



December 13, 2012

VIA E-FILING

Ms. Barbara Saddler
Surface Transportation Board
395 E Street, SW
Washington, DC 20024

Dear Ms. Saddler,

Enclosed for recording with the Surface Transportation Board is a Security Agreement dated November 16, 2012, a primary document as defined in the Board's Rules for the Recordation of Documents. The filing fee of \$42.00 should be placed on our account (23017).

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

Lender: Hancock Bank
25 W I-65 Service Rd N
Mobile, AL 36608

Grantor/
Debtor: Walter Haffner Company
P.O. Box 16111
Mobile, AL 36616-1611

Equipment: Seventeen total railcars; identified and described in Exhibit A.

Summary: Security Agreement dated 11/16/12 between Hancock Bank as Lender and Walter Haffner Company as Grantor/Debtor including 17 Railcars attached hereto.

Yours truly,

Clifford C. Brady
Attorney for Hancock Bank

CCB/ebb/ Enclosures

Walter Haffner Company
P.O. Box 16111
Mobile, AL 36616-111
(Hereinafter referred to as "Debtor")

Hancock Bank of Alabama
25 W I-65 Service Rd N
Mobile, Alabama 36608
(Hereinafter referred to as "Bank")

SECURITY AGREEMENT

This Security Agreement is made this 16~~th~~ day of November, 2012 by Walter Haffner Company, a Delaware Corporation, hereinafter referred to as "Debtor," which term means individually, collectively, and interchangeably any, each and/or all of them) in favor of Hancock Bank of Alabama ("Secured Party").

Debtor is obligated to Bank pursuant to a Promissory Note in the principal amount of \$2,053,600.00 executed by Debtor in favor of Bank of even date herewith.

To secure payment of all obligations and liabilities of Borrower, and of any one or more of them, to Secured Party, direct or contingent, due or to become due, now existing or hereafter arising, including, without limitation, all future advances, with interest, attorneys' fees, expenses of collection and costs, and further including, without limitation, obligations to Secured Party on promissory notes, checks, overdrafts, letter-of-credit agreements, loan agreements, security documents, collateral assignments of rents and contract rights, endorsements, continuing guaranties and this Security Agreement (collectively, the "Obligations"), Debtor pledges to Secured Party, and grants to Secured Party a continuing security interest in, and a right of set-off and compensation against, (a) all property of Debtor or in which Debtor has an interest that is now or hereafter on deposit with, in the possession of, under the control of or held by Secured Party, including, without limitation, all cash, deposit accounts, funds on deposit, stocks, bonds, treasury obligations, and other securities, investment property, financial assets, securities accounts, notes, documents, instruments, certificates of deposit, items, chattel paper, and other property (except IRA, pension, and other tax-deferred retirement accounts) and (b) the following described property, now or hereafter owned by Debtor and wherever located:

- | | |
|---|--|
| <input type="checkbox"/> all accounts, inventory and chattel paper | <input type="checkbox"/> all chattel paper |
| <input checked="" type="checkbox"/> all property described on Exhibit A | <input type="checkbox"/> all general intangibles |
| <input type="checkbox"/> all documents | <input checked="" type="checkbox"/> all equipment described on Exhibit A |

together with all property added to or substituted for any of the foregoing, and all interest, dividends, income, fruits, returns, accessions, profits, corporate distributions (including, without limitation, stock splits and stock dividends), products and proceeds of any of the foregoing (collectively, "Collateral"). The terms "accounts," "instruments," "account debtor," "documents,"

“equipment,” “general intangibles,” “inventory,” “chattel paper,” “investment property,” “deposit accounts,” “securities accounts,” “financial assets” and “proceeds” shall have the meanings provided in the Alabama Uniform Commercial Code.

All Collateral shall remain subject to this Security Agreement until all of the Obligations have been paid and any financing statements filed in connection with this Security Agreement have been terminated. Secured Party may renew certificates of deposit or other renewable items included in the Collateral. All interest, dividends, income, fruits, returns, accessions, profits, corporate distributions (including, without limitation, stock splits and stock dividends), and proceeds with respect to the Collateral shall be delivered upon receipt to Secured Party in negotiable form. Debtor shall execute any endorsements, assignments, stock powers and financing statements with respect to the Collateral, in form and substance satisfactory to Secured Party, that Secured Party may request.

Debtor represents and warrants that (a) Secured Party shall at all times have a perfected first priority security interest in the Collateral free of all other security interests, liens and claims, and (b) the description and identification of the Collateral and Debtor's name, social security or taxpayer identification number, and principal residence or chief executive office are correctly stated herein. Debtor shall act to toll the statute of limitations with respect to the Collateral no later than sixty (60) days prior to the date on which enforcement would be barred, and shall execute any additional documents reasonably required to perfect the security interest of Secured Party in the Collateral. Debtor represents that the Collateral is in good repair and condition and that Debtor shall use reasonable care to prevent Collateral from being damaged or depreciating, normal wear and tear excepted. Debtor shall immediately notify Bank of any material loss or damage to Collateral. Should any Collateral decline in value after the date of this Security Agreement, Debtor shall, within five (5) days after receiving notice from Secured Party of such decline in value, grant a security interest in additional property satisfactory to Secured Party. Debtor authorizes Secured Party, in its sole discretion (a) to notify the obligor on any Collateral to make payments directly to Secured Party; (b) to receive and recover any money or other property at any time due with respect to the Collateral and in connection therewith, endorse notes, checks, drafts or other evidence of payments; and (c) to settle, adjust and compromise, in Secured Party's sole discretion, all present and future claims arising with respect to the Collateral. To the extent that any stocks, bonds or other securities are included in the Collateral, Debtor (a) covenants not to vote any Collateral in any manner that would adversely affect Secured Party's rights and (b) authorizes Secured Party, in its discretion, to transfer to or register in its name or the name of its nominee any of the Collateral, with or without indication of the security interest herein created. Secured Party is not obligated to take any of the foregoing actions or to preserve Debtor's rights with respect to the Collateral including, without limitation, rights against prior parties and shall not be liable in any manner with respect to the Collateral. Any responsibility of Secured Party with respect to the Collateral, whether arising contractually or as a matter of law, is hereby expressly waived.

If Debtor's accounts are subject to this Security Agreement, Debtor agrees to administer its accounts and the proceeds thereof in a fiduciary capacity for Secured Party, take all actions necessary to collect the accounts, and immediately deposit all proceeds of the accounts into Debtor's deposit account with Secured Party. Upon request, Debtor shall at any time (a) furnish to Secured Party within ten (10) days a list of the accounts, showing the name, address and the amount owed by each account debtor, and (b) mark on all bills, invoices and statements issued in connection with the accounts that the account is subject to a security agreement with Secured Party and is payable to

Secured Party at Secured Party's address. If Debtor accepts chattel paper or instruments in payment of accounts, goods or services, Debtor shall promptly deliver all such chattel paper and instruments to Secured Party in negotiable form.

Debtor shall at all times permit Secured Party, its officers and agents, access to the Collateral and to all books, records and data relating to the Collateral, for inspection and for verification of the existence, condition and value of the Collateral. Debtor shall furnish all assistance and information that Secured Party may require to conduct such inspections and verifications. Upon request, Debtor, at its expense, shall cause or permit an independent certified public accountant, appraiser or other expert selected by Secured Party to prepare and deliver to Secured Party a verification of the existence, condition or value of the Collateral.

Debtor shall not alienate or encumber the Collateral, except for sales of inventory, goods or services in the ordinary course of Debtor's business. Debtor shall not create or permit to exist any lien, claim or security interest on the Collateral except in favor of Secured Party. Debtor shall not, without the prior written consent of Secured Party (a) change Debtor's domicile, name, legal form or taxpayer identification number, (b) move the location of its principal place of business or chief executive office, or (c) move the Collateral from the locations disclosed on Schedule 1.

If Debtor or Borrower defaults in the timely payment or performance of any of the Obligations, or if any warranty or representation of Debtor or Borrower to Secured Party should be untrue at any time, then, at the option of Secured Party, the Obligations shall be immediately due and payable in full without notice or demand, and Secured Party (a) may sell, assign, transfer and effectively deliver all or any part of the Collateral at public or private sale, without recourse to judicial proceedings and without demand, appraisal or advertisement, all of which are hereby expressly waived by Debtor to the fullest extent permitted by law, and (b) may cause all or any part of the Collateral to be seized and sold, under writ issued in execution of judgment obtained upon the Obligations, or under other legal procedure. Debtor grants to Secured Party an irrevocable power of attorney (coupled with an interest) to exercise, after default, at Secured Party's sole discretionary option and without any obligation to do so, all rights that Debtor has with respect to the Collateral, including, without limitation, the right to exercise all rights of inspection, deriving from Debtor's ownership of or other interest in the Collateral. If the proceeds from the sale or enforcement of the Collateral are insufficient to satisfy all of the Obligations in full, all parties obligated thereon shall remain fully obligated for any deficiency. The rights and remedies of Secured Party hereunder are cumulative, may be exercised singly or concurrently, and are in addition to any rights and remedies of Secured Party under applicable law.

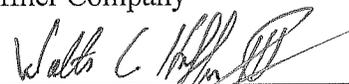
Without releasing or affecting any of its rights, Secured Party may, one or more times, in its sole discretion, without notice to or the consent of Debtor or Borrower, take any one or more of the following actions: (a) release, renew or modify the obligations of Debtor, Borrower or any other party; (b) release, exchange, modify, or surrender in whole or in part Secured Party's rights with respect to any collateral for the Obligations; (c) modify or alter the term, interest rate or due date of any payment of any of the Obligations; (d) grant any postponements, compromises, indulgences, waivers, surrenders or discharges or modify the terms of its agreements with Debtor or Borrower; (e) change its manner of doing business with Debtor, Borrower or any other party; or (f) impute payments or proceeds of any collateral furnished for any of the Obligations, in whole or in part, to any of the Obligations, or retain the payments or proceeds as collateral for the Obligations without applying same toward payment of the Obligations, and Debtor hereby expressly waives any

defenses arising from any such actions. The obligations of Debtor hereunder shall be joint and several and shall bind and obligate Debtor's successors, heirs and assigns. No failure on the part of Bank to exercise, and no delay in exercising any right, power or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise by Bank or any right, power or remedy hereunder preclude any other or further exercise thereof or the exercise of any right, power or remedy. The remedies herein provided are cumulative and are not exclusive of any remedies provided in law, in equity, or in other Loan Documents. Secured Party may assign and transfer the Collateral to an assignee of any of the Obligations, whereupon such transferee shall become vested with all powers and rights granted to Secured Party under this Security Agreement. No waiver, amendment or modification of any provision of this Security Agreement shall be valid unless in writing and signed by Debtor and an officer of Bank. No waiver by Bank of any Default shall operate as a waiver of any other Default or of the same Default on a future occasion. All rights of Bank hereunder are freely assignable, in whole or part, and shall inure to the benefit of and be enforceable by Bank, its successors, assigns and affiliates. Debtor shall not assign its rights and interest hereunder without the prior written consent of Bank, and any attempt by Debtor to assign without Bank's prior written consent is null and void. Any assignment shall not release Debtor from the Obligations. This Security Agreement shall be binding upon Debtor, and the heirs, personal representatives, successors, and assigns of Debtor. This Security Agreement shall be governed by the internal laws of the State of Alabama, provided that where Collateral is located in a jurisdiction other than Alabama, remedies available to Secured Party hereunder and under the laws of such jurisdiction shall be available to Secured Party without regard to any restriction of Alabama law. If any provision of this Security Agreement shall be held to be legally invalid or unenforceable by any court of competent jurisdiction, all remaining provisions of this Security Agreement shall remain in full force and effect.

In witness whereof, Debtor has caused this Security Agreement to be executed under seal on this 16 day of November, 2012.

SECURED PARTY:
Hancock Bank

DEBTOR:
Walter Haffner Company

By: 
Walter Haffner, III
As Its: Vice President

I, Walter Haffner, III, certify that I am the Vice President of Walter Haffner Company that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that the instrument was signed and sealed on behalf of the corporation by authority of its Board of Directors and that I acknowledge that the execution of the foregoing instrument was the free act and deed of the corporation. I further declare (certify, verify or state) under penalty of perjury that the foregoing is true and correct. Executed on the 16 day of November, 2012.

Exhibit A

Equipment: Seventeen (17) 29,000 gallon exterior coiled and insulated DOT 286GRL tank cars with top and bottom unloading

Quantity: 17

	Car number
WCHX	29101
WCHX	29102
WCHX	29103
WCHX	29104
WCHX	29105
WCHX	29106
WCHX	29107
WCHX	29108
WCHX	29109
WCHX	29110
WCHX	29111
WCHX	29112
WCHX	29113
WCHX	29114
WCHX	29115
WCHX	29116
WCHX	29117