

OSTER
Researching Services

12897 Colonial Dr. • Mt. Airy, Md. 21771
Phone: 301-253-6040
Fax: 301-253-6040*

RECORDATION NO. 24841 FILED

MAR 5 '04 9-45 AM

SURFACE TRANSPORTATION BOARD

March 5, 2004

Secretary
Surface Transportation Board
1925 K Street, N.W.
Washington, D.C. 20423

Dear Sir:

Enclosed for recording with the Surface Transportation Board is a Memorandum of Security Agreement dated 2/20/04 involving the following parties and railroad equipment:

Secured Party: Wells Fargo Equipment Finance, Inc.
733 Marquette Avenue
Minneapolis, MN 55402

Debtor: Jules and Associates, Inc.
515 So. Figueroa Street, #1950
Los Angeles, CA 90071

Equipment: 71, C113 Railcars
SKOL 1036-1106;
Previously SIRX 442680-460314, NI

14, 2600 cf Airslide Covered Hoppers
SKOL 1109-1122
Previously GACX 47056-48078, NI

Please file this agreement as a primary document. The filing fee of \$30 is enclosed.

Summary: Memorandum of Security Agreement 2/20/04 between Wells Fargo Equipment Finance, Inc. as Secured Party and Jules and Associates, Inc. as Debtor including 71, C113 Railcars, SKOL 1036-1106, previously SIRX 442680-460314, NI and 14, 2600 cf Airslide Covered Hoppers, SKOL 1109-1122, previously GACX 47056-48078, NI.

Sincerely,



Mary Ann Oster
Research Consultant

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MAR 5 10A 9-45 AM

SURFACE TRANSPORTATION BOARD

**MEMORANDUM OF
SECURITY AGREEMENT**

THIS MEMORANDUM OF SECURITY AGREEMENT (this "Memorandum") is made this 20th day of February, 2004, by and between Jules and Associates, Inc., a California corporation ("Jules"), and WELLS FARGO EQUIPMENT FINANCE, INC, a Minnesota Corporation ("WFEFI").

A. Jules has assigned all of its right, title and interest in and to that certain Schedule No. 1 to Master Equipment Lease Agreement dated April 23, 2003 between Watco Companies, Inc. and South Kansas and Oklahoma Railroad, Inc. as Co-Lessee and Jules and Associates, Inc. as Lessor to WFEFI pursuant to that certain Non Recourse Note dated February 17, 2004 (the "Note") executed by the Jules in favor of the WFEFI.

B. To secure the Jules's obligations to the WFEFI, Jules executed and delivered to the WFEFI an Assignment to that certain Security Agreement dated October 27, 1997 pursuant to which the Jules granted to the Secured Party a continuing, first priority security interest in and to, and lien on, the following collateral:

(a) Seventy One (71) Railcars and fourteen (14) Airslide 2,600 Cubic Foot Covered Hopper Cars described on Schedule A attached hereto (each, a "Railcar", collectively, the "Railcars") and all replacements and substitutions thereof;

(b) all improvements, additions, modifications, accessions, attachments, appurtenances and parts appertaining or attached to the Railcars, whether now owned or hereafter acquired;

(c) all logs, books and records pertaining to the use, operation and/or maintenance of the Railcars or otherwise relating to any of the collateral described herein;

(d) all rights, claims and causes of action, if any, which the Lessor may have now or in the future against any manufacturer, rebuilder or seller of the Railcars (or any component thereof) or any other Person, by contract of otherwise, in respect of any defect in the Railcars or any part thereof;

IN WITNESS WHEREOF, the parties have caused this Memorandum to be executed as of the date first above written.

JULES AND ASSOCIATES, INC.

By: 
Its: Vice President

WELLS FARGO EQUIPMENT FINANCE, INC.

By: 
Its: Contract Administrator

STATE OF California
COUNTY OF Los Angeles

On this 20th day of February ²⁰⁰⁴~~2000~~, before me, a Notary Public of the City and State aforesaid, personally appeared Scott C. Monroe, to me personally known, who being by me duly sworn, says that he is the Vice President of Jules and Associates, Inc., an California corporation, the foregoing instrument was signed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.



and notarial seal.

A handwritten signature in cursive script, appearing to read "Ken Page Beltran", written over a horizontal line.

Notary Public

My commission expires: 4-13-04

STATE OF MN
COUNTY OF Dakota

On this 23 day of February, 2000, before me a Notary Public of the City and State aforesaid, personally appeared Connie Longtin, to me personally known who being by me duly sworn, says that (he/she) is a Contract Admin of Wells Fargo Equipment Finance Inc that foregoing instrument is/was signed on behalf of said corporation by authority of its Board of Directors, and (he/she) acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

AS WITNESS my hand and notarial seal.

(Seal)

A handwritten signature in cursive script, appearing to read "Cheryl Kosteki", written over a horizontal line.

Notary Public

My commission expires:

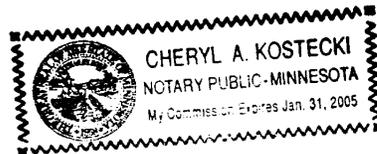


EXHIBIT "A"
JULES AND ASSOCIATES, INC.
LEASE NO: A01242003 SCHEDULE NO. 1

QUANTITY

EQUIPMENT DESCRIPTION:

EQUIPMENT LOCATION:

315 W. 3RD STREET, PITTSBURG, KS 66762

VENDOR:

SOUTHERN ILLINOIS RAILCAR CO.
 (Invoice No. SALE 041503)
 RAILCARS

71

1	SIRX442880	SKOL1036 ✓	C113	65
2	SIRX442781	SKOL1037	C113	63
3	SIRX442801	SKOL1038	C113	66
4	SIRX442809	SKOL1039	C113	66
5	SIRX442810	SKOL1040	C113	66
6	SIRX442811	SKOL1041	C113	66
7	SIRX442813	SKOL1042	C113	66
8	SIRX442814	SKOL1043	C113	66
9	SIRX442816	SKOL1044	C113	66
10	SIRX442817	SKOL1045	C113	66
11	SIRX442818	SKOL1046	C113	66
12	SIRX442819	SKOL1047	C113	66
13	SIRX442820	SKOL1048	C113	66
14	SIRX442821	SKOL1049	C113	66
15	SIRX442824	SKOL1050	C113	66
16	SIRX442826	SKOL1051	C113	66
17	SIRX442828	SKOL1052	C113	66
18	SIRX442830	SKOL1053	C113	64
19	SIRX442832	SKOL1054	C113	65
20	SIRX442836	SKOL1055	C113	65
21	SIRX442839	SKOL1056	C113	65
22	SIRX442840	SKOL1057	C113	65
23	SIRX442841	SKOL1058	C113	71
24	SIRX442843	SKOL1059	C113	67
25	SIRX442844	SKOL1060	C113	71
26	SIRX442846	SKOL1061	C113	71
27	SIRX442847	SKOL1062	C113	64



28	SIRX442848	SKOL1063	C113	67
29	SIRX442849	SKOL1064	C113	64
30	SIRX442850	SKOL1065	C113	65
31	SIRX442859	SKOL1066	C113	66
32	SIRX442862	SKOL1067	C113	63
33	SIRX442863	SKOL1068	C113	64
34	SIRX442866	SKOL1069	C113	66
35	SIRX442867	SKOL1070	C113	66
36	SIRX442878	SKOL1071	C113	71
37	SIRX442879	SKOL1072	C113	66
38	SIRX442880	SKOL1073	C113	66
39	SIRX442882	SKOL1074	C113	64
40	SIRX442883	SKOL1075	C113	65
41	SIRX442887	SKOL1076	C113	64
42	SIRX442966	SKOL1077	C113	71
43	SIRX443000	SKOL1078	C113	64
44	SIRX446000	SKOL1079	C113	71
45	SIRX446001	SKOL1080	C113	71
46	SIRX446003	SKOL1081	C113	71
47	SIRX446006	SKOL1082	C113	71
48	SIRX446007	SKOL1083	C113	71
49	SIRX446009	SKOL1084	C113	71
50	SIRX450000	SKOL1085	C113	66
51	SIRX450001	SKOL1086	C113	66
52	SIRX450002	SKOL1087	C113	66
53	SIRX450004	SKOL1088	C113	66
54	SIRX450005	SKOL1089	C113	66
55	SIRX450006	SKOL1090	C113	66
56	SIRX450007	SKOL1091	C113	66
57	SIRX450008	SKOL1092	C113	66
58	SIRX450009	SKOL1093	C113	66
59	SIRX450010	SKOL1094	C113	66
60	SIRX450011	SKOL1095	C113	66
61	SIRX450013	SKOL1096	C113	66
62	SIRX450015	SKOL1097	C113	66
63	SIRX460314	SKOL1098	C113	73
64	SIRX442823	SKOL1099	C113	66
65	SIRX442825	SKOL1100	C113	66
66	SIRX442842	SKOL1101	C113	67
67	SIRX442855	SKOL1102	C113	64



68	SIRX446004	SKOL1103	C113	71
69	SIRX446005	SKOL1104	C113	71
70	SIRX446008	SKOL1105	C113	71
71	SIRX450012	SKOL1106	C113	66

VENDOR:

14

RAILCAR LEASING SPECIALISTS, INC.

(Invoice No. 040403)

AIRSLIDE COVERED HOPPER CARS

2,600 CUBIC FEET

<u>OLD CAR NUMBER</u>	<u>NEW CAR NUMBER</u>	<u>CAR DESCRIPTION</u>
GACX 47056	SKOL1109	1970 Built 70 Ton
GACX 47073	SKOL1110	1970 Built 70 Ton
GACX 47136	SKOL1111	1970 Built 70 Ton
GACX 47147	SKOL1112	1970 Built 70 Ton
GACX 48034	SKOL1113	1972 Built 100 Ton
GACX 48053	SKOL1114	1972 Built 100 Ton
GACX 46765	SKOL1115	1970 Built 70 Ton
GACX 46892	SKOL1116	1970 Built 70 Ton
GACX 48013	SKOL1117	1972 Built 100 Ton
GACX 48014	SKOL1118	1972 Built 100 Ton
GACX 48017	SKOL1119	1972 Built 100 Ton
GACX 48028	SKOL1120	1972 Built 100 Ton
GACX 48041	SKOL1121	1972 Built 100 Ton
GACX 48078	SKOL1122	1972 Built 100 Ton

