



**SPILMAN THOMAS & BATTLE**  
ATTORNEYS AT LAW



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May 4, 2006

**VIA FEDERAL EXPRESS**

Mr. Vernon A. Williams  
Secretary  
Surface Transportation Board  
1925 K Street, N.W.  
Washington, D.C. 20423

RECORDATION NO. 26324 FILED  
MAY 05 '06 12-43 PM  
SURFACE TRANSPORTATION BOARD

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) please find one original and one copy of a Security Agreement, dated as of May 3, 2006, a primary document as defined in the Board's Rules for the Recordation of Documents.

The names and addresses of the parties to the enclosed document are:

Secured Party: Land Use Corporation  
300 Greenbrier Road  
P. O. Box 460  
Summersville, West Virginia 26651  
as collateral agent for Rail Connection, Inc. and  
William T. Bright

Debtor: North American Railcar, LLC  
737 Eleanor Industrial Park  
P. O. Box 800  
Eleanor, West Virginia 25070

A description of the railroad equipment covered by the enclosed document is set forth in Exhibit A attached to the enclosed Security Agreement.

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

Security Agreement.

Also enclosed is a check payable to the order of the Surface Transportation Board covering the required recordation fee.

Spilman Center 300 Kanawha Boulevard, East Post Office Box 273 Charleston, West Virginia 25321-0273  
www.spilmanlaw.com 304.340.3800 304.340.3801 fax

Charleston

Morgantown

Pittsburgh

Weirton

Mr. Vernon A. Williams  
May 4, 2006  
Page 2

Kindly return the stamped copy of the enclosed document to the undersigned in the enclosed self-addressed stamped envelope.

Very truly yours,



Angela F. Hill

AFH/tlh/415061  
Enclosures

**SECURITY AGREEMENT**

SURFACE TRANSPORTATION BOARD

**THIS SECURITY AGREEMENT**, dated as of this 3<sup>rd</sup> day of May, 2006 (referred to hereinafter as the "Security Agreement"), by **NORTH AMERICAN RAILCAR, LLC** (the "Debtor"), whose address is 737 Eleanor Industrial Park, P. O. Box 800, Eleanor, West Virginia 25070, in favor of **LAND USE CORPORATION**, whose address is 300 Greenbrier Road, P. O. Box 460, Summersville, West Virginia 26651, as Agent ("Agent") for **WILLIAM T. BRIGHT** ("Bright"), and **RAIL CONNECTION, INC.** ("RCI") (with Bright and RCI being hereafter collectively referred to as "Lender").

***WITNESSETH:***

**WHEREAS**, RCI has agreed to make and Debtor has agreed to accept a loan in the principal amount of \$1,000,000, to be evidenced by a promissory note of even date herewith in the principal amount of \$1,000,000 (the "RCI Note"); and

**WHEREAS**, Bright has agreed to make and Debtor has agreed to accept a loan in the principal amount of \$4,776,000 to be evidenced by a promissory note of even date herewith in the principal amount of \$4,776,000 (the "Bright Note"); and

**WHEREAS**, to induce the Lender to make the loans, the Debtor has agreed to grant a security interest in certain of its assets to secure repayment of such obligation.

**NOW, THEREFORE**, in order to secure the payment and performance of the Obligations (as hereinafter defined), and for other good and valuable consideration, the parties hereto agree as follows:

**1. Grant of Security Interest.** As security for the timely payment and performance of the Obligations, the Debtor does hereby sell, assign, transfer and set over unto the Agent for the benefit of Lender and grant to the Agent for the benefit of Lender a security interest in

the Collateral (as hereinafter defined) and agrees that the Agent for the benefit of Lender shall have the rights stated in this Security Agreement with respect to the Collateral, in addition to the other rights which the Agent for the benefit of Lender may have by law.

**2. Collateral.** The word “Collateral” means the following described property of the Debtor, whether now owned or hereafter acquired, whether now existing or hereafter existing, and wherever located: (a) all inventory, accounts, chattel paper, general intangibles, documents, instruments, as such terms are defined below, and (b) all equipment and fixtures, as such terms are defined below.

As used herein, the following terms have the following meanings:

(i) “Accounts” shall mean account as defined in the Uniform Commercial Code and shall include, without limitation, open accounts, accounts receivable, rights to require payment from others, other amounts and obligations owing to the Debtor from whatever source arising, contract rights, chattel paper, notes receivable, instruments and documents (including warehouse receipts);

(ii) “Equipment” shall mean all equipment as defined in the Uniform Commercial Code of West Virginia and as described in 49 U.S.C. §11301 *et. seq.* and shall include the three hundred four (304) 100-ton 4,000 c.f. triple hopper railroad coal cars more particularly defined and described in the Schedule of Railcars attached hereto as *Exhibit A* (the “Railcars”);

(iii) “Inventory” shall mean inventory as defined in the Uniform Commercial Code and shall include, without limitation, goods of every nature, including without limitation, stock-in-trade, raw materials, work in process, items held for sale or lease, or furnished or to be furnished under contracts of sale or lease, goods that are returned, reclaimed or repossessed, and supplies and materials used or consumed in Debtor's business;

(iv) “Fixtures,” “chattel paper,” “documents,” “general intangibles” and “instruments” shall have the respective meanings given to those terms in the Uniform Commercial Code; and

(v) “Uniform Commercial Code” means the Uniform Commercial Code as in effect in the State of West Virginia, except to the extent the Uniform Commercial Code of another state shall take precedence.

In addition, the word “Collateral” includes all of the following, whether now owned or hereafter acquired, whether now existing or hereafter arising, and wherever located:

(i) All attachments, accessions, accessories, tools, parts, supplies, increases, and additions to and all replacements of and substitutions for any property described in this Collateral section.

(ii) All products and produce of any of the property described in this Collateral section.

(iii) All accounts, contract rights, general intangibles, instruments, rents, monies, payments, and all other rights, arising out of a sale, lease, or other disposition of any of the property described in this Collateral section.

(iv) All cash and non-cash proceeds (including insurance proceeds) from the sale, destruction, loss, or other disposition of any of the property described in this Collateral section.

(v) All records and data relating to any of the property described in this Collateral section, whether in the form of a writing, photograph, microfilm, microfiche, or electronic media, together with all of the Debtor's right, title, and

interest in and to all computer software required to utilize, create, maintain, and process any such records or data on electronic media.

(vi) All moneys, credits and other property of any nature whatsoever of the Debtor now or hereafter in the possession of, in transit to or from, under the custody or control of, or on deposit with (whether held by the Debtor individually or jointly with another, and whether time or demand, general or special), the Agent or any affiliate of the Agent, including but not limited to cash collateral accounts.

(vii) All guaranties, claims, rights, remedies and privileges relating to any of the property described in this Collateral section.

**3. Obligations Secured.** The “Obligations” secured hereby include:

(a) The indebtedness of Debtor evidenced by the Bright Note, together with all renewals, extensions and modifications of the Bright Note;

(b) The indebtedness of Debtor evidenced by the RCI Note, together with all renewals, extensions and modifications of the RCI Note;

(c) All costs and expenses of the Agent or the Lender in the collection of the foregoing or in the collection of Collateral involving accounts, contract rights or general intangibles, including but not limited to reasonable attorneys' fees; and

(d) All costs and expenses of the Agent or the Lender incurred in the protection and preservation of its rights hereunder and in the protection, preservation and sale of the Collateral including, but not limited to, the payment of any taxes, levies, assessments, premiums of insurance on, repairs to, or maintenance or storage of the Collateral and any and all other out-of-pocket expenses of the Agent or Lender in connection with this Security Agreement or the Collateral

including, but not limited to the cost of repair, if any, to realty or other property to which the Collateral is affixed and expenses in connection with any security therefor.

4. **Representations, Warranties and Covenants.** The Debtor further represents, warrants and covenants with the Agent and Lender as follows:

(a) **Creation and Perfection of Security Interest.** Debtor agrees to prepare and deliver to Agent on the Closing Date (as defined in the Loan Agreement), or to the extent permissible by law, authorizes Agent to prepare and file this Security Agreement with the Surface Transportation Board pursuant to 49 U.S.C. §11301, *et. seq.* and the regulations promulgated pursuant thereto, and with the West Virginia Secretary of State. Debtor also authorizes Agent to file this Security Agreement, any amendment to this Security Agreement, and any financing statements, continuation statements, and such other documents required by Agent or Lender to perfect or continue the perfection of the Agent's security interest in the Collateral, with or without the signature of the Debtor, in all jurisdictions necessary to create, perfect, and continue the security interests created by this Security Agreement. Debtor will sign and execute, alone or with Agent, any Security Agreement, financing statements, amendments or other documents, procure any documents and pay all costs necessary to maintain, defend and protect the security interests arising under this Security Agreement against the rights or interests of any third party. Debtor will pay all fees and costs associated with the filing of such documents and statements.

(b) **Preservation of Collateral and Security Interest.** The Debtor will keep the Collateral in good order and repair at all times, will use same with reasonable care and caution, will not part with possession or ownership thereof nor lease or hire out the same without the written consent of the Agent, and will exhibit the same to the Agent upon demand. Debtor will cause each Railcar to be kept and numbered with the identifying numbers set forth in the Schedule of Railcars attached hereto as Exhibit A and all other markings and stenciling required by the Interchange Rules and the Codes of Car Hire and Car Service Rules of the Association of American Railroads, as the same may be amended from time to time, or any successor thereto. Debtor shall promptly replace any such words or numbers which may be removed, defaced or destroyed. Debtor will not change, or permit to be changed, the numbers on any Railcar, except in accordance with a statement of new numbers to be submitted therefore which previously shall have been filed, recorded

or deposited by Debtor with Lender and in all public offices where this Security Agreement has been filed, recorded or deposited. The Debtor will not use, or permit the Collateral to be used, in violation of any federal, state, county or municipal law or regulation or for any unlawful purpose whatsoever and the Debtor in its operations will comply with all applicable laws and regulations. The Debtor represents and warrants that it has not made any prior sale, pledge, encumbrance, assignment or other disposition of any of the Collateral (other than a short term lease to American Electric Power Service Corporation on behalf of Ohio Power Company which has been approved by Lender) and the same is free from all liens, security interests, encumbrances and rights of setoff of any kind. Except as herein provided, the Debtor will not hereafter without the prior written consent of the Agent sell, pledge, encumber, assign or otherwise dispose of any of the Collateral or permit any right of setoff, lien or security interest to exist thereon except to the Agent on behalf of Lender. The Debtor will defend the Collateral against all claims and demands of all persons at any time claiming the same or any interest therein.

(c) Insurance. Risk of loss of, damage to or destruction of all Collateral is on the Debtor. If required by the Agent, the Debtor will maintain at all times adequate insurance to the satisfaction of the Agent with insurers acceptable to the Agent against such risks of loss as are customarily insured against and in amounts customarily carried by persons owning, leasing or operating similar properties, including, but not limited to, fire, theft and extended coverage insurance in an amount at least equal to the total full insurable value of the Debtor's Equipment, Fixtures and Inventory; *provided*, that the amount of such insurance shall at all times be sufficient to prevent the Debtor from becoming a co-insurer under the terms of any insurance policy. Such insurance shall have a long form lender's loss payable endorsement in favor of the Agent on behalf of Lender, providing for at least thirty (30) days' written notice to the Agent prior to cancellation, and, in this regard, the Debtor shall cause a certificate of insurance to be delivered to the Agent upon execution of this Security Agreement and no later than thirty (30) days prior to the expiration of any such insurance coverage. The Debtor also will keep itself adequately insured at all times against liability on account of injury to persons or property and comply with the insurance provisions of all applicable worker's compensation laws and will effect all such insurance under valid and enforceable policies issued by insurers of recognized responsibility. The Debtor hereby agrees to repay all sums

so paid on demand as part of the Obligations. Until repayment, all such sums shall be secured by the security interests provided for herein. Schedules of all insurance of the Debtor will be submitted to the Agent upon request. Such schedules will contain a description of the risks covered, the amounts of insurance carried on each risk, the name of the insurer, the cost of such insurance to the Debtor, the then current value and market or determining value of the assets insured and the expiration date. Such schedules will be supplemented by the Debtor from time to time promptly to reflect any change in insurance coverage. All amounts payable in settlement of insurance losses may be applied, at the Agent's sole discretion, on the Obligations, or used to repair, replace or restore the Collateral.

(d) Payment or Performance by the Agent. At its option, the Agent on behalf of Lender may, but shall not be obligated to: (i) discharge taxes, liens, security interests or such other encumbrances as may attach to the Collateral; (ii) pay for required insurance on the Collateral and other insurance required herein; (iii) pay for the maintenance, appraisal or reappraisal, and preservation of the Collateral; and (iv) otherwise perform, keep, observe and render true and correct Debtor's covenants, agreements, representations and warranties hereunder and under any other documents evidencing or securing the Obligations, in each case as determined by the Agent to be necessary. The Debtor will reimburse the Agent on demand for any payment so made or any expense incurred by the Agent pursuant to the foregoing authorization, and the Collateral also will secure any advances or payments so made or expenses so incurred by the Agent.

(e) Information and Actions Regarding Collateral. The Debtor will furnish to the Agent from time to time if and as requested current lists of the Collateral; will continue to mark on the books of the Debtor appropriate entries evidencing the assignment of book accounts to the Agent and will mark chattel paper and non-negotiable instruments to evidence the assignment thereof to the Agent, if the Collateral includes such categories; and, if and when requested by the Agent from time to time, will furnish to it copies of all purchase orders, inventory lists, billings, contracts, shipping orders, correspondence and other instruments or writings in any way evidencing or relating to the Collateral or the proceeds thereof.

(f) Possessory Collateral. The Debtor will turn over physical possession to the Agent of all Collateral which requires the Agent to have possession thereof in order to perfect the Agent's security interest therein, all as the Agent may deem necessary or advisable from time to time in order to perfect and continue perfected said security interests as first priority security interests.

(g) Sale of Collateral. Except for inventory sold or accounts collected in the ordinary course of Debtor's business or disposition of obsolete equipment, Debtor shall not sell, offer to sell, or otherwise transfer or dispose of the Collateral. So long as no Event of Default (as hereinafter defined) has occurred, Debtor may sell inventory, but only in the ordinary course of its business and only to buyers who qualify as a buyer in the ordinary course of business. A sale in the ordinary course of Debtor's business does not include a transfer in partial or total satisfaction of a debt or any bulk sale. Unless waived by the Agent, all proceeds from any disposition of the Collateral (for whatever reason) shall be held in trust for the Agent and shall not be commingled with any other funds; *provided*, that this requirement shall not constitute consent by the Agent to any sale or other disposition. Upon receipt, Debtor shall immediately deliver any such proceeds to the Agent.

(h) Collection of Accounts; Setoff. After the occurrence of an Event of Default (as hereinafter defined), if directed by the Agent, or as otherwise agreed to in writing by the Debtor and the Agent, the Debtor will collect all of Collateral consisting of accounts or general intangibles or any other receivables, and whenever the Debtor receives any payment of any of the foregoing, it will hold such payment in trust for the Agent and forthwith will deliver to the Agent the same in the form received by the Debtor without commingling with any funds belonging to the Debtor, and promptly will deposit the same in a special collateral account with the Agent. The Debtor authorizes the Agent, or any employee thereof, upon the occurrence of an Event of Default to endorse the name of the Debtor upon any checks, negotiable instruments or other items received in payment of any of Collateral consisting of accounts or general intangibles and to do all things necessary to reduce the same to cash. Upon the occurrence of an Event of Default, the Debtor authorizes the Agent at any time without notice to appropriate and apply any balances, credits,

deposits or accounts or money of the Debtor in its possession, custody or control to the payment of the Obligations, all of which may at all times be held and treated as additional Collateral.

(i) Notification of Account Debtors. At any time after the occurrence of an Event of Default and without notice to the Debtor, or as otherwise agreed to in writing by the Debtor and the Agent, the Agent may notify any persons who are indebted to the Debtor on any Collateral consisting of accounts or general intangibles of the assignment thereof to the Agent and may direct such account debtors to make payment directly to the Agent of the amounts due. At the request of the Agent after the occurrence of an Event of Default, or as otherwise agreed to in writing by the Debtor and the Agent, the Debtor will direct any persons who are indebted to the Debtor on any Collateral consisting of accounts or general intangibles to make payment directly to the Agent. The Agent is authorized to give receipts to such account debtors for any such payments and the account debtors will be protected in making such payments to the Agent.

(j) Place of Business and Collateral Locations. The Debtor now keeps and will continue to keep its books and records concerning the Collateral at its chief executive office unless otherwise indicated below the signature lines in this Security Agreement. If the Debtor desires to remove Collateral from its existing locations (except in the ordinary course of business), establish a new location at which Collateral may be located, establish a new name in which it may do business, invoice account debtors or maintain records concerning the Collateral, or change its current chief executive office, it shall first: (a) give the Agent at least thirty (30) days' prior written notice of its intention to do so and provide the Agent with such information in connection therewith as the Agent may reasonably request; and (b) take such action, satisfactory to the Agent, as may be necessary to maintain at all times the perfection and priority of the security interests in the Collateral granted to the Agent on behalf of Lender hereunder.

## 5. Events of Default.

(a) Upon the occurrence of any of the following events of default (each an "Event of Default"):

(i) Debtor's failure to make a payment as and when due under the Bright Note;

(ii) Debtor's failure to make a payment as and when due under the RCI Note;

(iii) The failure by the Debtor to perform any of its obligations under this Security Agreement;

(iv) An uninsured material loss, theft, damage or destruction to any of the Collateral, or the entry of any judgment against the Debtor or any lien against or the making of any levy, seizure or attachment of or on the Collateral;

(v) Debtor shall default in any payment of principal or interest on any other obligation for borrowed money including, without limitation, other obligations to Lender, or for the deferred purchase price or lease cost of property or in the performance of any other agreement, term or condition contained in any agreement under which any such obligation is created and shall not have cured such default within any period of grace provided by such agreement if the effect of such default is to cause, or to permit the holder or holders of such obligation (or a trustee on behalf of such holder or holders) to cause, such obligation to become due prior to its stated maturity;

(vi) A proceeding shall have been instituted in a court having jurisdiction over the Debtor seeking a decree or order for relief in respect of the Debtor in an involuntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or for the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator (or other similar official) of the

Debtor or for any substantial part of its property, or for the winding-up or liquidation of its affairs and such proceeding shall remain undismissed or unstayed and in effect for a period of 30 days or such court shall enter a decree or order granting the relief sought in such proceeding;

(vii) Debtor shall become insolvent or unable to pay its debts as they mature, shall voluntarily suspend transaction of its business, shall commence a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, shall consent to the entry of an order for relief in an involuntary case under any such law, or shall consent to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator (or other similar official) of the Debtor or of any substantial part of its property, or shall make a general assignment for the benefit of creditors, or shall fail generally to pay its debts as they become due, or shall take any corporate action in furtherance of any of the foregoing; or

(viii) The failure of the Agent to have a perfected security interest in the Collateral,

then, and at any time thereafter, the Agent on behalf of Lender may declare all Obligations secured hereby immediately due and payable, without demand or notice to the Debtor, and shall have, in addition to any remedies provided herein or by any applicable law or in equity, all the remedies of a secured party under the Uniform Commercial Code.

(b) As permitted by such Code, the Agent may:

(i) Peaceably by its own means or with judicial assistance enter the Debtor's premises and take possession of the Collateral;

(ii) Render the Collateral unusable;

(iii) Use, operate, manage, control, maintain, repair, alter or dispose of the Collateral on the Debtor's premises;

(iv) Require the Debtor to assemble the Collateral and make it available to the Agent at a place designated by the Agent; and

(v) Notify the United States Postal Service to send Debtor's mail to the Agent.

Unless the Collateral is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, the Agent will give the Debtor reasonable notice of the time and place of any public sale thereof or of the time after which any private sale or any other intended disposition thereof is to be made. Expenses of retaking, holding, preparing for sale, selling or the like shall include the Agent's reasonable attorney's fees and legal expenses, incurred or expended by the Agent or Lender to enforce any payment due it or Lender under this Security Agreement either as against the Debtor, or in the prosecution or defense of any action, or concerning any matter growing out of or connection with the subject matter of this Security Agreement and the Collateral pledged hereunder. The Debtor waives all claims for damages by reason of any seizure, repossession, retention, use or sale of the Collateral under the terms of this Security Agreement.

(c) The net proceeds arising from the disposition of the Collateral hereunder after deducting expenses incurred by the Agent will be paid by Agent to Bright and RCI as follows: Bright will be paid an amount equal to  $[a/(a+b)]$  multiplied by c, and RCI will be paid an amount equal to  $[b/(a+b)]$  multiplied by c, which "a" being equal to the amounts owed to Bright under the Bright Note and otherwise hereunder, "b" being equal to the amounts owed to RCI under the RCI Note and otherwise hereunder, and "c" being the net proceeds from the disposition of the Collateral. If any excess remains after the discharge of all of the Obligations, the same will be paid to the Debtor. If after exhausting all of the Collateral there should be a deficiency, the Debtor will be liable therefor to the Lender. Nothing contained herein will obligate the Agent or Lender to proceed

against Borrower, any Guarantor or any other party obligated under the Obligations prior to proceeding against any other collateral for the Obligations prior to making a claim against the Collateral.

(d) Whenever notice is required by law to be sent by the Agent to the Debtor of any sale, lease or other disposition of the Collateral, five (5) days' written notice sent to the Debtor's address set forth above will be reasonable.

6. **Obligation of Agent to Act.** Debtor, Bright and RCI acknowledge and agree that Agent or RCI shall not take any action hereunder, including without limitation, declaring the Obligations immediately due and payable or exercising on behalf of Lender the rights set forth in Section 5(b) hereof without the authorization of Bright. Agent shall follow the instructions of Bright notwithstanding any objection from or failure to consent by RCI.

7. **Miscellaneous Provisions.**

(a) **Rights and Remedies Cumulative.** All rights and remedies granted the Agent hereunder and under any agreement referred to herein, or otherwise available at law or in equity, shall be deemed concurrent and cumulative, and not alternative remedies, and the Agent or Lender may proceed with any number of remedies at the same time until the Obligations are satisfied in full.

(b) **Power of Attorney.** The Debtor hereby irrevocably constitutes and appoints the Agent and any officer thereof, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of the Debtor or in its name, from time to time in the Agent's discretion for the purpose of carrying out the terms of this Security Agreement, to take any and all appropriate action and to execute any and all documents and instruments which may be necessary or desirable to accomplish the purposes of this Security Agreement.

(c) Further Assurances. At any time and from time to time, upon demand of the Agent and at the Debtor's expense, the Debtor will give, execute, file and record any notice, financing statement, continuation statement, amendment statement, instrument, document or agreement that the Agent may consider necessary or desirable to create, preserve, continue, perfect or validate any security interest granted hereunder or to enable the Agent to exercise or enforce its rights hereunder with respect to such security interest. The Agent is authorized to file financing statements, continuation statements and other documents under the Uniform Commercial Code relating to the Collateral without the signature of the Debtor, naming the Debtor as debtor and the Agent as Agent on behalf of Lender.

(d) Notices. All notices, demands, requests, consents or approvals required hereunder must be in writing and will be deemed effective upon receipt if delivered personally to such party, sent by U.S. mail, postage prepaid or sent by nationally recognized overnight courier service, to the address set forth above or to such other address as any party may give to the other in writing for such purpose.

(e) Waiver. No delay or omission on the part of the Agent to exercise any right or power arising from any Event of Default will impair any such right or power or be considered a waiver of any such right or power or a waiver of any such Event of Default or an acquiescence therein, nor will the action or non-action of the Agent in case of any Event of Default impair any right or power arising as a result thereof.

(f) Illegality. In case any one or more of the provisions contained in this Security Agreement should be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby.

(g) Successors and Assigns. This Security Agreement will be binding upon and inure to the benefit of the Debtor and the Agent on behalf of Lender and their respective personal representatives, heirs, distributees, successors and assigns; *provided*, that the Debtor may

not assign this Security Agreement in whole or in part without the prior written consent of the Agent and the Agent at any time may assign this Security Agreement in whole or in part.

(h) Changes in Writing. No modification, amendment or waiver of any provision of this Security Agreement nor consent to any departure by the Debtor therefrom, will in any event be effective unless the same is in writing and signed by the Agent, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice to or demand on the Debtor in any case will entitle the Debtor to any other or further notice or demand in the same, similar or other circumstance.

(i) Entire Agreement. This Security Agreement (including the documents and instruments referred to herein) constitutes the entire agreement and supersedes all other prior agreements and understandings, both written and oral, between the parties with respect to the subject matter hereof.

(j) Governing Law; Severability. This Security Agreement, all amendments hereto, all supplements hereof, and all acts, transactions, agreements, certificates, assignments and transfers thereunder, and all rights of the parties hereto, shall be governed as to their validity, enforcement, construction and effect, and in all other respects by West Virginia law. The provisions hereof are severable, and the invalidity or unenforceability of any provision shall not affect or impair the remaining provisions which shall continue in full force and effect.

(k) Interpretation. Whenever used herein, the singular number will include the plural, the plural the singular and the use of the masculine, feminine or neuter gender will include all genders. If more than one party signs below as the Debtor, such parties shall be jointly and severally liable hereunder. As used herein, the term "person" will include an individual, a corporation, an association, a partnership, a trust, an organization and any other entity. The section headings of this Security Agreement are for convenience only, and will not limit or otherwise affect any of the terms hereof.

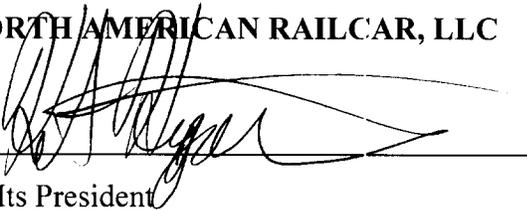
(l) Consent to Jurisdiction. The Debtor hereby agrees to the jurisdiction of any state or federal court located in the State of West Virginia, and consents that all service of process may (in addition to other lawful methods) be sent by nationally recognized overnight courier service directed to the Debtor at the Debtor's address set forth herein, and service so made will be deemed to be completed on the business day after deposit with such courier; *provided*, that nothing contained herein will prevent the Agent from bringing any action or exercising any rights against the Debtor individually, or against any property of the Debtor within any other state or nation to enforce any award or judgment obtained in the venue specified above. The Debtor waives any objection to venue and any objection based on a more convenient forum in any action instituted hereunder.

(m) Counterparts. This Agreement may be executed in one or more counterparts, each of which will be deemed an original of this Agreement and all of which, taken together, will be deemed to constitute one and the same Agreement.

**[Remainder of page intentionally left blank; signatures appear on the following page]**

WITNESS the due execution and sealing hereof with the intent to be legally bound, this 3rd day of May, 2006.

**NORTH AMERICAN RAILCAR, LLC**

By 

Its President

“Debtor”

**LAND USE CORPORATION**

By \_\_\_\_\_

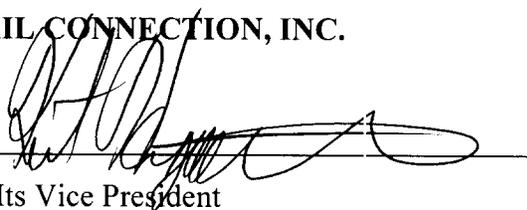
Its \_\_\_\_\_

“Agent”

\_\_\_\_\_  
**WILLIAM T. BRIGHT**

“Bright”

**RAIL CONNECTION, INC.**

By 

Its Vice President

“RCI”

WITNESS the due execution and sealing hereof with the intent to be legally bound, this 3rd day of May, 2006.

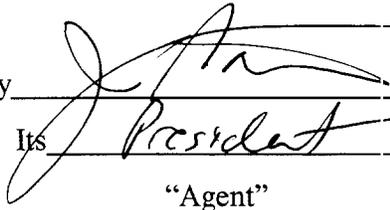
**NORTH AMERICAN RAILCAR, LLC**

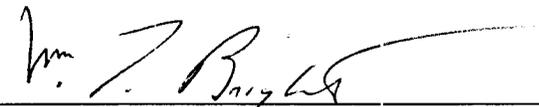
By \_\_\_\_\_

Its President

“Debtor”

**LAND USE CORPORATION**

By  \_\_\_\_\_  
Its  \_\_\_\_\_  
“Agent”

 \_\_\_\_\_

**WILLIAM T. BRIGHT**

“Bright”

**RAIL CONNECTION, INC.**

By \_\_\_\_\_

Its Vice President

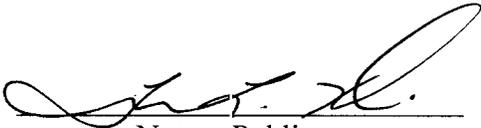
“RCI”

STATE OF WEST VIRGINIA )  
 ) ss.  
COUNTY OF KANAWHA )

On this 3rd day of May, 2006, before me personally appeared W. Kurt Higginbotham, to me personally known, who being by me duly sworn, says that he is the President of North American Railcar, LLC, a West Virginia limited liability company, that the foregoing instrument was signed on behalf of said limited liability company by authority of its Members, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said limited liability company.

(Seal)



  
Notary Public

My commission expires: July 2, 2007

STATE OF WEST VIRGINIA )  
 ) ss.  
COUNTY OF NICHOLAS )

On this \_\_\_\_\_ day of May, 2006, before me personally appeared \_\_\_\_\_, to me personally known, who being by me duly sworn, says that he is the \_\_\_\_\_ of Land Use Corporation, a West Virginia corporation, as Agent for William T. Bright and Rail Connection, Inc., that 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.

(Seal)

\_\_\_\_\_  
Notary Public

My commission expires: \_\_\_\_\_

STATE OF WEST VIRGINIA )  
 ) ss.  
COUNTY OF KANAWHA )

On this \_\_\_\_\_ day of May, 2006, before me personally appeared W. Kurt Higginbotham, to me personally known, who being by me duly sworn, says that he is the President of North American Railcar, LLC, a West Virginia limited liability company, that the foregoing instrument was signed on behalf of said limited liability company by authority of its Members, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said limited liability company.

(Seal)

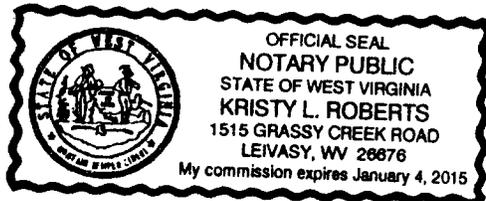
\_\_\_\_\_  
Notary Public

My commission expires: \_\_\_\_\_

STATE OF WEST VIRGINIA )  
 ) ss.  
COUNTY OF NICHOLAS )

On this 3rd day of May, 2006, before me personally appeared James E. Davis, to me personally known, who being by me duly sworn, says that he is the President of Land Use Corporation, a West Virginia corporation, as Agent for William T. Bright and Rail Connection, Inc., that 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.

(Seal)



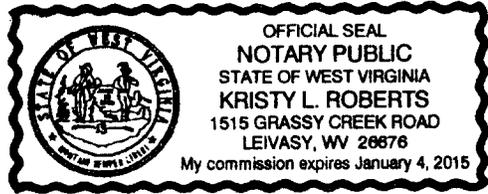
Kristy L. Roberts  
Notary Public

My commission expires: January 4, 2015

STATE OF WEST VIRGINIA )  
 ) ss.  
COUNTY OF NICHOLAS )

On this 3rd day of May, 2006, before me personally appeared William T. Bright, to me known to be the person described in and who executed the forgoing instrument and he acknowledged that he executed the same as his free act and deed.

(Seal)



*Kristy L. Roberts*  
Notary Public

My commission expires: January 14, 2015

STATE OF WEST VIRGINIA )  
 ) ss.  
COUNTY OF KANAWHA )

On this \_\_\_\_\_ day of May, 2006, before me personally appeared W. Kurt Higginbotham, to me personally known, who being by me duly sworn, says that he is the Vice President of Rail Connection, Inc., a West Virginia corporation, that 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.

(Seal)

\_\_\_\_\_  
Notary Public

My commission expires: \_\_\_\_\_



**EXHIBIT A  
SCHEDULE OF RAILCARS  
(EQUIPMENT)**

AEPX 002001	AEPX 002087	AEPX 002203	AEPX 002296	AEPX 002388	AEPX 002486
AEPX 002002	AEPX 002088	AEPX 002206	AEPX 002298	AEPX 002390	AEPX 002488
AEPX 002003	AEPX 002092	AEPX 002207	AEPX 002300	AEPX 002392	AEPX 002490
AEPX 002004	AEPX 002098	AEPX 002208	AEPX 002301	AEPX 002394	AEPX 002491
AEPX 002005	AEPX 002103	AEPX 002209	AEPX 002305	AEPX 002396	AEPX 002492
AEPX 002008	AEPX 002104	AEPX 002210	AEPX 002306	AEPX 002397	AEPX 002496
AEPX 002009	AEPX 002105	AEPX 002212	AEPX 002311	AEPX 002398	AEPX 002500
AEPX 002010	AEPX 002107	AEPX 002214	AEPX 002312	AEPX 002406	AEPX 002501
AEPX 002011	AEPX 002112	AEPX 002215	AEPX 002313	AEPX 002408	AEPX 002503
AEPX 002012	AEPX 002117	AEPX 002216	AEPX 002314	AEPX 002409	AEPX 002504
AEPX 002013	AEPX 002121	AEPX 002218	AEPX 002318	AEPX 002410	AEPX 002510
AEPX 002014	AEPX 002123	AEPX 002219	AEPX 002319	AEPX 002411	AEPX 002512
AEPX 002015	AEPX 002124	AEPX 002220	AEPX 002321	AEPX 002415	AEPX 002513
AEPX 002016	AEPX 002127	AEPX 002221	AEPX 002322	AEPX 002416	AEPX 002516
AEPX 002021	AEPX 002130	AEPX 002222	AEPX 002322	AEPX 002417	AEPX 002518
AEPX 002022	AEPX 002133	AEPX 002223	AEPX 002323	AEPX 002418	AEPX 002521
AEPX 002024	AEPX 002134	AEPX 002227	AEPX 002327	AEPX 002419	AEPX 002522
AEPX 002025	AEPX 002137	AEPX 002228	AEPX 002331	AEPX 002420	AEPX 002523
AEPX 002026	AEPX 002139	AEPX 002230	AEPX 002332	AEPX 002422	AEPX 002525
AEPX 002027	AEPX 002142	AEPX 002231	AEPX 002333	AEPX 002424	AEPX 002527
AEPX 002028	AEPX 002144	AEPX 002235	AEPX 002334	AEPX 002425	AEPX 002528
AEPX 002029	AEPX 002145	AEPX 002237	AEPX 002335	AEPX 002428	AEPX 002530
AEPX 002030	AEPX 002146	AEPX 002238	AEPX 002336	AEPX 002432	AEPX 002531
AEPX 002031	AEPX 002147	AEPX 002240	AEPX 002339	AEPX 002433	AEPX 002535
AEPX 002032	AEPX 002150	AEPX 002241	AEPX 002341	AEPX 002434	AEPX 002537
AEPX 002034	AEPX 002152	AEPX 002242	AEPX 002343	AEPX 002437	AEPX 002538
AEPX 002040	AEPX 002157	AEPX 002243	AEPX 002344	AEPX 002438	AEPX 002540
AEPX 002042	AEPX 002158	AEPX 002244	AEPX 002345	AEPX 002440	AEPX 002542
AEPX 002048	AEPX 002161	AEPX 002249	AEPX 002346	AEPX 002441	AEPX 002543
AEPX 002049	AEPX 002162	AEPX 002251	AEPX 002350	AEPX 002444	AEPX 002548
AEPX 002050	AEPX 002164	AEPX 002253	AEPX 002351	AEPX 002447	AEPX 002549
AEPX 002052	AEPX 002167	AEPX 002254	AEPX 002352	AEPX 002449	AEPX 002550
AEPX 002054	AEPX 002169	AEPX 002256	AEPX 002354	AEPX 002451	AEPX 002551
AEPX 002055	AEPX 002170	AEPX 002258	AEPX 002355	AEPX 002453	AEPX 002553
AEPX 002057	AEPX 002171	AEPX 002260	AEPX 002359	AEPX 002454	AEPX 002556
AEPX 002059	AEPX 002172	AEPX 002263	AEPX 002360	AEPX 002455	AEPX 002558
AEPX 002060	AEPX 002173	AEPX 002270	AEPX 002363	AEPX 002456	AEPX 002566
AEPX 002064	AEPX 002175	AEPX 002271	AEPX 002364	AEPX 002457	AEPX 002567
AEPX 002065	AEPX 002176	AEPX 002273	AEPX 002365	AEPX 002458	AEPX 002568
AEPX 002066	AEPX 002180	AEPX 002274	AEPX 002366	AEPX 002459	AEPX 002573
AEPX 002069	AEPX 002182	AEPX 002279	AEPX 002367	AEPX 002460	AEPX 002579
AEPX 002071	AEPX 002183	AEPX 002280	AEPX 002370	AEPX 002462	AEPX 002580
AEPX 002074	AEPX 002184	AEPX 002282	AEPX 002372	AEPX 002465	AEPX 002583
AEPX 002076	AEPX 002188	AEPX 002283	AEPX 002373	AEPX 002471	AEPX 002585
AEPX 002077	AEPX 002189	AEPX 002286	AEPX 002374	AEPX 002474	AEPX 002589
AEPX 002079	AEPX 002190	AEPX 002287	AEPX 002379	AEPX 002475	AEPX 002591
AEPX 002080	AEPX 002192	AEPX 002289	AEPX 002380	AEPX 002477	AEPX 002593
AEPX 002081	AEPX 002195	AEPX 002290	AEPX 002381	AEPX 002478	AEPX 002597
AEPX 002082	AEPX 002196	AEPX 002291	AEPX 002382	AEPX 002479	AEPX 002598
AEPX 002084	AEPX 002200	AEPX 002294	AEPX 002383	AEPX 002483	
AEPX 002085	AEPX 002201	AEPX 002295	AEPX 002384	AEPX 002485	