

FIRST NATIONAL BANK

OF BASTROP

Member FDIC

P O DRAWER F

BASTROP TEXAS 78602

(512) 321-2561

Metro (512) 303-1003

March 30, 1997

Secretary
Surface Transportation Board
attn: Recordation
1925 K Street
Washington, D.C. 20423-001

RECORDATION NO. 20626 FILED

APR 11 '97

11-00AM

Dear Secretary:

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

This document is a **Commercial Security Agreement**, a primary document, dated March 30, 1997.

The names and addresses of the parties to the documents are as follows:

Mortgagor: Frank Y. Armstrong and Sheryl Armstrong
1323 Makaha
Bastrop, Texas 78602

Mortgagee: The First National Bank of Bastrop
Drawer F
Bastrop, Texas 78602

A description of the equipment covered by the document follows:

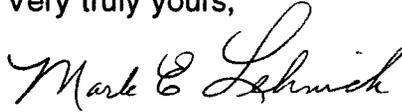
Three (3) 32,800 Gallon DOT Class 112J340W 1963 & 1964 Built Railroad Tank Cars numbered TEIX 3229, TEIX 3231, and TEIX 3242; Two (2) 33,500 Gallon DOT Class 112J340W 1997 Built Railroad Tank Cars with magnetic gauging devices and 100 Ton trucks numbered TEIX 33529 and TEIX 33530.

A fee of \$20.00 is enclosed. Please return the original and any extra copies not needed by the STB for recordation to **The First National Bank of Bastrop, Drawer F, Bastrop, Texas 78602.**

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

"A commercial security agreement between Frank Y. Armstrong and Sheryl Armstrong, mortgagor, and The First National Bank of Bastrop, Bastrop, Texas, mortgagee, dated March 30, 1997 and covering five (5) railroad tank cars."

Very truly yours,

A handwritten signature in cursive script that reads "Mark E. Lehnick".

Mark E. Lehnick
Vice President
The First National Bank of Bastrop

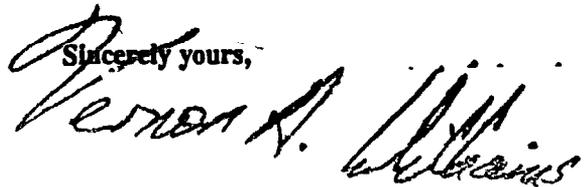
SURFACE TRANSPORTATION BOARD
WASHINGTON, D.C. 20425-0001

Mark E. Lehnick
Vice President
The First National Bank of Bastrop
Drawer F
Bastrop, Texas 78602

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 4/11/97 at 11:00AM, and assigned recordation number(s) 20626.

Sincerely yours,

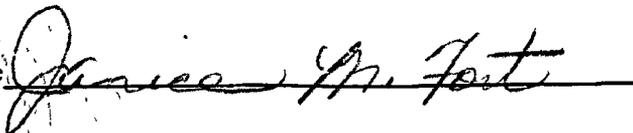


Vernon A. Williams
Secretary

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



FRANK Y. & SHERYL ARMSTRONG
 1323 MAKAHA
 BASTROP, TX 78602

TAXPAYER I.D. NUMBER : 46-0805219

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

FIRST NATIONAL BANK
 1028 MAIN STREET
 BASTROP, TX 78602

RECORDATION NO 20626 FILED
 APR 11 '97 11-00AM

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

I am entering into this security agreement with you on MARCH 31, 1997 (date)

SECURED DEBTS I agree that this security agreement will secure the payment and performance of the debts, liabilities or obligations described below that (Check one) I (name) FRANK Y & SHERYL ARMSTRONG

(Check one below) _____ owe(s) to you now or in the future

Specific Debt(s) The debt(s), liability or obligations evidenced by (describe) \$160,000.00 PROMISSORY NOTE OF EVEN DATE and all extensions, renewals, refinancings, modifications and replacements of the debt, liability or obligation

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

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

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

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

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

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

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

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

The secured property includes, but is not limited by, the following. THREE (3) 32,800 GALLON DOT CLASS 112J340W 1963 & 1964 BUILT RAILROAD TANK CARS NUMBERED TEIX3229, TEIX3231, AND TEIX3242; TWO (2) 33,500 GALLON DOT CLASS 112J340W 1997 BUILT RAILROAD TANK CARS WITH MAGNETIC GAUGING DEVICES AND 100T TRUCKS NUMBERED TEIX33529 AND TEIX33530.

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

I am a(n) individual partnership corporation
 INDIVIDUAL

If checked, file this agreement in the real estate records
 Record Owner (if not me) FRANK Y. ARMSTRONG AND SHERYL ARMSTRONG

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

FRANK Y. & SHERYL ARMSTRONG
 (Debtor's Name)

The property will be used for personal business
 agricultural _____ reasons

By [Signature]
FRANK Y. ARMSTRONG

FIRST NATIONAL BANK
 (Secured Party's Name)

Title _____

By [Signature]
MARK E. LEHNICK

By [Signature]
SHERYL ARMSTRONG

Title VICE PRESIDENT

Title _____

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- 1) You may demand immediate payment of all I owe you under any obligation secured by this agreement.
- ~~2) You may set off any obligation I have to you against any right I have to the payment of money from you.~~
- 3) You may demand more security or new parties obligated to pay any debt I owe you as a condition of giving up any other remedy.
- 4) You may make use of any remedy you have under state or federal law.
- 5) If I default by failing to pay taxes or other charges, you may pay them (but you are not required to do so). If you do, I will repay to you the amount you paid plus interest at the highest contract rate.
- 6) You may require me to gather the property and make it available to you in a reasonable fashion.
- 7) You may repossess the property and sell it as provided by law. You may repossess the property so long as the repossession does not involve a breach of the peace or an illegal entry onto my property. You may sell the property as provided by law. You may apply what you receive from the sale of the property to your expenses, your reasonable attorneys' fees and legal expenses (where not prohibited by law), any debt I owe you. If what you receive from the sale of the property does not satisfy the debts, you may take me to court to recover the difference (where permitted by law).
- 8) In some cases, you may keep the property to satisfy the debt. You may enter upon and take possession of all or any part of my property, so long as you do not breach the peace or illegally enter onto the property, including lands, plants, buildings, machinery, and equipment as may be necessary to permit you to manufacture, produce, process, store or sell or complete the manufacture, production, processing, storing or sale of any of the property and to use and operate the property for the length of time you feel is necessary to protect your interest, all without payment or compensation to me.

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

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

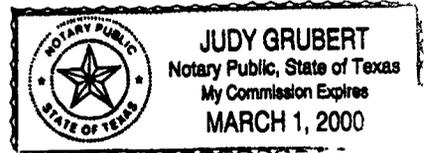
CO-MAKERS - If more than one of us has signed this agreement, we are all obligated equally under the agreement. You may sue any one of us or any of us together if this agreement is violated. You do not have to tell me if any term of the agreement has not been carried out. You may release any co-signer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



State of Texas
County of Bastrop

On this 31st day of March, 1997, before me, personally appeared Frank Y. Armstrong, to me known to be the person described in and who executed the foregoing instrument and he acknowledged that he executed the same as his free act and deed.

Judy Grubert
Signature of Notary Public
My commission expires March 1, 2000



State of Texas
County of Bastrop

On this 31st day of March, 1997, before me, personally appeared Sheryl Armstrong, to me known to be the person described in and who executed the foregoing instrument and she acknowledged that she executed the same as her free act and deed.

Judy Grubert
Signature of Notary Public
My commission expires March 2, 2000

