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LAW OFFICES

RECORDATION No. 20606

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JOHN C BRADLEY 1948-1984

OUR FILE NO

100044-374

March 27, 1997

**CERTIFIED MAIL - RRR**  
**Z 134 324 859**

\* ALSO MEMBER CALIFORNIA BAR

Surface Transportation Board  
12th and Constitution Streets  
Washington, DC 20423

Re: DeAngelo Brothers, Inc /Habco Int'l, Inc

Dear Secretary

Please be advised that this office represents CoreStates Bank, N A Enclosed please find an original and two certified copies of the document described below to be recorded with your office pursuant to Section 11303 of Title 49 of the United States Code The document is a Security Agreement, a primary document dated March 19, 1997 The names and addresses of the parties to the document are as follows

Debtor	Habco Int'l, Inc 930 N Olive Street Kansas City, MO 64120
Secured Party	CoreStates Bank, N.A. 121 N Progress Avenue P O Box 630 Pottsville, PA 17901

A description of the equipment covered by the document is all accounts, inventory and equipment of the Debtor, now owned or hereafter acquired by the Debtor. Included in the property covered by the Security Agreement are the railroad cars, locomotives and other rolling stock intended for use related to interstate commerce, or the interest therein, owned by Habco Int'l, Inc at the time of said Security Agreement or thereafter acquired by Habco Int'l, Inc

RECEIVED  
SURFACE TRANSPORTATION  
BOARD  
MAR 31 3 08 PM '97

Surface Transportation Board

March 27, 1997

Page 2

The fee of \$24 is enclosed. Please return the original and any extra copies not needed by the Board for recording to the undersigned. We have enclosed a self-addressed, stamped envelope for that purpose.

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

**Security Agreement between Debtor Habco Int'l, Inc., 930 N. Olive Street, Kansas City, MO 64120 and Secured Party CoreStates Bank, N.A., 121 N. Progress Avenue, P.O. Box 630, Pottsville, PA 17901, dated March 19, 1997 and covering all accounts receivable, inventory and equipment including, without limitation all railroad rolling stock of the Debtor.**

IN VIEW OF THE IMPORTANCE OF THIS MATTER TO OUR CLIENT, PLEASE TELEPHONE THE UNDERSIGNED (COLLECT) SHOULD YOU HAVE ANY QUESTIONS OR DIFFICULTIES.

Very truly yours,

RHODA, STOUT & BRADLEY



Eden R. Bucher

cc William E. Lecher, Jr., V.P.  
CoreStates Bank, N.A.

ERB/nr  
Enclosures

SURFACE TRANSPORTATION BOARD  
WASHINGTON, D.C. 20423-0001

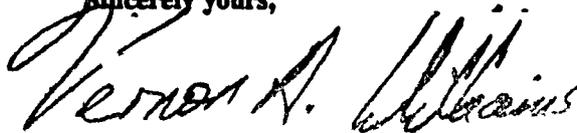
3/31/97

Eden R. Bucher  
Rhoda, Stoudt & Bradley  
Law Offices  
P. O. Box 877  
Reading, PA., 19603-0877

Dear

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 3/31/97 at 3:08PM, and assigned recordation number(s). 20606.

Sincerely yours,



Vernon A. Williams  
Secretary

Enclosure(s)

\$24.00 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. <sup>20606</sup>**Security Agreement**  
(Accounts, Inventory and Equipment)RECEIVED  
SURFACE TRANSPORTATION  
BOARD

MAR 31 3 08 PM '97

THIS AGREEMENT is made this 9<sup>th</sup> day of March, 19 97, between  
 CoreStates Bank, N A.\*, a national banking association (the "Bank"), and Habco Int'l, Inc.  
 (the "Debtor")

- 1. DEFINITIONS.** As used herein and in any separate agreement between the Bank and the Debtor in connection with this Agreement.
- (a) "Account" means any right to payment for goods sold or leased or for services rendered which is not evidenced by an Instrument or Chattel Paper, whether or not it has been earned by performance including all rights to payment under a charter or other contract involving the use or hire of a vessel and all rights incident to such charter or contract
  - (b) "Qualified Account" means any Account meeting all the following specifications: (i) it is lawfully owned by the Debtor and subject to no lien, security interest or prior assignment, and the Debtor has the right of assignment thereof and the power to grant a security interest therein, (ii) it is a valid and enforceable Account, representing the undisputed indebtedness of an Account Debtor to the Debtor; (iii) it is not subject to any defense, set-off, counter-claim, credit, allowance or adjustment, (iv) no substantial part of any goods, the sale of which has given rise to the Account, has been returned, rejected, lost or damaged; (v) if it arises from the sale of goods by the Debtor, such sale was an absolute sale and not on consignment or on approval or on a sale or return basis nor subject to any other repurchase or return agreement, and such goods have been shipped to the Account Debtor, (vi) if it arises from the performance of services, such services have actually been performed; (vii) it arose in the ordinary course of the Debtor's business, (viii) no notice of the Bankruptcy, receivership, reorganization, insolvency, or financial embarrassment of the Account Debtor has been received, (ix) the Account Debtor is not a subsidiary or affiliate of the Debtor, does not control the Debtor, and is not under the control of or under common control with the Debtor, and (x) the Account meets such other specifications and requirements which may from time to time be established by the Bank
  - (c) "Account Debtor" means the Person who is obligated on an Account or General Intangible
  - (d) "Chattel Paper" means a writing or writings which evidence both a monetary obligation and a security interest in or a lease of specific goods
  - (e) "Collateral" means (i) all of the Debtor's Inventory now owned or hereafter acquired, (ii) all of the Debtor's Documents of Title now owned or hereafter acquired; (iii) all of the Debtor's Accounts now existing or hereafter arising, (iv) all of the Debtor's Farm Products now existing or hereafter arising, (v) all of the Debtor's General Intangibles, Chattel Paper and Instruments now existing or hereafter acquired or arising, (vi) all guarantees of the Debtor's existing and future Accounts and General Intangibles and all other security held by the Debtor for the payment or satisfaction thereof, (vii) the goods or the services, the sale or lease or performance of which gave rise to any Account or General Intangible of the Debtor, including any returned goods; (viii) all of the Debtor's Equipment now owned or hereafter acquired, (ix) any balance or share belonging to the Debtor of any deposit, agency or other account with any bank and any other amounts which may be owing from time to time by any bank to the Debtor, (x) all property of any nature whatsoever of the Debtor now or hereafter in the possession of or assigned or hypothecated to the Bank for any purpose, and (xi) all Proceeds of all of the foregoing, including all Proceeds of other Proceeds
  - (f) "Debtor" means the Person who executes this Agreement as such The Debtor may be either a borrower from the Bank or a guarantor of the indebtedness of another to the Bank, and in either case is the Person obligated to pay the Liabilities secured hereby
  - (g) "Document of Title" means a bill of lading, dock warrant, dock receipt, warehouse receipt or order for the delivery of goods, and also any other document which in the regular course of business or financing is treated as adequately evidencing that the Person in possession of it is entitled to receive, hold and dispose of the document and the goods it covers
  - (h) "Farm Products" means crops or livestock or supplies used or produced in farming operations or products of crops or livestock in their unmanufactured states (such as ginned cotton, woolclip, maple syrup, milk and eggs), if they are in the possession of a Debtor engaged in raising, fattening, grazing or other farming operations.
  - (i) "Equipment" means tangible personal property held by the Debtor for use primarily in business and includes equipment, machinery, furniture, fixtures, dies, tools, and all accessories and parts now or hereafter affixed thereto
  - (j) "General Intangibles" means all personal property of every kind and description of Debtor other than goods, Accounts, Chattel Paper, Documents of Title, Instruments and money, and includes without limitation choses in action, books, records, customer lists, tax, insurance and other kinds of refunds, patents, trademarks, copyrights, trade names, plans, licenses and other rights in personal property
  - (k) "Instrument" means a negotiable instrument or a security or any other writing which evidences a right to the payment of money and is not itself a security agreement or lease and is of a type which is, in ordinary course of business, transferred by delivery with any necessary indorsement or assignment
  - (l) "Inventory" means tangible personal property held by the Debtor for sale or lease or to be furnished under contracts of service, tangible personal property which the Debtor has so leased or furnished, and raw materials, work in process and materials used, produced or consumed in Debtor's business, and shall include tangible personal property returned to the Debtor by the purchaser following a sale thereof by the Debtor and tangible personal property represented by Documents of Title. All equipment, accessories and parts at any time attached or added to items of Inventory or used in connection therewith shall be deemed to be part of the Inventory
  - (m) "Liabilities" means all existing and hereafter incurred or arising indebtedness, obligations and liabilities of the Debtor to the Bank, whether absolute or contingent, direct or indirect and out of whatever transactions arising, and includes without limitation, all matured and unmatured indebtedness, obligations and liabilities of the Debtor under or in connection with existing and future loans

and advances evidenced by promissory notes or otherwise, letters of credit, acceptances, all other extensions of credit, repurchase agreements, security agreements, mortgages, overdrafts, foreign exchange contracts and all other contracts for payment or performance, indemnities, and all indebtedness, obligations and liabilities under any guaranty or surety agreement, or as co-maker or co-obligor with any person for any of the foregoing, including without limitation all interest, expenses, costs (including collection costs) and fees (including reasonable attorney's fees and prepayment fees) incurred, arising or accruing (whether prior or subsequent to the filing of any bankruptcy petition by or against any Debtor) under or in connection with any of the foregoing, and further including all such indebtedness, obligations and liabilities of the Debtor (i) to others which the Bank may have obtained by assignment, participation, subrogation, merger or otherwise, and (ii) to subsidiaries of the Bank.

- (n) "Person" means an individual, a corporation, a government or governmental subdivision or agency or instrumentality, a business trust, an estate, a trust, a partnership, a cooperative, an association, two or more Persons having a joint or common interest, or any other legal or commercial entity
- (o) "Proceeds" means whatever is received when Collateral is sold, exchanged, collected or otherwise disposed of, including without limitation insurance proceeds.

**2. SECURITY INTEREST IN COLLATERAL.** As Security for the payment of the Liabilities the Debtor hereby assigns to the Bank and grants to the Bank a lien upon and security interest in the Collateral. Without the written consent of the Bank, the Debtor will not create, incur, assume or suffer to exist any other liens or security interests in the Collateral

**3. COLLECTION OF ACCOUNTS.** The Bank hereby authorizes the Debtor to collect all Accounts from the Account Debtors. The Proceeds of Accounts so collected by the Debtor shall be received and held by the Debtor in trust for the Bank. Unless otherwise agreed by the Bank, the Debtor shall deliver to the Bank within one day of the receipt thereof by the Debtor all Proceeds in the form of cash, checks, drafts, notes and other remittances received in payment of or on account of any of the Debtor's Accounts. Such Proceeds shall be deposited in a special non-interest bearing bank account (the "Cash Collateral Account") maintained with the Bank over which the Bank alone shall have power of withdrawal. All Proceeds other than cash shall be deposited in precisely the form in which received, except for the addition thereto of the endorsement of the Debtor when necessary to permit collection of the items, which endorsement the Debtor agrees to make. The Debtor will not commingle any such Proceeds with any of the Debtor's other funds or property but will hold them separate and apart from any other funds or property and upon an express trust for the Bank until deposit thereof is made in the Cash Collateral Account. Periodically, at the Bank's discretion, the Bank will apply all or any part of the collected Proceeds of Accounts on deposit in the Cash Collateral Account to the payment in full or in part of such of the Liabilities and in such order as the Bank may elect. The authority hereby given to the Debtor to collect the Proceeds of Accounts in trust for the Bank may be terminated by the Bank at any time. The Bank shall have the right at any time, acting if it so chooses in the Debtor's name, to collect the Debtor's Accounts itself, to sell, assign, compromise, discharge or extend the time for payment of any Account, to institute legal action for the collection of any Account, and to do all acts and things necessary or incidental thereto. The Debtor hereby ratifies all that the Bank shall do by virtue hereof. The Bank may at any time, without notice to the Debtor, notify any Account Debtor that the Account payable by such Account Debtor has been assigned to the Bank and is to be paid directly to the Bank. At the Bank's request the Debtor shall so notify Account Debtors and shall indicate on all billings to Account Debtors that payments thereon are to be made to the Bank. Without the written consent of the Bank, the Debtor shall not compromise, discharge, extend the time for payment of or otherwise grant any indulgence or allowance with respect to any Account.

**4. PROCESSING AND SALES OF INVENTORY.** So long as the Debtor is not in default hereunder, the Debtor shall have the right, in the regular course of its business, to process and sell its Inventory

**5. OTHER AGREEMENTS OF DEBTOR.**

- (a) The Debtor shall keep complete and accurate books and records and make all necessary entries therein to reflect the quantities, costs, values and location of its Inventory and Equipment, and the transactions and facts giving rise to its Accounts and General Intangibles and all payments, credits and adjustments applicable thereto. The Debtor shall keep the Bank fully and accurately informed as to the location of all such books and records pertaining to the Collateral and shall permit the Bank's agents to have access to all such books and records and any other records pertaining to the Debtor's business which the Bank may request and, if deemed necessary by the Bank, to remove them from the Debtor's place of business or any other place where the same may be found for the purpose of examining, auditing and copying the same. Any of the Debtor's books and records so removed by the Bank's agents shall be returned to the Debtor by the Bank as soon as the Bank shall have completed its inspection, audit or copying thereof. The Bank shall have the right to communicate with Account Debtors and Debtor's accountant to the extent reasonably necessary to verify account balances and any information provided by the Debtor. The Bank's right to take possession of the Debtor's books and records pertaining to the Collateral shall be enforceable at law by action of replevin or by any other appropriate remedy at law or in equity, and the Debtor consents to the entry of judicial orders or injunctions enforcing such right without any notice to the Debtor or any opportunity to be heard.
- (b) In the event that any lien, assessment or tax liability against the Debtor shall arise, whether or not entitled to priority over the security interest of the Bank created hereby, the Debtor shall give prompt notice thereof in writing to the Bank. The Bank shall have the right (but shall be under no obligation) to pay any tax or other liability of the Debtor deemed by the Bank to affect its interest. The Debtor shall repay to the Bank any sums which the Bank shall have so paid, together with interest thereon at the rate payable by the Debtor, at the time of payment by the Bank, with respect to the Liabilities (or the highest such rate, if there be more than one), but in no event less than six percent (6%) per annum and the Debtor's liability to the Bank for such repayment with interest shall be included in the Liabilities. In addition, the Bank shall be subrogated to the extent of the payment made by it to all rights of the recipient of such payment against the assets of the Debtor. The Debtor shall furnish to the Bank at such times as the Bank may require proof satisfactory to the Bank of the making of payments or deposits required by applicable law with respect to amounts withheld by the Debtor from wages and salaries of employees and amounts contributed by the Debtor on account of federal and other income or wage taxes and amounts due under the Federal Insurance Contributions Act. The Debtor represents, warrants and agrees that, in respect to all employee pension or other benefit plans maintained by the Debtor or any of its subsidiaries, the Debtor is in full compliance, and will continue to comply fully, with the Employee Retirement Income Security Act of 1974, as amended and all rules and regulations adopted thereunder or pursuant thereto. The Debtor continuously represents and warrants to the Bank that all Collateral consisting of goods has been and will continue to be produced in compliance with the requirements of the Fair Labor Standards Act, including Sections 206 and 207 thereof, and will immediately notify Bank if Debtor has any reason to believe otherwise.

- (c) If any of the Debtor's Accounts or General Intangibles arises out of a contract with the United States or any department, agency or instrumentality thereof, the Debtor will immediately notify the Bank thereof in writing and execute any instruments and take any steps required by the Bank in order that the security interest of the Bank hereunder in the Debtor's General Intangibles under such contract and in all Accounts arising thereunder and in the Proceeds thereof shall be perfected under the provisions of the Federal Assignment of Claims Act.
- (d) If any of the Debtor's Accounts is or becomes evidenced by a promissory note, a trade acceptance or any other instrument for the payment of money, the Debtor will promptly deliver such instrument to the Bank appropriately endorsed to the Bank's order. Regardless of the form of such endorsement, the Debtor hereby waives presentment, demand, notice of dishonor, protest and notice of protest and all other notices with respect thereto.
- (e) The Debtor will keep its Inventory and Equipment insured against such casualties and in such amounts as the Bank shall require. All insurance policies shall be written for the benefit of the Debtor as the insured, and shall name the Bank as loss payee, and such policies shall be delivered to and held by the Bank. All such policies of insurance shall provide for at least ten days' advance notice in writing to the Bank of any cancellation thereof, and shall insure Bank notwithstanding the act or neglect to act of Debtor. If the Debtor fails to pay the premiums on any such insurance, the Bank shall have the right (but shall be under no obligation) to pay such premiums for the Debtor's account. The Debtor shall repay to the Bank any sums which the Bank shall have so paid, together with interest thereon at the rate payable by the Debtor, at the time of payment by the Bank, with respect to the Liabilities (or the highest such rate, if there be more than one), but in no event less than six percent (6%) per annum and the Debtor's liability to the Bank for such repayment with interest shall be included in the Liabilities. The Debtor hereby assigns to the Bank any return or unearned premium which may be due upon cancellation of any such policies for any reason whatsoever and directs the insurers to pay to the Bank any amounts so due. The Debtor's rights to receive payment of such return or unearned premiums and the proceeds of any such insurance are included in the Accounts and General Intangibles which are hereby subjected to a security interest.
- (f) The Debtor will maintain the Equipment in good condition and repair, and will pay the cost of repairs to or maintenance of the same and will not permit anything to be done that may impair the value of the Equipment.
- (g) The Bank shall have the right to take possession of any Inventory and the Debtor hereby assigns to the Bank its right of stoppage in transit with respect to any Inventory. All costs of transportation, packing, storage and insurance of any Inventory which the Bank may take into its possession shall be promptly repaid to the Bank by the Debtor, together with interest thereon at the rate payable by the Debtor, at the time of payment by the Bank, with respect to the Liabilities (or the highest such rate, if there be more than one), but in no event less than six percent (6%) per annum and the Debtor's liability to the Bank for such repayment with interest shall be included in the Liabilities. If any of the Debtor's Inventory is or becomes represented by a Document of Title, the Bank may require that such Document of Title be in such form as to permit the Bank or anyone to whom the Bank may negotiate the same to obtain delivery of the Inventory represented thereby, and that it be delivered into the possession of the Bank.
- (h) At such intervals as the Bank may require, the Debtor shall submit to the Bank a schedule reflecting in form and detail satisfactory to the Bank the quantities, cost and value of its Inventory and Equipment, and the amounts of all its outstanding Accounts and the amount of the Accounts which are Qualified Accounts and the value of all its General Intangibles. The Bank may also require the Debtor to submit to the Bank copies of the invoices pertaining to all or any of its Accounts and evidence of shipment of the Inventory the sale or leasing of which have given rise to such Accounts.
- (i) The Debtor shall promptly notify the Bank of any event causing deterioration, loss or depreciation in value of any substantial portion of the Debtor's Inventory or Equipment and the amount of such loss or depreciation. The Debtor shall permit the Bank's agents to have access to its Inventory and Equipment from time to time, as requested by the Bank, for purposes of examination, inspection, and appraisal thereof and verification of the Debtor's records pertaining thereto. Upon demand by the Bank, in the case of Inventory and upon default by the Debtor in the case of Equipment, the Debtor shall assemble the Inventory and Equipment and make them available to the Bank at such place as may be designated by the Bank which is reasonably convenient to both parties. At the request of the Bank, the Debtor shall lease warehousing space in the Debtor's own premises to the Bank for the purpose of taking any Inventory into the custody of the Bank without removal thereof from such premises and will erect such structures and post such signs as the Bank may require in order to place such Inventory under the exclusive control of the Bank.
- (j) The Debtor will promptly notify the Bank (i) of any material adverse change in the Debtor's financial condition or in the financial condition of any Account Debtor or in the collectibility of any of its Accounts, (ii) of all claims, rejections, returns and adjustments which may result in a reduction of the liability of any Account Debtor on an Account, and (iii) of any Qualified Account which shall cease for any reason to meet the specifications fixed hereby for Qualified Accounts.
- (k) The Debtor warrants that the Debtor's chief executive office and all of its offices where it keeps its records concerning the Collateral, all locations at which it keeps its Inventory and Equipment and all locations at which it maintains a place of business are listed in Section 18 hereof. Debtor further warrants that Debtor has no plans for the removal of the Collateral to any location not set forth in Section 18. The Debtor shall promptly notify the Bank in writing of any change in the Debtor's name, chief executive office or the location of the Debtor's records, of any change in the location of the Collateral, of any change in the location of any place of business and of the establishment of any new place of business. If any of the Collateral or any of the Debtor's records concerning the Collateral are at any time to be located on premises leased by the Debtor or on premises owned by the Debtor, subject to a mortgage or other lien, the Debtor shall obtain and deliver to the Bank, prior to the delivery of any Collateral or records concerning the Collateral to said premises, an agreement in form satisfactory to the Bank, waiving the landlord's or mortgagee's or lienholder's rights to enforce any claim against the Debtor for moneys due under the lease, mortgage or other lien by levy of distraint or other similar proceedings against the Collateral or the Debtor's records concerning the Collateral and assuring the Bank's ability to have access to the Collateral and the Debtor's records concerning the Collateral in order to exercise its rights hereunder to take possession thereof.
- (l) The Debtor shall pay to the Bank on demand, with interest at the rate payable by the Debtor, at the time of payment by the Bank, with respect to the Liabilities (or the highest such rate, if there be more than one), but in no event less than six percent (6%) per annum, any and all expenses (including reasonable attorney's fees and legal expenses, filing fees, searches, and termination costs), which may have been incurred by the Bank (i) to enforce payment of any Account or to enforce any General Intangibles or to enforce any of the Liabilities, whether as against an Account Debtor, the Debtor or any guarantor or surety of any Account Debtor or of the Debtor; or (ii) in the enforcement, prosecution or defense of any action growing out of or connected with the subject matter of this Agreement, the Liabilities, the Collateral or any of the Bank's rights therein or thereto, or (iii) in connection with the custody, preservation, use, operation, preparation for sale or sale of any Collateral, or (iv) in connection with preparation and

completion of this Agreement and any and all related agreements and consummation of the financing arrangements described herein and any modification or extension hereof, or (v) with respect to the enforcement, protection or preservation from time to time of the Bank's rights under this Agreement or with respect to the Collateral. The Debtor's liability to the Bank for such repayment with interest shall be included in the Liabilities and is secured by the Collateral.

- (m) The Debtor shall provide the Bank with all financial statements or other financial documents as the Bank may from time to time require. The Debtor further covenants and agrees to execute from time to time any and all agreements and documents (including financing statements) which the Bank may request in order to perfect its lien on the Collateral and otherwise carry out the provisions of this Agreement. The Debtor further authorizes the Bank to file a carbon, photographic or other reproduction of this Agreement or a financing statement previously filed under this Agreement as a financing statement in any jurisdiction. If certificates of title are issued or outstanding with respect to any of the Collateral, the Debtor will cause the security interest of the Bank to be properly noted thereon and will promptly deliver such certificates to the Bank.
- (n) Without the prior written consent of the Bank, the Debtor shall not sell or otherwise dispose of its Equipment and, except in the ordinary course of business, the Debtor shall not sell or dispose of its Inventory.

**6. ENVIRONMENTAL MATTERS.**

- (a) As used in this Agreement, the following terms shall have the following meanings: (i) "Environmental Laws" means any and all applicable federal, state and local environmental laws, rules and regulations whether now existing or hereafter enacted together with all amendments, modifications and supplements thereof, and (ii) "Hazardous Materials" means any contaminants, hazardous substances, regulated substances, or hazardous wastes which may be the subject of liability pursuant to any Environmental Law.
- (b) The Debtor represents and warrants that no property owned or leased by the Debtor or any subsidiary of the Debtor is in violation of any Environmental Laws, no Hazardous Materials are present on said property and neither the Debtor nor any subsidiary of the Debtor has been identified in any litigation, administrative proceedings or investigation as a responsible party for any liability under any Environmental Laws.
- (c) The Debtor shall not use, generate, treat, store, dispose of or otherwise introduce, or permit any subsidiary to use, generate, treat, store, dispose of or otherwise introduce, any Hazardous Materials into or on any property owned or leased by the Debtor, and will not, and will not permit any subsidiary to, cause, suffer, allow or permit anyone else to do so, except in an environmentally safe manner through methods which have been approved by and meet all of the standards of the federal Environmental Protection Agency and any other federal, state or local agency with authority to enforce Environmental Laws. The Debtor hereby agrees to indemnify, reimburse, defend and hold harmless the Bank and its directors, officers, agents and employees ("Indemnified Parties") for, from and against all demands, liabilities, damages, costs, claims, suits, actions, legal or administrative proceedings, interest, losses, expenses and reasonable attorney's fees (including any such fees and expenses incurred in enforcing this indemnity) asserted against, imposed on or incurred by any of the Indemnified Parties, directly or indirectly pursuant to or in connection with the application of any Environmental Law, to acts or omissions occurring at any time on or in connection with any property owned or leased by the Debtor or any subsidiary of the Debtor or any business conducted thereon.

**7. DEFAULT.** The Debtor shall be in default hereunder upon the occurrence of any of the following events

- (a) The nonpayment when due of any amount payable on any of the Liabilities by the Debtor or by any other person liable, either absolutely or contingently, for payment, including endorsers, guarantors and sureties (each such person is referred to as a "Obligor"),
- (b) If the Debtor or any Obligor has failed to observe or perform any existing or future agreement of any nature whatsoever with the Bank (other than those described in clause (a) above),
- (c) If any representation, warranty, certificate, financial statement or other information made or given by the Debtor or any Obligor to the Bank is materially incorrect or misleading,
- (d) If the Debtor or any Obligor shall become insolvent or make an assignment for the benefit of creditors or if any petition shall be filed by or against the Debtor or any Obligor under any bankruptcy or insolvency law;
- (e) The entry of any judgment against the Debtor or any Obligor which remains unsatisfied for 15 days or the issuance of any attachment, tax lien, levy or garnishment against any property of material value in which the Debtor or any Obligor has an interest;
- (f) If any attachment, levy, garnishment or similar legal process is served upon the Bank as a result of any claim against the Debtor or any Obligor or against any property of the Debtor or any Obligor,
- (g) The dissolution, merger, consolidation or change in control (as control is defined in Rule 12b-2 under the Securities Exchange Act of 1934) of any Debtor which is a corporation or partnership, or the sale or transfer of any substantial portion of any Debtor's assets, or if any agreement for such dissolution, merger, or consolidation, change in control, sale or transfer is entered into without the written consent of Bank;
- (h) The death of any Debtor or Obligor who is a natural person,
- (i) If the Bank determines reasonably and in good faith that an event has occurred or a condition exists which has had, or is likely to have, a material adverse effect on financial condition or creditworthiness of the Debtor or any Obligor;
- (j) If the Debtor or any Obligor shall fail to remit promptly when due to the appropriate government agency or authorized depository, any amount collected or withheld from any employee of the Debtor for payroll taxes, Social Security payments or similar payroll deductions;
- (k) If any Obligor shall attempt to terminate or disclaim such Obligor's liability for the Liabilities;
- (l) If the Bank shall reasonably and in good faith determine and notify the Debtor that any collateral is insufficient as to quality or quantity,
- (m) If the Debtor shall fail to pay when due any material indebtedness for borrowed money other than to the Bank, or
- (n) If the Debtor shall be notified of the failure of the Debtor or any Obligor to provide such financial and other information promptly when reasonably requested by the Bank.

**8. ACCELERATION AND ENFORCEMENT RIGHTS.** Whenever the Debtor shall be in default as aforesaid, (i) the Bank may declare the entire unpaid amount of such of the Liabilities as are not then due and payable to become immediately due and payable without notice to or demand on any Obligor; and (ii) the Bank may at its option exercise from time to time any or all rights and remedies

available to it under the Uniform Commercial Code or otherwise available to it, including the right to collect, receipt for, settle, compromise, adjust, sue for, foreclose or otherwise realize upon any of the Collateral and to dispose of any of the Collateral at public or private sale(s) or other proceedings, with or without advertisement, and the Debtor agrees that the Bank or its nominee may become the purchaser at any such sale(s). Bank shall have the unconditional right to retain and obtain the full benefit of all Collateral until all Liabilities of the Debtor to the Bank are paid and satisfied in full. If any notification of intended disposition of the Collateral is required by law, such notice shall be deemed reasonable if mailed at least 7 days before such disposition addressed to the Debtor at its Address shown herein. If any Note secured hereby is payable on demand, Bank's right to require payment shall not be restricted or impaired by the absence, non-occurrence or waiver of an Event of Default, and it is understood that if such Note is payable on demand, the Bank may require payment at any time.

9. **APPLICATION OF COLLATERAL.** The Proceeds of any Collateral received by the Bank at any time before or after default, whether from sale of Collateral or otherwise, may be applied to the payment in full or in part of such of the Liabilities and in such order as the Bank may elect. The Debtor, to the extent that it has any right, title or interest in any of the Collateral, authorized Bank to proceed against the Collateral in any order that Bank may determine and waives and releases any right to require the Bank to collect any of the Liabilities from any source other than from the Collateral under any theory of marshalling of assets, or otherwise, and specifically authorizes the Bank to proceed against any of the Collateral in which the Debtor has a right, title or interest with respect to any of the Liabilities in any manner that the Bank may determine.
10. **POWER OF ATTORNEY.** The Debtor does hereby appoint any officer or agent of the Bank as the Debtor's true and lawful attorney-in-fact, with power to endorse the name of the Debtor upon any notes, checks, drafts, money orders, or other instruments of payment or Collateral that may come into possession of Bank, to sign and endorse the name of the Debtor upon any invoices, freight or express bills, bills of lading, storage or warehouse receipts, drafts against Account Debtors, assignments, verifications and notices in connection with Accounts, and any instruments or documents relating thereto or to the Debtor's rights therein; and to give written notice to such office and officials of the United States Postal Service to effect such change or changes of address so that all mail addressed to the Debtor may be delivered directly to Bank (Bank will return all mail not related to the Liabilities or the Collateral); granting unto Debtor's said attorney full power to do any and all things necessary to be done with respect to the above transactions as fully and effectually as Debtor might or could do, and hereby ratifying all that said attorney shall lawfully do or cause to be done by virtue hereof. This power of attorney shall be irrevocable for the term of this Agreement and all transactions hereunder.
11. **TERM.** The term of this Agreement shall commence with the date hereof and end on the date when, after receipt of written notice of the termination of this Agreement from either party to the other, which notice may be given by either party at any time, there shall be no Liabilities outstanding.
12. **SUCCESSORS AND ASSIGNS.** All provisions herein shall inure to, and become binding upon, the heirs, executors, administrators, successors, representatives, receivers, trustees and assigns of the parties, provided, however, that this Agreement shall not be assignable by the Debtor without the prior written approval of the Bank.
13. **CONFESSION OF JUDGMENT.** The Debtor hereby irrevocably authorizes and empowers any attorney of any court of record to appear for and confess judgment against the Debtor for the unpaid amount of the Liabilities as evidenced by an affidavit signed by an officer of the Bank setting forth the amount then due, plus 15% thereof, but no less than \$5,000, as an attorney's commission, with costs of suit, release of errors, and without right of appeal. If a copy hereof, verified by an affidavit, shall have been filed in said proceeding, it shall not be necessary to file the original as a warrant of attorney. The Debtor waives the right to any stay of execution and the benefit of all exemption laws now or hereafter in effect. No single exercise of the foregoing warrant and power to confess judgment shall be deemed to exhaust the power, whether or not any such exercise shall be held by any court to be invalid, voidable, or void, but the power shall continue undiminished and may be exercised from time to time as often as the Bank shall elect, until all Liabilities have been paid in full.
14. **THE DEBTOR'S AUTHORITY AND CAPACITY, ETC.** The Debtor represents and warrants that the Bank is obtaining and shall maintain at all times a first lien on all of the Collateral. If the Debtor is a corporation, the Debtor further represents and warrants that it is duly organized, validly in existence and in good standing in its state of incorporation and any other state where the nature or extent of its business requires qualification, that the execution and performance by the Debtor of this Agreement and any related agreements is authorized by the Debtor's Board of Directors and does not violate the Articles of Incorporation or By-Laws of the Debtor or any other Agreement or contract by which the Debtor is bound. The Debtor represents and warrants that this Agreement is the legal, valid and binding obligation of the Debtor enforceable against the Debtor in accordance with its terms.
15. **CONSENT TO JURISDICTION AND VENUE. IN ANY LEGAL PROCEEDING INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE RELATIONSHIP ESTABLISHED HEREUNDER, EACH UNDERSIGNED PARTY HEREBY IRREVOCABLY SUBMITS TO THE NONEXCLUSIVE JURISDICTION OF ANY STATE OR FEDERAL COURT LOCATED IN ANY COUNTY IN THE COMMONWEALTH OF PENNSYLVANIA WHERE THE BANK MAINTAINS AN OFFICE AND AGREES NOT TO RAISE ANY OBJECTION TO SUCH JURISDICTION OR TO THE LAYING OR MAINTAINING OF THE VENUE OF ANY SUCH PROCEEDING IN SUCH COUNTY. EACH UNDERSIGNED PARTY AGREES THAT SERVICE OF PROCESS IN ANY SUCH PROCEEDING MAY BE DULY EFFECTED UPON IT BY MAILING A COPY THEREOF, BY REGISTERED MAIL, POSTAGE PREPAID, TO EACH UNDERSIGNED PARTY.**
16. **WAIVER OF JURY TRIAL. EACH UNDERSIGNED PARTY HEREBY WAIVES, AND THE BANK BY ITS ACCEPTANCE HEREOF THEREBY WAIVES, TRIAL BY JURY IN ANY LEGAL PROCEEDING INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER (WHETHER SOUNDING IN TORT, CONTRACT OR OTHERWISE) IN ANY WAY ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE RELATIONSHIP ESTABLISHED HEREUNDER. THIS PROVISION IS A MATERIAL INDUCEMENT FOR THE BANK TO ENTER INTO, ACCEPT OR RELY UPON THIS AGREEMENT.**
17. **MISCELLANEOUS.** The construction and interpretation of this Agreement and all agreements shall be governed by the laws of the Commonwealth of Pennsylvania. No modification hereof shall be binding or enforceable unless in writing and signed by the party against whom enforcement is sought. If any provision of this Agreement is determined to be unenforceable or invalid, such

determination shall not affect or impair the remaining provisions of this Agreement No rights are intended to be created hereunder for the benefit of any third party beneficiary hereof The individual signatory(ies) on behalf of the Debtor represents that he (they) is (are) authorized to execute this Agreement on behalf of the Debtor. This Agreement supplements the Debtor's obligations under any promissory notes or separate agreements with the Bank.

18. **LOCATIONS OF DEBTOR.** The Debtor represents and warrants that the following addresses (together with any additional addresses which may be shown on any attached schedule) correctly set forth all of the locations where the Debtor maintains a place of business, its records or the Collateral.

**Chief Executive Office:** 930 N. Olive Street, Kansas City, MO 64120

Other Locations:

The Debtor represents, warrants and agrees that its principal business location, sole chief executive office and base of operations with respect to all mobile equipment and railroad rolling stock is the address listed above and no change in such address shall be made unless Debtor has provided Bank with 10 days prior written notice of such change.

19. **NAME OF DEBTOR.** The Debtor represents and warrants that the name of the Debtor shown on this Agreement is the correct, full legal name of the Debtor and that the Debtor has not at any time changed its name, identity or corporate structure, been the surviving corporation in a merger, acquired any other business, or engaged in business under an assumed name or trade name except as set forth below.

IN WITNESS WHEREOF, this Agreement has been duly executed by the parties hereto under seal and intending to be legally bound on the day and year first above written

Habco Int'l, Inc.

(Name of Corporate or Partnership Debtor)

By

(Authorized Signature)

CoreStates Bank, N.A.

By

(Signature)

William E. Lecher, Jr., Vice President

(Print Name and Title)

Paul D. DeAngelo, President

(Print Name and Title)

Address 121 North Progress Avenue

(Number, Street)

Attest:

Neal A. DeAngelo, Secretary

Pottsville, PA 17901

(City)

(Seal)

(Signature of Individual Debtor)

(Print Name of Individual Debtor)

(Print Trade Style or Fictitious Name, if any)

**ADDENDUM TO SECURITY AGREEMENT**  
**(“SECURITY AGREEMENT”) BY AND BETWEEN HABCO INT’L, INC. (“DEBTOR”)**  
**AND CORESTATES BANK, N.A. (“BANK”) DATED MARCH 19, 1997**

1 Unless otherwise noted, capitalized terms used herein shall have the same meanings ascribed thereto in the Security Agreement; however, the term “Equipment” shall also be deemed to include all railroad cars, locomotives, and other railroad rolling stock now owned or hereafter acquired by the Debtor, including, without limitation, all those certain railroad cars and other rolling stock set forth on the list attached hereto, made a part hereof, and marked as Exhibit “A”.

2. The Debtor shall use and maintain the Equipment in compliance with all laws, government regulations, and standards of the Association of American Railroads and any other national organization, applicable to the use, maintenance and interchange of the Equipment, and shall at its own expense make such alterations to the Equipment as may be required for time to time for such compliance

3 The Debtor shall affix and maintain on each side of each unit of the Equipment (a) the reporting marks, if any, assigned to the Debtor by the Association of American Railroads, (b) the identification number set forth on Exhibit A for such unit, and (c) such other markings as from time to time may be required by law or deemed necessary by the Bank to protect the interests of the Bank in the Equipment

4 The Debtor hereby warrants and represents that the Equipment is and shall at all times remain based in Missouri. Unless the Bank shall otherwise agree, the Equipment shall not be used or assigned for use in service involving the regular operation or maintenance outside of the United States of America This shall not prohibit use in Canada or Mexico on a temporary basis, not expected to exceed ninety (90) days in any calendar year.

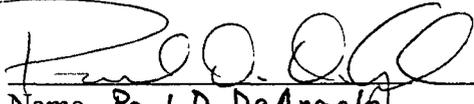
5 This Security Agreement or a counterpart or a certified copy hereof may be filed or recorded in any public office as may be necessary or appropriate to protect the interests of the Bank in the Equipment The Debtor shall, at its own expense, title and record this Security Agreement, and any assignments hereof and amendments hereto with the Surface Transportation Board, pursuant to Section 11303 of Title 49 of the United States Code, and shall execute and file any other instruments requested by the Bank from time to time that are deemed necessary or appropriate by the Bank to protect such interests

IN WITNESS WHEREOF, the Debtor and the Bank have caused this Addendum to Security Agreement to be executed by their duly authorized agents this 19<sup>th</sup> day of March, 1997

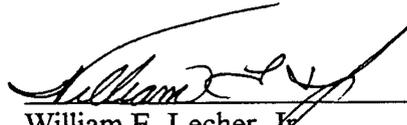
DEBTOR.  
HABCO INT'L, INC.

BANK.  
CORESTATES BANK, N.A.

By



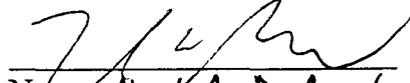
By



Name. Paul D. DeAngelo  
Title. President

William E. Lecher, Jr.  
Vice President

Attest



Name Neal A. DeAngelo  
Title Secretary

STATE OF PENNSYLVANIA

SS.

COUNTY OF LUZERNE

On this, the 19th day of March, 1997, before me, \_\_\_\_\_, the undersigned officer, personally appeared Paul D. DeAngelo, who acknowledged himself to be the President of Habco Int'l, Inc, a corporation, and that he as such President, being authorized to do so, executed the foregoing Security Agreement and Addendum to Security Agreement for the purposes therein contained by signing the name of the corporation by himself as President

IN WITNESS WHEREOF, I hereunto set my hand and official seal

Nina H Bonus

Notary Public  
My Commission Expires

Notarial Seal  
Nina H Bonus, Notary Public  
Hazleton, Luzerne County  
My Commission Expires March 9, 1998  
Member, Pennsylvania Association of Notaries

STATE OF PENNSYLVANIA

SS

Schuylkill  
COUNTY OF ~~LUZERNE~~

On this, the 18th of March, 1997, before me, \_\_\_\_\_, the undersigned officer, personally appeared WILLIAM E LECHER, JR., who acknowledged himself to be a Vice President of CoreStates Bank, N A, and that he as such Vice President, being authorized to do so, executed the foregoing Security Agreement and Addendum to Security Agreement for the purposes therein contained by signing the name of CoreStates Bank, N A, by himself as Vice President

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Elizabeth A. Stoppie

Notary Public  
My Commission Expires

NOTARIAL SEAL  
ELIZABETH A. STOPPIE, Notary Public  
Pottsville, Schuylkill County, PA  
My Commission Expires December 30, 1998

NOTARIAL SEAL  
ELIZABETH A. STOPPIE, Notary Public  
Pottsville, Schuylkill County PA  
My Commission Expires December 30, 1998

CAR STATUS/LOCATIONS

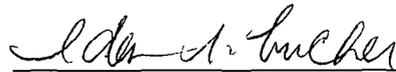
1-24-97

TRAIN ASSGN	NEW #	CAR TYPE	CURRENT LOCATION	STATUS
64	206	SPRAY CAR	SHOP/KC	56
65	208	SPRAY CAR	MAC/ EQUALIZER SEAT	56
60	211	SPRAY CAR	ST. JOSEPH, MO	59
63	212	SPRAY CAR	SHOP/KC, SCRAP	
61	217	SPRAY CAR	SHOP, KC	59
	218	SPRAY CAR	SHOP/SPARE	66
65	310	AGITATOR	MAC OUTDATED	43**
64	311	AGITATOR	ST. JOSOPH, MO	67
61	312	AGITATOR	ST JOE MO	59
61	313	AGITATOR	ST JOE MO	51
60	314	AGITATOR	ST. JOSEPH, MO	43**
64	315	AGITATOR	ST. JOSEPH, MO	51
65	316	AGITATOR	ST. JOSEPH, MO	65
60	470	FLAT	ST. JOSEPH, MO	67
61	471	FLAT	ST JOE MO	67
	472	FLAT	SHOP	65
65	473	FLAT	ST. JOSEPH, MO	68
64	474	FLAT	ST JOE 9/28	66
60	501	TANK	ST JOE 9/28	49
61	511	LINED TANK	ST JOE MO	49
60	512	LINED TANK	ST. JOSEPH, MO	49
61	520	TANK	ST JOE MO	63
60	521	TANK	ST JOE 9/28	63
60	522	TANK	ST JOE 9/28	64
65	523	TANK	SHOP KC 1/26/96	64
60	524	TANK	ST JOE 9/28	64
65	525	TANK	SHOP KC 1/26/96	64
65	550	TANK	ST. JOSEPH, MO	49
64	551	BULK TANK	ST JOE 9/28	49
	552	TANK	ST JOE MO	
	553	BULK TANK	ST JOE	49
	554	TANK	SHOP	49
65	555	TANK	ST JOSEPH, MO	49
	557	TANK	ST JOE	49
64	558	TANK	ST JOSEPH, MO	49
65	560	BULK TANK	ST JOSEPH, MO	49
61	562	TANK	ST JOE MO	49
64	564	TANK	ST JOSEPH, MO	49
64	565	TANK	ST JOSEPH, MO	49
	567	BULK TANK	ST JOSEPH, MO	49
	568	BULK TANK	ST JOE	49
	569	TANK	ST JOSEPH, MO	49
60	600	SLURRY	SHOP, KC	52
	601	SLURRY	SHOP 9/28	51
64	602	SLURRY	ST. JOSOPH, MO	65
61	603	SLURRY	ST JOSOPH, MO	63
65	604	SLURRY	ST. JOSEPH, MO	65
	610	BOX	MAC / READY	65
	611	BOX	ST JOSOPH, MO	65
	612	BOX	ST JOE	65
	613	BOX	MAC / REPAIRED	63
	614	BOX	ST JOE MO	71
61	ACFX14783	TANK	ST JOE MO	LEASE
64	ACFX14792	TANK	ST JOSOPH, MO	LEASE
64	ACFX89399	TANK	ST JOE	LEASE
	HABX331824	BOX	ST JOE MO	
	HABX331876	BOX	ST. JOE 10/9/96	
	HABX331969	BOX	ST JOE	
	HABX331897	BOX	ST JOSOPH, MO	
	HABX331955	BOX	ST JOE	
	HABX331958	BOX	ST JOSOPH, MO	
	HABX331992	BOX	ST JOE	
	HABX331994	BOX	MAC	COMPLETE/AWAITING ABE TAGS & UMLER
	HABX331945	BOX	MAC	COMPLETE/AWAITING ABE TAGS & UMLER
67	HABX6891	LOCOMOTIVE	GP7 / SMALLER UNIT	
66	HABX6871	LOCOMOTIVE	GP 20 (?)	

N.A.D.  


COMMONWEALTH OF PENNSYLVANIA  
SS  
COUNTY OF BERKS

I, EDEN R BUCHER, Esquire, being duly sworn according to law, do hereby certify that I have compared the attached copy of the Security Agreement with Addendum thereto by and between Habco Int'l, Inc and CoreStates Bank, N A , dated March 19, 1997, with the original document and have found the copy to be complete and identical in all respects to the original document I declare, under penalty of perjury, that the foregoing is true and correct

  
Eden R Bucher, Esquire

Date: March 27, 1997

Sworn to and subscribed before me,  
this 27th day of March, 1997

  
Notary Public

My Commission Expires. 9-1-99

