

CHEMLEASE WORLDWIDE, INC.

55 Water Street, New York, NY 10041

RECORDATION NO. 12904

FEB 11 1981 - 12 15 PM

INTERSTATE COMMERCE COMMISSION

Interstate Commerce Commission
Room 2303

Constitution Avenue at 12th Street, N. W.
Washington, D. C. 20023

Attention: Ms. Lee

Re: J. T. Webb and Lois Webb

Dear Sirs:

Pursuant to Section 20c of the Interstate Commerce Act and the Commission's rules and regulations thereunder, as amended, I enclose herewith for filing and recordation three copies of each of the following documents:

- (1) Security Agreement dated January 30, 1981 between Chemical Business Credit Corp. and J. T. Webb and Lois Webb.
- (2) Assignment dated January 30, 1981 between Chemical Business Credit Corp. and ChemLease Worldwide, Inc.

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

(1) Security Agreement:

(a) Secured Party:

Chemical Business Credit Corp.
55 Water Street
New York, N. Y. 10087; and

(b) Debtor:

J. T. Webb and Lois Webb,
Route No. 2
Miami, Texas 79059

(2) Assignment:

(a) Assignor:

Chemical Business Credit Corp.
55 Water St.
New York, N. Y. 10087; and

1-042 A120

72-25064

No.
Date FEB 11 1981
Fee \$6.00

Washington, D. C.

February 9, 1981

RECORDATION NO. 12904-A
FEB 11 1981

FEB 11 1981 - 12 15 PM

INTERSTATE COMMERCE COMMISSION

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Accountant - Robert L. Davis, Jr.

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(a) Assignee:

ChemLease Worldwide, Inc.
55 Water Street
New York, N. Y. 10087

Pursuant to the Security Agreement, the Debtor has granted to the Secured Party a security interest in the following units of equipment and in certain other collateral described in the Security Agreement:

Eight (8) new 100-ton covered hopper cars having a capacity of between 4,700 and 4,750 cubic feet and an estimated maximum carrying capacity ("payload") of approximately 200,000 pounds, bearing road numbers BRAX 260336, BRAX 260346, BRAX 260350, BRAX 260351, BRAX 260352, BRAX 260357, BRAX 260358 and BRAX 260364.

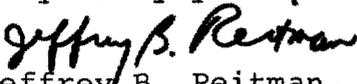
Pursuant to the Assignment, the Assignor has assigned to the Assignee the Assignor's right, title and interest in, to and under the Security Agreement, including its security interest in the above described units of railroad equipment.

Please file and record the Security Agreement and the Assignment, assigning the Assignment the same recordation number as the Security Agreement, cross-indexing said documents one to the other and indexing said documents under the names of the Secured Party, the Assignee, the Debtor, and the certain lessees of the above described units of railroad equipment.

The enclosed documents are being presented for recordation concurrently with the presentation for recordation of certain other documents to which the Secured Party and the Assignee are also parties, and checks are being presented for the aggregate fee for recording all such documents pursuant to 49 CFR 1116.1.

Please stamp all three copies of each of the two enclosed documents and the attached copy of this transmittal letter with your official recording stamp. You will wish to retain two copies of each of the two documents and the original of this transmittal letter for your files. It is requested that the one remaining copy of each of the two documents and of this transmittal letter be delivered to the bearer of this letter.

Very truly yours,


Jeffrey B. Reitman,
Vice President and Secretary

JBR:dd
encs.

Interstate Commerce Commission
Washington, D.C. 20423

OFFICE OF THE SECRETARY

Jeffrey B. Reitman
ChemLease Worldwide Inc.
55 Water Street
New York, N. Y. 10041

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 2/11/81 at 12:15PM, and assigned re-
recording number(s) - 12904, & 12904-A

Sincerely yours,

Agatha L. Mergenovich
Agatha L. Mergenovich
Secretary

Enclosure(s)

RECORDATION NO. 12904 1425

FEB 11 1981 12 15 PM

INTERSTATE COMMERCE COMMISSION

SECURITY AGREEMENT dated January 30, 1981 (hereinafter called this Agreement), between the party executing this Agreement as Debtor (hereinafter called the Debtor) and CHEMICAL BUSINESS CREDIT CORP., a Delaware corporation (hereinafter called the Secured Party).

The Debtor has requested that the Secured Party make a loan to the Debtor (hereinafter called the Loan), evidenced by a promissory note issued or to be issued by the Debtor (hereinafter called the Note) payable to the order of the Secured Party. The proceeds of the Loan will be used by the Debtor to pay a portion of the purchase price of the units of railroad equipment described in Schedule A attached hereto, which will be leased initially to the party or parties identified in Schedule B attached hereto and, subject to the terms of this Agreement, may be leased to certain other parties pursuant to a lease or leases of equipment, substantially in the form attached as Exhibit A hereto, between the Lessee (as hereinafter defined) and BRAE Corporation, a Delaware corporation (hereinafter called the Agent), as agent for the Debtor under a Management Agreement (hereinafter called the Management Agreement), in the form attached as

Exhibit C to the Private Placement Memorandum. The term "Private Placement Memorandum" means the Private Placement Memorandum dated November 14, 1980, as supplemented by the Supplement thereto dated January 8, 1981, of the Agent, pursuant to which prospective investors were offered the opportunity to participate in the Agent's Covered Hopper Car Management Program 1980.

In order to induce the Secured Party to make the Loan, the Debtor has agreed to secure to the extent hereinafter set forth (a) the payment in full of principal of and interest on the Note when and as the same shall become due and payable whether at the stated date for the payment thereof, by acceleration, by notice of prepayment or otherwise and (b) the due and punctual payment of all other monetary obligations of the Debtor to the Secured Party pursuant to the Note and this Agreement (such principal, interest and obligations being hereinafter called the Obligations).

Accordingly, the Debtor and the Secured Party hereby agree as follows:

ARTICLE ONE

Grant of Security

SECTION 1.01. Grant of Security. For the consideration recited above and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowl-

edged by the Debtor, and as security for the due and punctual payment in full of the Obligations, the Debtor does hereby transfer, assign, grant, bargain, sell, convey, hypothecate, and pledge to the Secured Party, its successors and assigns, a security interest in all right, title and interest of the Debtor which presently exists or which may hereafter arise, in, to and under the following (all of the properties in which the Secured Party is hereby granted a security interest being hereinafter called collectively the Collateral):

(a) the units of railroad equipment described in Schedule A attached hereto, together with (i) any and all accessories, equipment, parts and improvements now or at any time hereinafter attached or appertaining to such units, except such thereof as remain the property of the Lessee under the Lease (as hereinafter defined), (ii) any and all substitutions, renewals and replacements for, and any additions, accessions and accumulations to, any and all of such units (such units of railroad equipment, together with such accessories, equipment, parts, improvements, substitutions, replacements, additions, accessions and accumulations being hereinafter called collectively the Units and severally a Unit), and (iii) any and all ledger sheets, files, records and documents, whether presently existing or created hereafter, relating to the Units, which shall, until delivered to or removed

by the Secured Party, be kept by the Debtor and/or the Agent in trust for the Secured Party and without cost to the Secured Party in appropriate containers in safe places;

(b) the leases of equipment described in Schedule B attached hereto and any other Lease made pursuant to Section 2.02(h) or any other provision of this Agreement by which any Unit shall at any time be leased, together with any and all schedules and exhibits thereto (all such Leases, together with such schedules and exhibits, being hereinafter called collectively the Lease; and all lessees thereunder including, without limitation, the lessees set forth in Schedule B attached hereto, being herein called collectively the Lessee), including without limitation the right to receive and collect all rental, casualty value payments, insurance proceeds, condemnation awards and other payments now or hereafter payable to the Debtor pursuant to the Lease; and

(c) to the extent not included in the next preceding clause, all rental, issues, insurance proceeds, income and profit from the Units.

SECTION 1.02. Limitations of Security Interest.

The security interest granted by the Debtor in and to the Collateral is subject to (a) the Lessee's rights of possession, use and enjoyment set out in the Lease and (b) the Agent's right to compensation set out in the Management Agreement.

SECTION 1.03. Duration of Security Interest. The security interest granted by the Debtor in and to the Collateral shall remain in effect at all times until the Debtor shall pay or cause to be paid all Obligations and shall observe and perform all the terms, conditions and agreements contained in this Agreement and the Note.

ARTICLE TWO

Representations, Warranties and Covenants

SECTION 2.01. Representations and Warranties. The Debtor represents and warrants to the Secured Party that:

(a) this Agreement creates and constitutes and will at all times constitute a valid, direct and paramount security interest in the Collateral;

(b) the Debtor is the record and beneficial owner of all right, title and interest in the Collateral free and clear of all liens, charges and encumbrances, except for the rights of the Lessee under the Lease and of the Agent under the Management Agreement;

(c) the Debtor has full right and power to grant a security interest in the Collateral to the Secured Party free of any contractual provision binding on the Debtor or his assets; and

(d) without limiting the foregoing, there is no financing statement or other filed or recorded instrument

in which the Debtor is named and which the Debtor has signed or permitted to be filed or recorded covering any of the Collateral (except the financing statements or other instruments filed or to be filed in respect of the security interest provided herein), and no other person, entity, agency or government has or purports to have a lien on any of the Collateral.

SECTION 2.02. Covenants. The Debtor unconditionally covenants and agrees with the Secured Party as follows:

(a) the Debtor shall warrant and defend the Secured Party's right, title and security interest in and to the Collateral against the claims of all persons whomsoever except the Lessee or the Agent to the extent of the rights of each under the Lease and the Management Agreement.

(b) the Debtor will promptly cause this Security Agreement and each supplement or amendment hereto to be duly filed and recorded pursuant to 49 U.S.C. § 11303. The Debtor will do, execute, acknowledge, deliver, file, register and record each and every further act, deed, conveyance, lease, transfer and assurance necessary or proper for the better assuring, conveying, assigning and confirming unto the Secured Party all of the Collateral or property intended so to be, whether now owned or hereafter acquired;

(c) the Debtor shall not encumber or grant a security interest in or file a financing statement covering the Collateral, or permit any of the foregoing, without the prior written consent of the Secured Party, except as required hereunder;

(d) the Debtor shall, at no expense to the Secured Party, do, execute, acknowledge and deliver each and every further act, deed, conveyance, lease, transfer and assurance necessary or proper for the perfection of the security interest in the Collateral herein provided for; without limiting the foregoing, the Debtor covenants and agrees that it will, pursuant to Paragraph 7(a) of the Management Agreement, direct the Agent to make all payments of rental and other sums payable to the Debtor under the Lease and the Management Agreement directly to the Secured Party or as the Secured Party may otherwise direct;

(e) the Debtor will not sell, mortgage, transfer or assign (other than to the Secured Party hereunder) its interest in the Units or in any part thereof or in any amount to be received by it from the use or disposition of the Units;

(f) subject to the rights of the Lessee under the Lease, the Debtor will cause the Units and each and

every part thereof to be maintained, preserved and kept in safe and good repair, working order and condition, and will from time to time make or cause to be made all necessary and proper repairs, renewals, and replacements so that the value and efficiency of such property shall not be impaired;

(g) the Debtor will cause the Units to be insured in the Secured Party's name by such amounts of casualty insurance and personal liability insurance as shall protect the Full Fair market value of the Units at the time or times when such insurance coverage is obtained;

(h) the Debtor will not, and will not permit or cause the Agent to, declare or exercise any of the remedies of the lessor under, or accept a surrender of, or offer or agree to any assignment, termination, modification or surrender of, the Lease (except as otherwise expressly provided in the Management Agreement), or by affirmative act consent to the creation or existence of any security interest, encumbrance or any lien whatsoever in or on the Lease or any part thereof;

(i) the Debtor will not, and will not permit or cause the Agent to, receive or collect any rental payment under the Lease in respect of any of the Units prior to the date for payment thereof provided for by

the Lease or assign, transfer or hypothecate (other than to the Secured Party hereunder and to the Agent under the Management Agreement) any rent payment then due or to accrue in the future under the Lease in respect of any of the Units;

(j) the Debtor will from time to time duly pay and discharge or cause to be paid and discharged all taxes, assessments and governmental charges lawfully imposed upon or against the Collateral or any part thereof, and will not suffer to exist any mechanics', laborers', statutory or other lien on the Collateral or any part thereof; provided, however, that nothing herein contained shall be deemed to require the Debtor to pay any tax, assessment, charge or lien, or any claim or demand of mechanics, laborers or others, prior to the due date thereof, or to require the Debtor to pay or discharge any tax, assessment, lien, claim or charge (whether or not due or delinquent) the validity or amount of which is being contested in good faith by appropriate proceedings and which has been adequately reserved against; provided, however, that the Debtor will pay or discharge such tax, assessments, lien, claim or charge if seizure of the Collateral is imminent;

(k) the Debtor will give the Secured Party prompt

written notice of any event or condition constituting an Event of Default under the Lease if the Debtor has actual knowledge of such event or condition;

(l) the Debtor will at its own expense duly comply with and perform all the covenants and obligations of the Debtor under the Lease and will at its own expense seek to cause the Lessee to comply with and observe all the terms and conditions of the Lease and, without limiting the foregoing, at the request of the Secured Party, the Debtor will at its own expense take such action with respect to the enforcement of the Lease, and the duties and obligations of the Lessee thereunder, as the Secured Party may from time to time direct;

(m) the Debtor will permit and will cause the Agent to permit Secured Party to examine its books and records with respect to the Collateral during regular business hours upon reasonable notice to the Debtor;

(n) the Debtor shall not change, or permit to be changed, the identifying letters and numbers of the Units from such identifying letters and numbers set forth in Schedule A hereto, except in accordance with a statement of new numbers to be substituted therefor which previously shall have been delivered to the Secured Party and which shall be filed and recorded by the Debtor in like manner as this Agreement; and

(o) the Debtor shall not lease the Units, or permit the Units to be leased, subleased or assigned to any person or pursuant to any lease, sublease or assignment of equipment, other than to the person and pursuant to the Lease set forth in Schedule B hereto, except in accordance with a new lease of equipment which shall identify any new Lessee and which previously shall have been delivered to the Secured Party and referenced as an amendment to Schedule B hereto, and which shall be filed and recorded by the Debtor in like manner as this Agreement and wherever else necessary so as to create and constitute a valid, direct and paramount security interest in the Lease and proceeds thereof.

ARTICLE THREE

Application of Proceeds of Certain Prepayments

Without regard to whether an Event of Default under Article IV hereof has occurred and is continuing, the Debtor agrees that it will pay over to Secured Party all moneys ("settlement moneys") paid to it pursuant to the Lease as settlement for the loss, theft, destruction or damage beyond economical repair of any Unit or Units leased thereunder. The Secured Party shall apply each payment of settlement moneys on the next succeeding date on which interest is

payable to the prepayment of principal of the Note. Such prepayment of principal shall be applied in inverse order of principal installments coming due on the Note. From and after the date hereof the Debtor shall promptly transmit to the Secured Party any notice or information it receives concerning loss, theft, destruction or damage beyond economical repair to Units covered by the Lease requiring settlement payment under the Lease. With respect to all Units for which the Secured Party has received settlement moneys paid to the Debtor as required by the Lease, the Secured Party shall execute and deliver to the Debtor, if requested, at Debtor's expense, a release of the lien of this Security Agreement with respect to such Unit or Units.

ARTICLE FOUR

Events of Default; Remedies

SECTION 4.01. Events of Default. The happening of any of the following events (hereinafter called Events of Default) shall constitute a default hereunder:

- (a) default shall be made in the payment of principal of, or interest on, the Note when and as the same shall become due and payable, whether at the stated date for the payment thereof, by acceleration or by notice of prepayment or otherwise;

(b) any representation or warranty made herein or in any certificate delivered in connection herewith shall prove to be false or misleading in any material respect;

(c) default shall be made in the due observance or performance of any covenant or agreement to be observed or performed by the Debtor pursuant to the terms hereof;

(d) final judgment for the payment of money in excess of an aggregate of \$25,000 shall be rendered against the Debtor and the same shall remain undischarged for a period of 30 consecutive days during which execution shall not be effectively stayed;

(e) the Debtor shall (i) apply for or consent to the appointment of a receiver, trustee or liquidator of any of his property, (ii) admit in writing his inability to pay his debts as they mature, (iii) make a general assignment for the benefit of creditors, (iv) be adjudicated a bankrupt or insolvent or (v) file a voluntary petition in bankruptcy, or a petition or an answer seeking an arrangement with creditors or to take advantage of any bankruptcy, reorganization, insolvency, readjustment of debt, dissolution or liquidation law or statute, or an answer admitting the material allegations

of a petition filed against it in any proceeding under any such law or if action shall be taken by the Debtor for the purpose of effecting any of the foregoing; or

(f) an order, judgment or decree shall be entered, without the application, approval or consent of the Debtor by any court of competent jurisdiction, appointing a receiver, trustee or liquidator of the Debtor and such order, judgment or decree shall continue unstayed and in effect for any period of 30 days;

then, in any such case, the Secured Party may, by notice in writing delivered to the Debtor, declare the unpaid principal of the Note to be due and payable, and thereupon the same, together with accrued interest thereon, shall become and be immediately due and payable.

SECTION 4.02. Remedies. In case of the happening of any Event of Default, the Secured Party may, subject to the Lessee's rights of possession, use and enjoyment set out in the Lease and the Agent's right to compensation set out in the Management Agreement, by its agents enter upon the premises of the Lessee (or other party having acquired the possession or use of the Units) where any of the Units may be and take possession of all or any part of the Units and withdraw the same from said premises, retaining all payments which up to that time may have been made on

account of rental for the Units and otherwise, and shall be entitled to collect, receive and retain all unpaid per diem, incentive per diem, mileage or other charges of any kind earned by the Units, and may lease or otherwise contract for use of any of the Units; or the Secured Party may, with or without retaking possession, sell any of the Units, free from any and all claims of the Debtor at law or in equity, in one lot and as an entirety or in separate lots, at public or private sale for cash or upon credit in the discretion of the Secured Party, and may proceed otherwise to enforce its rights, all subject to any mandatory requirements of law applicable thereto. Upon any such sale, the Secured Party may itself bid for the property offered for sale or any part thereof. Any such sale may be held or conducted at such place and at such time as the Secured Party may specify, or as may be required by law, and without gathering at the place of sale the Units to be sold, and in general in such manner as the Secured Party may determine.

In case of the happening of an Event of Default, the Secured Party also may, subject to the Lessee's rights of possession, use and enjoyment set out in the Lease and the Agent's right to compensation set out in the Management Agreement, proceed to exercise in respect of the Lease and the property covered thereby and the duties, obligations and

liabilities of the Lessee thereunder all rights, privileges and remedies in said Lease or by applicable law permitted or provided to be exercised by the Debtor, including but not limited to the right to receive and collect all rent and other moneys due or to become due thereunder and may exercise all such rights and remedies either in the name of the Secured Party or in the name of the Debtor for the use and benefit of the Secured Party. The Secured Party may sell the rentals reserved under the Lease, and all right, title and interest of the Secured Party with respect thereto, at public auction to the highest bidder and either for cash or on credit, the Secured Party to give the Debtor prior written notice of the time and place of holding any such sale, and provided always that the Secured Party shall also comply with any applicable mandatory legal requirements in connection with such sale.

No such taking of possession, withdrawal, lease or sale of the Collateral or any part thereof by the Secured Party shall be a bar to the recovery by the Secured Party from the Debtor of any of the Obligations then or thereafter due and payable, and the Debtor shall be and remain liable for the same until such sums have been realized as, with the proceeds of the lease or sale of the Collateral, shall be sufficient for the discharge and payment in full of all the Obligations.

Any sale or sales pursuant to the provisions hereof, whether under the power of sale granted hereby or pursuant to any legal proceedings, shall operate to divest the Debtor of all right, title, interest, claim and demand whatsoever, either at law or in equity, of, in and to the Collateral so sold, and shall be free and clear of any and all rights of redemption by, through or under the Debtor, the Debtor hereby covenanting and agreeing that it will not at any time insist upon or plead, or take the benefit or advantage of or from, any law now or hereafter in force providing for a valuation or appraisal of the Collateral prior to any sale or sales thereof or providing for any right to redeem the Collateral or any part thereof. The receipt by the Secured Party, or by any person authorized under any judicial proceeding to make any such sale, shall be a sufficient discharge to any purchaser of the Collateral, or of any part thereof, sold as aforesaid; and no such purchaser shall be bound to see to the application of such purchase money, or be bound to inquire as to the authorization, necessity or propriety of any such sale. In the event at any such sale the holder or holders of the Note is or are the successful purchaser or purchasers, such holder or holders of said Note shall be entitled, for the purpose of making settlement or payment, to use and apply said Note by crediting thereon the

amount apportionable and applicable thereto out of the net proceeds of such sale.

SECTION 4.03. Application of Proceeds. If the Secured Party shall exercise any of the powers conferred upon it by Sections 4.01 and 4.02 hereof, all payments made by the Debtor to the Secured Party, and the proceeds of any judgment collected from the Debtor by the Secured Party, and the proceeds of every sale or lease by the Secured Party of all or any of the Collateral, together with any other sums which may then be held by the Secured Party under any of the provisions hereof, shall be applied by the Secured Party to the payment in the following order of priority, (a) of all proper charges, expenses or advances made or incurred by the Secured Party in accordance with the provisions of this Agreement and (b) of the interest then due, and of the principal of the Note, whether or not the Note shall have matured by its terms, all such payments to be in full if such proceeds shall be sufficient, and if not sufficient, then pro rata without preference between principal and interest. In the event that, after applying all such sums of money realized by the Secured Party as aforesaid, there shall remain any amount due to the Secured Party under the provisions hereof, the Debtor agrees to pay the amount of such deficit to the Secured Party. In the event that, after

applying all such sums of money realized by the Secured Party as aforesaid, there shall remain a surplus in the possession of the Secured Party, such surplus shall be paid to the Debtor.

SECTION 4.04. Obligations Not Affected by Remedies.

No retaking of possession of the Units by the Secured Party, or any withdrawal, lease or sale thereof, nor any action or failure or omission to act against the Debtor or in respect of the Collateral or any part thereof on the part of the Secured Party, nor any delay or indulgence granted to the Debtor by the Secured Party, shall affect the obligations of the Debtor hereunder or under the Note.

SECTION 4.05. Remedies Cumulative; Subject to Mandatory Requirements of Law. The remedies in this Agreement provided in favor of the Secured Party shall not be deemed exclusive, but shall be cumulative, and shall be in addition to all other remedies in its favor existing at law or in equity; and such remedies so provided in this Agreement shall be subject in all respects to any mandatory requirements of law at the time applicable thereto, to the extent such requirements may not be waived on the part of the Debtor.

ARTICLE FIVE

Events of Termination

In the event that any Unit shall cease to be

subject to the Lease from any cause whatsoever (other than as provided in Article III hereof) for a period greater than 30 consecutive days (hereinafter called an Event of Termination), the Debtor shall, within 30 days after receipt of notice of such Event of Termination, deposit with the Secured Party an amount equal to the Termination Value (as hereinafter defined) of such Unit. The Termination Value of a Unit shall mean the amount which bears the same ratio to the original purchase price of such Unit (including the portion of such purchase price paid with proceeds of the Loan) as the principal amount of the Note which is outstanding on the date such deposit is made (without giving effect to any prepayment then or theretofore made) bears to the original principal amount of the Note. Any amounts so received by the Secured Party shall be applied as required as in the case of a prepayment under Article III hereof.

ARTICLE SIX

Application of Rentals and Certain Other Amounts

SECTION 6.01. Application of Rentals. The amounts from time to time received by the Secured Party which constitute payment of rentals under the Lease shall be applied in the following order of priority, (a) to the payment of the installments of principal of and interest on

the Note which have matured on or prior to the date such rentals are received by the Secured Party and (b) the balance, if any, of such rentals shall be paid to or upon the order of the Debtor not later than the first business day following the receipt thereof.

SECTION 6.02. Insurance Proceeds. Any amounts received by the Secured Party from time to time which constitute proceeds of casualty insurance maintained in respect of the Units shall be held by the Secured Party as part of the Collateral and shall be applied by the Secured Party from time to time to any one or more of the following purposes:

(a) so long as no Event of Default has occurred and is continuing, the proceeds of such insurance shall, if the Unit is to be repaired, be released to the Agent in reimbursement for expenditures made for such repair, upon receipt by the Secured Party of a certificate of an authorized officer of the Agent to the effect that any damage to such Unit in respect of which such proceeds were paid has been fully repaired; and

(b) if the insurance proceeds shall not have been released pursuant to the preceding subsection (a) within 180 days from the receipt thereof by the Secured

Party, such insurance proceeds shall be applied by the Secured Party (i) first, to prepay the Note and (ii) second, the balance, if any, shall be released to or upon the order of the Debtor on the date of such prepayment of the Note.

ARTICLE SEVEN

Miscellaneous

SECTION 7.01. Power of Attorney. The Debtor hereby constitutes and appoints the Secured Party the attorney-in-fact of the Debtor with full power of substitution for the purposes of carrying out the provisions of this Agreement and in its name, place and stead to ask, demand, collect, receive, sue for and give acquittance for any and all rents, income and other sums which are assigned hereunder with full power to settle, adjust or compromise any claim thereunder as fully as the Debtor could itself do, and in the discretion of the Secured Party to file any claim or take any other action, either in its own name or in the name of the Debtor or otherwise, which the Secured Party may deem necessary or appropriate to protect and preserve the right, title and interest of the Secured Party in and to such rents and other sums and the security intended to be afforded hereby.

SECTION 7.02. Successors and Assigns. Whenever in this Agreement any of the parties hereto is referred to, such reference shall be deemed to include the successors and assigns of such party. All warranties, covenants and agreements by or on behalf of the Debtor which are contained in this Agreement and the Note shall bind and inure to the benefit of the respective successors and assigns of the Secured Party.

SECTION 7.03. Modification, Amendment or Waiver. No modification, amendment or waiver of any provision of this Agreement, or consent to any departure by the Debtor therefrom, shall in any event be effective unless the same shall be in writing and signed by the Secured Party. No notice to or demand on the Debtor in any case shall entitle it to any other or further notice or demand in the same, similar or other circumstances. Neither any failure nor any delay on the part of the Secured Party in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall a single or partial exercise thereof preclude any other or further exercise or the exercise of any other right, power or privilege.

SECTION 7.04. Severability. In the event any one or more of the provisions contained in this 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.

SECTION 7.05. Notices. All demands, notices and communications hereunder shall be in writing and shall conclusively be deemed to have been received by a party hereto and to be effective on the day on which delivered to such party at its address set forth below (or at such other address as such party shall specify to the other party by a notice in accordance with the terms hereof), or, if sent by registered mail, on the third business day after the date on which mailed, addressed to such party at such address:

(a) if to the Debtor, at his address set forth next to his signature at the foot of this Agreement; and

(b) if to the Secured Party, at its address at 55 Water Street, Suite 1804, New York, N. Y. 10041, attention of Bernard J. O'Neill, Vice President.

SECTION 7.06. Effect of Headings. The Article and Section headings herein are for convenience only and shall not affect the construction hereof.

SECTION 7.07. Applicable Law. The provisions of this Agreement, and all the rights and obligations of the

parties hereunder, shall be governed by the laws of the State of Texas.

IN WITNESS WHEREOF, the Debtor and the Secured Party have duly executed this Security Agreement, on the day and year first above written.

DEBTOR:

+ J. T. Webb

+ Lois Webb
J. T. WEBB and LOIS WEBB

Address of Debtor:

Route No. 2
Miami, Texas 79059

CHEMICAL BUSINESS CREDIT CORP.,

by John L. Lewis
Executive Vice President

[Corporate Seal]

Attest:

Joseph C. New
~~Assistant Secretary~~
Secretary

STATE OF *Texas* ,)
COUNTY OF *Harris* ,) ss.:

On this *6th* day of *February* 19*81*, before me personally appeared *John L. Lewis*, to me personally known to be the person described in and who executed the foregoing instrument and he acknowledged that he executed the same as his own free act and deed.

Lavona Bailey
Notary Public

My Commission expires:

[Notarial Seal]

STATE OF NEW YORK ,)
COUNTY OF NEW YORK ,) ss.:

On this 30th day of January, 1981, before me personally appeared JOHN L. LEWIS, to me personally known, who, being by me duly sworn, says that he is Executive Vice President of CHEMICAL BUSINESS CREDIT CORP., that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed 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.

Dorothy A. Cioffi
Notary Public

My Commission expires:

[Notarial Seal]

DOROTHY A. CIOFFI
Notary Public, State of New York
No. 42-453996
Qualified in Richmond County
Certificate Filed in New York County
Commission Expires March 30, 19*81*

EXHIBIT A

[The Lease identified as "LEASE AGREEMENT dated as of October 29, 1980 between BRAE CORPORATION, a Delaware corporation, or its assignee ("Lessor"), and FARMERS UNION GRAIN TERMINAL ASSOCIATION, a Minnesota corporation ("Lessee")" was attached to the execution copy of the Security Agreement as "Exhibit A".]

SCHEDULE A

<u>Manufacturer</u>	<u>Number of Units</u>	<u>Description of Units Subject to Security Agreement</u>	<u>Road Numbers</u>
	8	New 100-ton covered hopper cars having a capacity of between 4,700 and 4,750 cubic feet and an estimated maximum carrying capacity ("payload") of approximately 200,000 pounds.	BRAX 230336 BRAX 260346 BRAX 260350 BRAX 260351 BRAX 260352 BRAX 260357 BRAX 260358 BRAX 260364

SCHEDULE B

<u>Lessee</u>	<u>Date of Lease Agreement with BRAE Corporation, as Agent for Lessor</u>	<u>Number of Units Subject to the Lease Agreement</u>	<u>Description of Units Subject to the Lease Agreement</u>
		8	New 100-ton covered hopper cars having a capacity of between 4,700 and 4,750 cubic feet and an estimated maximum carrying capacity ("payload") of approximately 200,000 pounds.

BRAE CORPORATION

FULL SERVICE

LEASE AGREEMENT

LEASE AGREEMENT dated as of October 29, 1980, between BRAE CORPORATION, a Delaware corporation, or its assignee ("Lessor"), and FARMERS UNION GRAIN TERMINAL ASSOCIATION, a Minnesota corporation ("Lessee").

1. Scope

Lessor agrees to lease to Lessee, and Lessee agrees to lease from Lessor, railroad equipment of the types and description set forth in the equipment schedule or schedules ("Schedules") executed by Lessor and Lessee concurrently herewith or hereafter, substantially in form attached hereto as Exhibit A. Upon execution each Schedule shall be incorporated herein and made a part of this Agreement. The items of equipment listed on any Schedule are hereinafter referred to as "Cars".

2. Term

The term of lease with respect to each Car shall commence upon the Effective Date (as defined in Section 3B) with respect to such Car and continue through the termination date for such Car specified in Paragraph 1 of the Schedule on which such Car is listed.

3. Delivery and Acceptance

A. Lessor shall deliver each Car to Lessee at the delivery point set forth in Paragraph 4 of the Schedule on which such Car is listed. Lessor's obligation as to such delivery shall be subject to all delays resulting from causes beyond its control. Lessee agrees to use the Cars exclusively in its own service, except as hereinafter provided, and none of the Cars shall be shipped beyond the boundaries of the United States except with the prior written consent of Lessor. Lessee agrees that if any of the Cars are used outside of Continental United States, Lessee shall reimburse Lessor for any customs duties, taxes, investment tax credit reductions or other expenses resulting from such use.

B. All Cars delivered hereunder shall be in satisfactory condition for movement in the normal interchange of rail traffic pursuant to the Office and Field Manuals of the Interchange Rules

of any agreement or certificate ("Interchange Rule") adopted by the Association of American Railroads ("AAR") and shall otherwise comply with the Interchange Rule certificate contained in the schedule; but Lessee shall be solely responsible for determining that cars are in proper condition for loading and shipment. Prior to and not after the time of delivery to Lessor by the manufacturer thereof (of which event Lessor will give Lessee at least five days notice) of any new Car not previously leased to a lessee, Lessee may have its authorized representative inspect such Car at the manufacturing plant and approve or reject it as to condition. Prior to the time of delivery to Lessor of any other Car (of which event Lessor will give Lessee at least five days' notice), Lessee may have its authorized representative inspect such Car at the point specified in the notice and approve or reject it as to condition. From and after the date of such inspection and approval, any Car so inspected and approved and, from and after the time of delivery to Lessor by the manufacturer in the case of any other Car, any Car which Lessee does not inspect by the applicable time specified above shall be conclusively deemed to be approved and to meet all requirements of this Agreement. At Lessor's request, Lessee shall, to evidence such approval, deliver to Lessor an executed Certificate of Approval in the Form of Exhibit "B" with respect to all approved Cars. The date on which Lessee inspects and approves each Car hereunder is referred to as the "Effective Date" with respect to such Car.

4. Markings

A. Lessor shall cause each Car to be marked clearly and conspicuously to show the interests of Lessor, any secured party or any assignee of either thereof in such Car. Any such secured party or assignee may from time to time, at its cost, require new or changed markings to be placed on the Cars disclosing its interest in the Cars. If any such marking shall be removed, defaced or destroyed, Lessee shall immediately cause it to be restored or replaced at Lessor's cost.

B. Other than as required by Section 4A, Lessee shall not place, or permit to be placed, upon the Cars any lettering or marking of any kind without Lessor's prior written consent, except that, for the purpose of evidencing the operation of the Cars in Lessee's service, Lessee may board, placard or stencil the Cars with the reporting marks and such other information as required by the rules of the AAR and with letters not to exceed the minimum height required by the AAR.

5. Fixed Rent; Freight

The monthly fixed rent with respect to each Car is specified in Paragraph 2 of the Schedule on which such Car is listed. Fixed rent shall commence to accrue for each Car on the

Date such Car arrives at the Delivery Point specified in the Schedule on which such Car appears ("Delivery Point Date") and shall continue in service throughout the term of this Agreement, unless such Car is removed from service without replacement as provided in Section 9B or destroyed as described in Section 10. Such rent shall be paid in advance on the first day of each month (except the first rent payment which shall be made on the first day of the month following the month in which the Delivery Point Date occurs), prorating, however, any period which is less than a full month. Lessee shall timely pay all freight and other transportation expenses relating to the movement of the Cars from manufacturing plant to the Delivery Point.

6. Additional Rent

On or before April 1 of each year, Lessor shall determine the total number of miles that each Car has traveled both loaded and empty during the preceding calendar year, which shall be either (i) the full calendar year ("Full Year") or (ii) in the case of calendar years in which the Delivery Point Date is subsequent to January 1 or the termination date is prior to December 31, that portion of the year during which such Car is leased pursuant to this Agreement ("Partial Year").

For each Car traveling more miles during any Full or Partial Year than the number of miles set forth in Paragraph 3 of the schedule on which such Car is listed, Lessee will pay to Lessor as additional rent the amount provided in such Paragraph 3. The determination of the total number of miles traveled by each Car during any Full or Partial Year shall be made by multiplying by two the total number of miles that such Car traveled while loaded, unless Lessor has in its possession information sufficient to ascertain more precisely the total mileage traveled by such Car.

7. Allowances

A. Any mileage allowances or other compensation payable by railroads for use of the Cars ("Allowances") shall be collected by Lessor. Lessee shall report regularly to Lessor movements of the Cars, giving the date, destination and routing of the Cars and loading and unloading information, together with all other relevant information which Lessee may receive from railroads or other sources.

B. Insofar as applicable laws and regulations permit, Lessee (unless an event of default specified in Section 20 shall have occurred and be continuing) shall be entitled to all Allowances collected by Lessor from railroads as a credit against fixed rent and additional rent as and when received, but in no event shall such credit exceed the total of fixed rent and

additional rent payable by Lessee during the term of this Agreement.

8. Use of Cars

If Lessor is required to make any payments to a railroad resulting from the empty movement of any Cars while they are in Lessee's service, Lessee agrees to reimburse Lessor for such payments. For the purpose of this paragraph, the railroad mileage and junction reports shall be prima facie evidence of the facts reported therein.

9. Maintenance

A. Lessee will use the Cars in a careful and prudent manner, will preserve the Cars in good condition, ordinary wear and tear excepted, and will not alter the physical structure of any Car without the prior written consent of Lessor.

B. Except as otherwise provided in this Section 9, Lessor agrees to pay for the maintenance and repair of the Cars. Lessee shall not repair, or authorize the repair of, any of the Cars without Lessor's prior written consent, except that running repairs (as specified in the Interchange Rules) may be performed without prior written consent. The amount Lessor will pay for such running repairs shall not be in excess of the basis, in effect at the time the repair is made, provided by the AAR. If any Car becomes unfit for service, or is reported by Lessee to Lessor as in need of repair, and shall be sent to a car shop approved by Lessor for repairs, the monthly fixed rental with respect to such Car shall abate from and after the date of arrival at such shop until such Car is released from the shop or until another Car shall have been placed in the service of Lessee by Lessor in substitution for such Car. Lessor will use reasonable efforts to assist Lessee in the expeditious movement of such Cars to the car shop. At Lessor's option, this Agreement may be terminated as to any such Car and, if so terminated, such Car need not be repaired or replaced. It is understood that rentals will not abate for Cars in a shop for repairs which are Lessee's responsibility.

C. In the event the U. S. Department of Transportation, Federal Railway Administration, or any other governmental agency or non-governmental organization having jurisdiction over the operation, safety or use of railroad equipment, requires that Lessor add to, modify, or in any manner adjust the Cars subject to this Agreement in order to qualify them for operation in railroad interchange, Lessee agrees to pay an additional monthly charge of \$1.75 per Car for each \$100 expended by Lessor on such Car, effective as of the date the Car is released from the shop after application of such additions, modifications or adjustments (hereinafter the "Modifications"). No rental abatement will be

issued on Cars entering the shop for any Modification during the first thirty days in shop. In the event Lessor in its sole discretion determines prior to making any Modification that the cost thereof is not economic to expend in view of the estimated remaining useful life of such Car, and Lessor elects to permanently remove such Car from Lessee's service rather than have such Car taken to a car shop for such Modification, the rental with respect to such Car shall terminate upon the date specified in writing by Lessor, provided that such date must be prior to the date the Modification is so required to be made.

D. Lessor's maintenance obligations shall not extend to repair or maintenance required as a result of, or attributable to: (i) defects in the manufacture or workmanship of any Car or any component thereof or any material incorporated therein by the manufacturer thereof or by any person other than the Lessor, its agents or representatives; (ii) damage caused by Lessee, its agents or representatives or any third party (other than a railroad), or while any Car is in Lessee's possession; (iii) damage to any Car by any corrosive, contaminating or abrasive substance loaded therein or used in connection therewith; (iv) damage caused to any Car by open flames, vibrators, sledges or other similar devices during loading or unloading; (v) excessive or unbalanced loading; and (vi) failure or wear of special interior linings; damage to interior loading devices and removable parts; or missing removable parts.

E. Lessor shall forward to Lessee any bills for repairs made to the Cars by railroads or car shops due to damage caused in any of the circumstances set forth in Section 9D (except 9D(i)), and Lessee shall promptly pay or reimburse Lessor for such bills. In the case of damage caused to the Cars which is the responsibility of a railroad under the Interchange Rules, Lessor shall perform the necessary repairs and shall prepare and submit such documents and take such other actions as are necessary to recover the cost of such repairs in accordance with the Interchange Rules. Lessor shall be entitled to any costs so recovered. Lessee agrees to obtain, and promptly send to Lessor, the documentation prescribed by the Interchange Rules for damaged Cars accepted at interchange.

10. Destruction of Cars

In the event any Car is totally damaged or destroyed, the rent with respect to such Car shall terminate upon receipt by Lessor of notification thereof. Responsibility for loss, destruction, or damage to the Cars (including parts and appurtenances) shall be fixed by the then prevailing Interchange Rules. The Interchange Rules shall, in respect of all matters to which the Interchange Rules relate, establish the rights, obligations and liabilities of Lessor, Lessee, and any railroad subscribing thereto and moving the Cars over its lines. In the

event that any Car is lost, damaged, or destroyed while on the tracks of any railroad, on any private track, or on the tracks of a railroad that does not subscribe to the Interchange Rules, or in the event that any Car is damaged by any commodity transported or stored in it, such repairs, renewals, or replacements as may be necessary to replace such Car or to place it in good order and repair shall be at the sole cost and expense of Lessee provided that in the event of destruction or irreparable damage to any Car, at Lessor's option, Lessee shall promptly pay to Lessor the value of such Car in accordance with the Interchange Rules. Lessor and Lessee agree to cooperate with and to assist each other in any reasonable manner requested to establish proper claims against third parties responsible for loss, destruction or damage to the Cars.

11. Indemnities

A. Except as otherwise provided in Section 10, Lessee agrees to indemnify and hold harmless Lessor from and against all losses, damages, injuries, liabilities, claims and demands whatsoever (whether as a result of damage to the Cars or injury to third parties or their property), regardless of the cause thereof, and any expense in connection therewith (including legal fees), arising out of the use or operation of the Cars during the term of this Agreement; provided, however, Lessee will not be responsible and will not indemnify for any such losses or other consequences listed in this paragraph caused solely by defects in manufacture or workmanship of any Car or any component thereof or any material incorporated therein by the manufacturer thereof or by any person other than the Lessee, its agents or representatives, which defects could not have been discovered upon reasonable inspection by Lessee.

B. Lessor shall not be liable for any loss of or damage to any commodities loaded or shipped in the Cars. Lessee agrees to assume responsibility for, to indemnify Lessor against, and to hold Lessor harmless from, any claim in respect of such loss or damage and to assume responsibility for any damage caused to any Car by such commodities.

12. Disclaimer of Warranties by Lessor; Warranty Rights

LESSOR MAKES NO EXPRESS OR IMPLIED WARRANTIES OF ANY KIND INCLUDING WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE WITH RESPECT TO THE CARS. LESSOR SHALL IN NO EVENT BE LIABLE FOR INCIDENTAL OR CONSEQUENTIAL DAMAGES OR FOR ANY LOSS ARISING IN STRICT LIABILITY.

Lessor shall negotiate with the appropriate parties on all matters pertaining to warranty rights which Lessor may possess with respect to the Cars. For so long as this Lease is in effect and Lessee is not in default hereunder, Lessor agrees to

cooperate and consent with Lessee in the enforcement of such rights; provided, however, that if Lessee wishes to enforce or file a suit or a claim and a court order is made, he will reimburse Lessor for any out-of-pocket costs (including, but not limited to, travel and legal fees and expenses) reasonably incurred by Lessor in such cooperation.

13. Investment Tax Credit

Lessee recognizes that Lessor will utilize the investment credit afforded in respect of the Cars by Sections 38 and 46 through 50 of the Internal Revenue Code. Lessee specifically agrees to indemnify Lessor for loss of the investment credit resulting from any of the following:

- A. Use of any of the Cars outside of the United States;
- B. Subleases resulting in use of any of the Cars outside the United States; or
- C. Subleases to tax-exempt organizations or governmental units.

Such indemnification will be such payment as will, in the reasonable opinion of the Lessor, cause Lessor's net return over the term of this Lease in respect of such Car(s) to equal the net return that would have been available if the Lessor had been entitled to the utilization of all of the investment credit with respect to such Car.

14. Taxes

A. Lessor shall be responsible for and shall pay all property taxes levied upon the Cars and file all property tax reports relating thereto. Lessee agrees to assume responsibility for and to pay any applicable state sales, use or similar taxes resulting from the lease or use of the Cars.

B. Lessor shall not be responsible for the payment of any tax, tariff, duty, customs, switching, track storage, detention, demurrage or other charge made by any governmental agency, railroad or other person in respect of any Car, except as provided in Section 14A. Lessee agrees to pay or reimburse Lessor promptly for any such tax, tariff, demurrage or other charges.

15. Assignment; Subordination

This Agreement and the Schedules contemplated hereby shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns, except that Lessee may not without the prior written consent of Lessor assign

This Agreement or any of its rights hereunder or sublease the Cars to any party, and any purported assignment or sublease in violation hereof shall be void. Lessee agrees (i) that no sublease shall be a part of the Lease, outside of the Continental United States of America; (ii) that no sublease shall be a tax-exempt organization or governmental unit; (iii) that all subleases shall be expressly subordinate to the terms of financing agreements or other security agreements covering the Cars; and (iv) Lessee will continue to be fully obligated under this Agreement.

It is understood and agreed that Lessor may assign this Agreement with respect to some or all of the Cars listed on any Schedule hereto to any trust of which Lessor or one of its wholly-owned subsidiaries is a beneficiary, to any corporate joint venture of which Lessor or one of its wholly-owned subsidiaries is a stockholder or to any other owner of such Cars (each hereinafter a "Lease Assignee"), provided that Lessor or one of its wholly-owned subsidiaries enters into a management agreement with such Lease Assignee with respect to the Cars. Upon delivery of a notice of assignment to Lessee, the term "Lessor" as used herein shall mean such Lease Assignee, and Lessor shall be relieved of all of its obligations and liabilities under this Agreement relating to such Cars. Lessee agrees to give its consent and to acknowledge, upon receipt of notice of assignment, such assignment of this Agreement by Lessor. Lessor warrants that any Lease Assignee of the Cars will abide by all the terms and conditions of this lease.

Lessee also agrees to acknowledge, upon receipt, any security assignment of this Agreement by Lessor, or by any Lease Assignee, to any owner or secured party under any financing agreement entered into by Lessor or such Lease Assignee in connection with the acquisition of all or part of the Cars leased hereunder. Lessee hereby agrees that any such assignment may be with respect to all or part of the Cars on any Schedule hereto. Any assignment of this Agreement by Lessor or any Lease Assignee to any owner or secured party shall not subject that owner or secured party to any of Lessor's or such Lease Assignee's obligations hereunder until such time as such owner or secured party exercises its rights upon default pursuant to such security assignment. Those obligations* shall remain enforceable by Lessee solely against Lessor or such Lease Assignee, as the case may be.

* existing prior to such exercise

16. Compliance with Regulations

At the time of delivery of the Cars by Lessor to Lessee, the Cars will conform to the applicable specifications and governmental laws, regulations, requirements and rules, and to the standards recommended by the AAR for railroad equipment of the character of the Cars. Subject to Section 9C, Lessee shall,

It is an expense to comply with all governmental laws, regulations and requirements, with the Interchange Rules and with the rules and regulations of the Federal Railway Administration with respect to the use, maintenance, and operation of the Cars. Lessee shall be responsible for obtaining all necessary railroad permissions, approvals and consents for use of the Cars and shall bear all risk of failure to obtain such permission, approval and consent, or of cancellation thereof. Lessor shall take all actions reasonably requested by Lessee (including OT-5 approvals) in order to assist Lessee in obtaining such permissions, approvals or consents.

17. Inspections

Lessee will make the Cars available to Lessor or any secured party of Lessor at any reasonable time on request for maintenance inspection and for regular maintenance in accordance with Lessor's maintenance responsibility. Lessee will be responsible for all costs of transporting the Cars to maintenance facilities, except in instances where the handling railroad has such responsibility under the Interchange Rules.

18. Default

The happening of any of the following events shall be considered an "event of default" hereunder:

A. Nonpayment of any installment of rent hereunder within ten (10) days after the receipt of written or telegraphic notice of such nonpayment from Lessor; or

B. Failure of the Lessee to comply with, or perform, any of the other terms and conditions of this Lease Agreement within thirty (30) days after receipt of written notice from the Lessor demanding compliance therewith and performance thereof.

Upon the happening of an event of default, Lessor at its election may either (a) terminate this Agreement immediately and repossess the Cars, or (b) withdraw the Cars from the service of Lessee and deliver the same, or any thereof, to others upon such terms as Lessor may see fit. If Lessor shall elect to proceed in accordance with clause (b) above and if Lessor during the balance of the term of this Agreement shall fail to collect for the use of the Cars a sum at least equal to all unpaid rentals hereunder to the stated date of termination hereof plus an amount equal to all expenses of withdrawing the Cars from the service of Lessee and collecting the earnings thereof, Lessee agrees to pay from time to time upon demand by Lessor the amount of any such deficiency. It is expressly understood that Lessor at its option may terminate this Agreement in the event that a petition in bankruptcy or a petition for a trustee or receiver be filed by or against Lessee or in the event that Lessee shall make an

assignment for creditors. Lessee shall be liable for all reasonable attorneys' fees and other costs and expenses incurred by Lessor if there occurs a default or the exercise of Lessor's remedies with respect thereto, including all costs and expenses incurred in connection with the return of any Car. The remedies provided in this Agreement in favor of Lessor shall not be deemed exclusive, but shall be cumulative and may be exercised concurrently or consecutively, and shall be in addition to all other remedies existing at law or in equity. To the extent permitted by applicable law, Lessee hereby waives any mandatory requirements of law, now or hereafter in effect, which might limit or modify the remedies herein provided.

19. Return of Cars

Upon termination of this Agreement with respect to a Car, Lessee agrees to return the Car to Lessor, at the final unloading point or at a location or locations mutually agreed upon by Lessor and Lessee, in the same or as good condition as received, ordinary wear and tear excepted, free from all charges and liens except those which may result from an act or omission of Lessor, and free from all accumulations or deposits from commodities transported in or on the Cars while in the service of Lessee. If any Car is not returned to Lessor free from such accumulations or deposits, Lessee shall reimburse Lessor for any expense incurred in cleaning such. In the event that any Car is not redelivered to Lessor on or before the date this Agreement expires with respect to such Car, all of the obligations of Lessee under this Agreement with respect to such Car shall remain in full force and effect until such Car is redelivered to Lessor; provided, however, that the fixed rent for such Car after the expiration date shall be 150% of the fixed rent for such Car specified in the Schedule on which such Car is listed.

20. Late Rent Payment

Lessee will, on demand, to the extent permitted by applicable law, pay to Lessor interest at 12% per annum on any payment of rent not paid when due for any period during which the same shall be overdue.

21. Governing Law

This Agreement shall be governed by and construed according

to the laws of the State of California.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

LESSOR:

BRAE CORPORATION

By _____

Printed Name _____

Title _____

Date _____

LESSEE:

FARMERS UNION GRAIN TERMINAL
ASSOCIATION

By Allen D. Hanson ✓

Printed Name Allen D. Hanson

Title Vice President, Grain Marketing

Date 11/3/80

1. Term of Agreement

The term of this Agreement as to each Car shall begin on the Effective Date for such Car and terminate 36 months from the end of the calendar month in which the Effective Date occurs.

2. Fixed Rent

The monthly fixed rent for each Car shall equal \$460.00.

3. Additional Rent

For each mile in excess of (35,000 x days in service) ÷ 365 that each Car travels in a calendar year, there will be an additional rent charge of two cents (\$0.02). The additional rent for any Partial Year shall be calculated on a pro rata basis. For example, for a Partial Year of 182 days, the fraction to be used would be ((35,000 x 182/365) x days in service), ÷ 182.

4. Delivery Point

Lessor shall deliver the Cars to Lessee at the following location or locations:

EXHIBIT "A"

EQUIPMENT SCHEDULE

BRAE CORPORATION, or its assignee ("Lessor"), hereby leases the following Cars to FARMERS UNION GRAIN TERMINAL ASSOCIATION ("Lessee") on the terms and conditions contained in the Lease Agreement to which this Schedule is attached.

AAR Mech.	Description	Numbers	Length	Dimensions			Number of Cars	Projected Delivery Date
				Inside Width	Height	Width		
LO	Type: Covered Hopper						100	12/80
	Capacity: 100 ton							
	Volume: 4750 Cu. Ft.							

LO Type: Covered Hopper
 Capacity: 100 ton
 Volume: 4700 Cu. Ft.

FARMERS UNION GRAIN TERMINAL ASSOCIATION

BRAE CORPORATION

By Wesley J. [Signature] ✓

By _____

Title Vice President, Grain Marketing

Title _____

Date 11/3/80

Date _____

EXHIBIT "B"

Exhibit B to lease dated _____, 19 ___ by and between
BRAE CORPORATION, as Lessor, and _____.

CERTIFICATE OF APPROVAL

_____, 19 ____

BRAE CORPORATION
Three Embarcadero Center, #1760
San Francisco, California 94111

Gentlemen:

The undersigned, being a duly authorized representative of
Lessee, hereby approves _____ (_____)
Cars bearing numbers as follows:

for the Lessee pursuant to the lease and certifies that each of
said Cars conforms to, and fully complies with, the terms of said
lease and is in condition satisfactory to Lessee. If Lessee is a
railroad, Lessee hereby certifies that it is an interstate
carrier by rail and that the Cars are intended for actual use and
movement in interstate commerce.

LESSEE

By _____

STATE OF CALIFORNIA)
COUNTY OF SAN FRANCISCO)

On this _____ day of _____, 19 _____, before me personally appeared _____, to me personally known, who being by me duly sworn says that such person is _____ of BRAE CORPORATION, and that the foregoing Lease Agreement, and Equipment Schedule(s) were signed on behalf of said corporation by authority of its board of directors, and such person acknowledged that the execution of the foregoing instruments were the free acts and deeds of such corporation.

Notary Public (seal)
My Commission Expires: _____

STATE OF Minnesota)
COUNTY OF Ramsey)

On this 3rd day of November, 19 80, before me personally appeared Allen D. Hanson, to me personally known, who being by me duly sworn says that such person is Vice President of Farmers Union Grain Terminal Assoc., and that the foregoing Lease Agreement and Equipment Schedule(s) were signed on behalf of said corporation by authority of its board of directors, and such person acknowledged that the execution of the foregoing instruments were the free acts and deeds of such corporation.

Harvey L. Eckert
Notary Public (seal)
My Commission Expires: _____
HARVEY L. ECKERT
NOTARY PUBLIC—MINNESOTA
DAKOTA COUNTY
My Comm. Expires Sept. 28, 1987