, San Antonio, Texas 78215; Transcisco Industries, Inc., 555 California Street, Suite 2420, San Francisco, California 94104; and Transcisco Rail Services Company, 555 California Street, Suite 2420, San Francisco, California 94104, and covering the following railroad cars: (List cars described above).

Further enclosed please find a check in the amount of \$15.00 in payment of the recordation fees. Please return two (2) originals of the Security Agreement. If possible, please return one (1) original of the Security Agreement stamped with recording verification to me.

Thank you for your assistance in this matter. If you have any questions or further requirements, please do not hesitate to contact me at (512) 299-3415.

Sincerely yours,

MATTHEWS & BRANSCOMB  
A Professional Corporation



Mark A. Phariss

Enclosures

cc: Ms. Patricia Bovan

MAP MD,md/ABB03A88

**Interstate Commerce Commission**  
Washington, D.C. 20423

8/12/91

OFFICE OF THE SECRETARY

Mark A. Phariss

Matthews & Branscomb

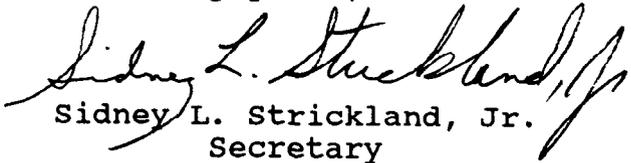
One Alamo Center

San Antonio Texas 78205

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 8/12/91 at 10:50am, and assigned recordation number(s). 17480

Sincerely yours,

  
Sidney L. Strickland, Jr.  
Secretary

**SECURITY AGREEMENT**

17480

RECORDING NO. \_\_\_\_\_ FILED 1425

**DATE:** August 1, 1991

**AUG 12 1991 - 10 50 AM**

**DEBTOR:** Transcisco Texan Railway, Inc.

**INTERSTATE COMMERCE COMMISSION**

**DEBTOR'S**

**MAILING ADDRESS:** 1000 N. Alamo, San Antonio, Texas 78215

**SECURED PARTIES:** Transcisco Rail Services Company  
Transcisco Industries, Inc.

**SECURED PARTIES'**

**MAILING ADDRESS:** 555 California Street, Suite 2420, San Francisco, California 94104

**COLLATERAL (including all accessions):** Any and all assets of Debtor, including, but not limited to, (i) any and all accounts, chattel paper, general intangibles, money, documents, instruments, consumer goods, equipment (including the equipment listed on Exhibit "A" attached hereto), inventory, fixtures, and minerals or the like (including oil and gas) before extraction, and (ii) any and all accessions and additions thereto, parts and appurtenances thereof, substitutions therefor and replacements and proceeds thereof.

**OBLIGATIONS:**

**NOTE:**

**Date:** August 1, 1991

**Amount:** Two Hundred Forty-Five Thousand Six Hundred Eighty-Four and 66/100 Dollars (\$245,684.66)

**Maker:** Transcisco Texan Railway, Inc.

**Payee:** Transcisco Rail Services Company

**Terms of Payment:** Payable upon written demand by Payee

**NOTE:**

**Date:** August 1, 1991

**Amount:** One Million Two Hundred Thirty Thousand Five Hundred Fifty and 63/100 Dollars (\$1,230,550.63)

**Maker:** Transcisco Texan Railway, Inc.

**Payee:** Transcisco Industries, Inc.

Terms of Payment: Payable upon written demand by Payee

**OTHER OBLIGATION(S):** N/A

Subject to the terms of this Security Agreement (this "Agreement"), Debtor grants to each Secured Party a security interest in the collateral and all its proceeds to secure payment and performance of Debtor's obligations in this Agreement, in the notes and in all renewals and extensions of the obligations and notes.

**DEBTOR'S WARRANTIES TO THE SECURED PARTIES:**

1. Financing Statement. No financing statement covering the collateral is filed in any public office.

2. Ownership. Debtor owns the collateral and has the authority to grant this security interest. Ownership is free from any setoff, claim, restriction, lien, security interest, or encumbrance except this security interest and liens for taxes not yet due.

**DEBTOR'S COVENANTS:**

1. Protection of Collateral. Debtor will defend the collateral against all claims and demands adverse to each Secured Party's interest in it and will keep it free from all liens except for taxes not yet due and from all security interests except this one. The collateral will remain in Debtor's possession or control at all times, except as otherwise provided in this Agreement. Debtor will maintain the collateral in good condition and protect it against misuse, abuse, waste, and deterioration except for ordinary wear and tear resulting from its intended use.

2. Insurance. Debtor will insure the collateral in accord with Secured Parties' reasonable written requirements (signed by both Secured Parties) regarding choice of carrier, casualties insured against, and amount of coverage. Policies will be written in favor of Debtor and Secured Parties according to their respective interests or according to Secured Parties' other written requirements (signed by both Secured Parties). All policies will provide that Secured Parties will receive at least ten (10) days' notice before cancellation, and the policies or certificates evidencing them will be provided to Secured Parties when issued. Debtor assumes all risk of loss and damage to the collateral to the extent of any deficiency in insurance coverage. Debtor irrevocably appoints each of Secured Parties as attorneys-in-fact to collect any return, unearned premiums, and proceeds of any insurance on the collateral and to endorse any draft or check deriving from the policies and made payable to Debtor.

3. Secured Parties' Costs. Debtor will pay all reasonable expenses incurred by each Secured Party in obtaining, preserving, perfecting, defending, and enforcing this security interest or the collateral and in collecting or enforcing its obligations to such Secured Party. Expenses for which Debtor is liable include, but are not limited to, taxes, assessments, reasonable attorney's fees, and other legal expenses.

4. Additional Documents. Debtor will sign any papers that either Secured Party considers necessary to obtain, maintain, and perfect this security interest or to comply with any relevant law.

5. Notice of Changes. Debtor will immediately notify each Secured Party of any material change in the collateral; change in Debtor's name, address, or location; change in any matter warranted or represented in this Agreement; change that may affect this security interest; and any event of default.

6. Sale. Except as contemplated in this Agreement, Debtor will not sell, transfer, or encumber any of the collateral without the prior written consent of both Secured Parties.

#### **EVENTS OF DEFAULT:**

With respect to each Secured Party, each of the following conditions is an event of default:

1. if Debtor defaults in timely payment or performance of such Secured Party's obligation;
2. if any warranty, covenant, or representation made to such Secured Party by or on behalf of Debtor proves to have been false in any material respect when made;
3. if a receiver is appointed for Debtor or any of the collateral;
4. if the collateral is assigned for the benefit of creditors or, to the extent permitted by law, if bankruptcy or insolvency proceedings commence against or by Debtor;
5. if any financing statement regarding the collateral but not related to this security interest and not favoring such Secured Party is filed, without the prior written consent of such Secured Party;
6. if any lien other than a lien in favor of such Secured Party attaches to any of the collateral;
7. if any of the collateral is lost, stolen, damaged, or destroyed, unless it is promptly replaced with collateral of like quality or restored to its former condition.

#### **REMEDIES OF A SECURED PARTY ON DEFAULT:**

With respect to each Secured Party, during the existence of any event of default such Secured Party may declare the unpaid principal and earned interest of its obligation immediately due in whole or in part, enforce the obligation, and exercise any rights and remedies granted by the Texas Uniform Commercial Code or by this Agreement, including the following:

1. require Debtor to deliver to such Secured Party all books and records relating to the collateral;
2. require Debtor to assemble the collateral and make it available to such Secured Party at a place reasonably convenient to such Secured Party and Debtor;
3. take possession of any of the collateral and for this purpose enter any premises where it is located if this can be done without breach of the peace;
4. sell, lease or otherwise dispose of any of the collateral in accord with the rights, remedies, and duties of a secured party under chapters 2 and 9 of the Texas Uniform Commercial Code after giving notice as required by those chapters; unless the collateral threatens to decline speedily in value, is perishable, or would typically be sold on a recognized market, Secured Party will give Debtor reasonable notice of any public sale of the collateral or of a time after which it may be otherwise disposed of without further notice to Debtor; in this event, notice will be deemed reasonable if it is mailed, postage prepaid, to Debtor at the address specified in this Agreement at least ten (10) days before any public sale or ten (10) days before the time when the collateral may be otherwise disposed of without further notice to Debtor;
5. surrender any insurance policies covering the collateral and receive the unearned premium;
6. apply any proceeds from disposition of the collateral after default in the manner specified in chapter 9 of the Texas Uniform Commercial Code, including payment of such Secured Party's reasonable attorney's fees and court expenses; and
7. if disposition of the collateral leaves the obligation unsatisfied, collect the deficiency from Debtor.

#### **GENERAL PROVISIONS:**

1. **Parties Bound.** Each Secured Party's rights under this Agreement shall inure to the benefit of its successors and assigns. Debtor's obligations under this Agreement shall bind Debtor's personal representatives, successors, and assigns.
2. **Waiver.** Neither delay in exercise nor partial exercise of any of a Secured Party's remedies or rights shall waive further exercise of those remedies or rights by such Secured Party or the other Secured Party. A Secured Party's failure to exercise its remedies or rights does not waive the other Secured Party's right and remedies or the subsequent exercise of those remedies or rights by such Secured Party or the other Secured Party. A Secured Party's waiver of any default does not waive further default or constitute a waiver of such default or a further default by the other Secured Party. A Secured Party's waiver of any right in this Agreement or of any default is binding only if it is in writing, but shall not be binding upon the other Secured Party. A Secured Party may remedy any default without waiving it.

3. Reimbursement. If Debtor fails to perform any of Debtor's obligations, a Secured Party may perform those obligations of Debtor related to Debtor's obligations to it, and shall be reimbursed by Debtor on demand at the place where such Secured Party's note is payable for any sums so paid by such Secured Party, including attorney's fees and other legal expenses. The sum to be reimbursed shall be secured by this Agreement.

4. Interest Rate. Interest included in a obligation shall not exceed the maximum amount of nonusurious interest that may be contracted for, taken, reserved, charged, or received under law; any interest in excess of that maximum amount shall be credited to the principal of such obligation or, if that has been paid, refunded. On any acceleration or required or permitted prepayment of such obligation, any such excess shall be canceled automatically as of the acceleration or prepayment or, if already paid, credited on the principal amount of such obligation or, if the principal amount has been paid, refunded. This provision overrides other provisions in this and all other instruments concerning the obligations.

5. Modifications. No provisions of this Agreement shall be modified or limited except by written agreement of all the parties hereto.

6. Severability. The unenforceability of any provision of this Agreement will not affect the enforceability or validity of any other provision.

7. After-Acquired Consumer Goods. This security interest shall attach to after-acquired consumer goods only to the extent permitted by law.

8. Applicable Law. This Agreement will be construed according to Texas laws.

9. Financing Statement. A carbon, photographic, or other reproduction of this Agreement or any financing statement covering the collateral is sufficient as a financing statement.

10. Presumption of Truth and Validity. If the collateral is sold after default, recitals in the bill of sale or transfer will be prima facie evidence of their truth, and all prerequisites to the sale specified by this Agreement and by the Texas Uniform Commercial Code will be presumed satisfied.

11. Singular and Plural. When the context requires, singular nouns and pronouns include the plural.

12. Priority of Security Interest. This security interest shall neither affect nor be affected by any other security for the obligations. Neither extensions of the obligations nor releases of any of the collateral will affect the priority or validity of this security interest with reference to any third person.

13. Cumulative Remedies. Foreclosure of this security interest by suit does not limit a Secured Party's remedies, including the right to sell the collateral under the terms of this Agreement. All remedies of a Secured Party may be exercised at the same or different times, and no remedy shall be a defense to any other. Each Secured Party's rights and remedies include all those granted by law or otherwise, in addition to those specified in this Agreement.

14. Distribution of Proceeds. In the event a Secured Party obtains proceeds as a result of the exercise of its remedies under this Agreement or at law due to any default by Debtor, such Secured Party hereby agrees to and shall retain only its pro rata share of such proceeds and shall pay to the other Secured Party, in cash or by check as soon as possible, such other Secured Party's pro rata share of such proceeds. For purposes of this Agreement, "pro rata share" shall mean, with respect to each Secured Party, the percentage which is equal to any and all amounts then owed such Secured Party under Debtor's obligation to such Secured Party, divided by the total amounts then owed Secured Parties under Debtor's obligations to such Secured Parties. Furthermore, in order to accomplish the objectives of this paragraph, each Secured Party hereby agrees that any UCC or ICC filing by a Secured Party to perfect its respective security interest herein shall, as between such Secured Parties, be deemed to have perfected simultaneously the other Secured Party's security interest herein. Notwithstanding the above to the contrary, no Secured Party shall be obligated to pay any proceeds obtained as a result of the exercise of its remedies under this Agreement or at law to the other Secured Party if Debtor has paid all amounts owed the other Secured Party under Debtor's obligation to the other Secured Party and under this Agreement (including, but not limited to, any and all expenses entitled to be recovered by the other Secured Party under Debtor's obligations to the Other Party or under this Agreement).

16. Effect of Full Payment of Obligation(s). Once Debtor has paid in full any and all amounts owed a Secured Party under its obligation to such Secured Party or under this Agreement (including, but not limited to, any and all expenses entitled to be recovered by such Secured Party under Debtor's obligation to such Secured Party or under this Agreement), such Secured Party shall no longer be deemed a party to this Agreement, and Debtor shall be relieved of its obligations under this Agreement with respect to such Secured Party.









EXHIBIT "A"

Ex CO 1920; 1948 Budd blunt-end diner

Ex ATSF 1389; 800187; 1941 Budd lounge car

Ex WP 812; 1948 Budd dome coach, "Silver Feather"

Ex NYC 406; 1947 Budd diner

Ex IC 4128A; 1950 Pullman kitchen/dormitory/power, "Hanover"

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