

ITEL

RECORDATION NO. 14165-PPH Filed & Recorded

Istel Rail Corporation
55 Francisco Street
San Francisco, California 94133
(415) 984-4000

ICC OFFICE OF THE SECRETARY
MAR 24 3 05 PM '87
MOTOR OPERATING UNIT

March 11, 1987

MAR 24 1987 3-05 PM

INTERSTATE COMMERCE COMMISSION - **083A064**

Hon. Noreta R. McGee
Secretary
Interstate Commerce Commission
Washington, DC 20423

No. _____
Date MAR 24 1987
Fee \$ 10.00
ICC Washington, D.C.

Re: Amendment No. 3 dated February 11, 1987, to the Lease Agreement dated October 14, 1984, between Istel Rail Corporation and Sabine River & Northern Railroad Company

Dear Ms. McGee:

On behalf of Istel Rail Corporation, the above instrument, in four (4) counterparts, is hereby submitted for filing and recording pursuant to USC §11303(a), along with a check in the amount of \$10 covering the recordation fee.

Please record this Amendment under the Lease Agreement dated October 14, 1984, between Istel Rail Corporation and Sabine River & Northern Railroad Company, which was filed with the ICC on December 3, 1984, and given Recordation No. 14165-M.

The parties to the aforementioned instrument are listed below:

Istel Rail Corporation (Lessor)
55 Francisco Street
San Francisco, CA 94133

Sabine River & Northern Railroad Company (Lessee)
P.O. Box 5000
Orange, Texas 77530

This Amendment extends the term of the lease with respect to boxcars bearing reporting marks SRN 5400-5499 and adds fifty (50) 50'6", 70-ton, Plate C, XM boxcars bearing reporting marks 3500-3539.

Please return to the undersigned the stamped counterparts not required for filing purposes, together with the fee receipt and a letter from the ICC acknowledging this filing.

Very truly yours,

Patricia Schumacker

Patricia Schumacker
Legal Department

:ps
Enclosures

cc: Marianne Ledda

RECORDATION NO. 14165 Filed & Recorded

01/27/87

MAR 24 1987 3-05 PM

INTERSTATE COMMERCE COMMISSION

AMENDMENT NO. 3

THIS AMENDMENT NO. 3 (the "Amendment") to that certain Lease Agreement (the "Agreement") made as of October 19, 1984, as amended, between ITEL RAIL CORPORATION ("Lessor") and SABINE RIVER AND NORTHERN RAILROAD COMPANY ("Lessee") is made this 11th day of February, 1987 between Lessor and Lessee.

RECITALS:

- A. Lessor and Lessee are parties to the Agreement pursuant to which one hundred (100) boxcars bearing the reporting marks SRN 5400-5499 have been leased and delivered by Lessor to Lessee (such Scheduled items of equipment, the "Cars").
- B. Lessor and Lessee desire to extend the Agreement with respect to the boxcars bearing the reporting marks SRN 5400-5499.
- C. Lessor and Lessee desire to add fifty (50) boxcars bearing the reporting marks SRN 3500-3549 to the Agreement upon the execution of this Amendment, and one hundred boxcars bearing the reporting marks SRN 3550-3649 at anytime thereafter upon mutual agreement.
- D. Lessor and Lessee desire to change the terms of the Agreement.

NOW, THEREFORE, the parties hereto agree to amend the Agreement as follows:

- 1. All terms in the Agreement shall have the meanings defined therein when used in this Amendment.
- 2. Effective upon the full execution of this Amendment, Equipment Schedule No. 3.A. attached hereto, which describes fifty (50) boxcars bearing the reporting marks SRN 3500-3549, shall be added to the Agreement.
- 3. Equipment Schedules No. 4 and No. 5 attached hereto, which describe one hundred boxcars bearing the reporting marks SRN 3550-3599 and SRN 3600-3649, respectively, shall be added to the Agreement only upon the mutual written agreement of Lessor and Lessee.
- 4. With respect to the Cars described on Equipment Schedules No. 1 and No. 2.B. only, Subsection 2.A. of the Agreement shall be replaced in its entirety by the following:

ASSIGNED TO FIRST SECURITY BANK OF UTAH, N.A., TRUSTEE, UNDER A LEASE ASSIGNMENT.

THIS INSTRUMENT IS SUBJECT TO A SECURITY INTEREST IN FAVOR OF HELLER FINANCIAL, INC. UNDER THE HELLER FINANCIAL, INC. LOAN AND SECURITY AGREEMENT WITH ITEL RAIL CORPORATION DATED AS OF SEPTEMBER 30, 1986.

"2. Term

A. This Agreement shall remain in full force until it is terminated as to all of the Cars as provided herein. The term of the Agreement ("Term") with respect to each Car described on Equipment Schedule No. 1 shall expire on February 24, 1992, and with respect to each Car described on Equipment Schedule No. 2.B., on July 15, 1992."

5. With respect to the Cars described on Equipment Schedule No. 3.A. only, and Equipment Schedules No. 4 and No. 5 if they are added to the Agreement, Subsection 2.A. of the Agreement shall be replaced in its entirety by the following:

"2. Term

A. This Agreement shall remain in full force until it is terminated as to all of the Cars as provided herein. The term of the Agreement with respect to each Car described on each Schedule shall commence at 12:01 a.m. on the date and at the location that such Car is remarked pursuant to Subsection 3.A., and shall expire as to all of the Cars described on Equipment Schedule No. 3.A., and on Equipment Schedules No. 4 and No. 5 if they are added to the Agreement, five (5) years from the date on which the first Car on such Equipment Schedule was remarked (the "Term")."

6. Subsection 2.B. of the Agreement shall be removed in its entirety.
7. The words "... at Lessee's expense..." in the second sentence of Subsection 3.A. shall be deleted and replaced by the words "... at Lessor's expense ...".
8. The words "... Lessor and any assignee of Lessor..." shall be replaced by the words "... Lessor, Heller Financial, Inc. and any assignee of Lessor or of Heller Financial, Inc. ..." each time they appear in the third and fourth sentences of Subsection 5.C.
9. Subsection 7.A.(ii) shall be replaced entirely by the following:

10. Subsection 7.C. shall be modified by the addition of the following:

11. Subsection 7.D. and 7.E. shall become Subsections 7.G. and 7.H. respectively, and new Subsections 7.D., 7.E. and 7.F shall be added to Section 7 of the Agreement, as follows:

"D.

E. If, with respect to any consecutive three months during the term of the Agreement, the Utilization Rate falls below seventy percent (70%), Lessor may, at any time, at its option and upon not less than ten (10) days' prior written notice to Lessee, terminate this Agreement as to such Cars as Lessor shall determine.

F. If any Car has remained on Lessee's railroad tracks because Lessee has not given preference to the Cars as specified in Subsection 3.B., Lessee shall be liable for and remit to Lessor an amount equal to the Revenues which would have been generated if such Car had been in the physical possession and use of another railroad for the entire period during which such Car is on Lessee's railroad line."

12. Subsection 7.H. shall be replaced in its entirety by the following:

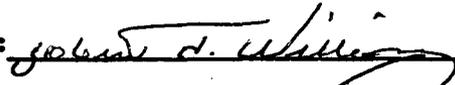
"H. In the event the ICC issues any order as a result of which any Car earns less than _____ during any calendar quarter under the Term of the Agreement, Lessor, at its option, may initiate negotiations for a new lease agreement involving the Cars. The Agreement shall continue in effect during any negotiation period. In the event a new lease agreement cannot be reached, Lessor may, at its option, terminate any or all of the Cars from the Agreement upon sixty (60) days' prior written notice to Lessee."

13. Except as expressly modified by this Amendment, all terms and provisions of the Agreement shall remain in full force and effect.
14. This Amendment may be executed by the parties hereto in any number of counterparts and all such counterparts taken together shall be deemed to constitute one and the same instrument.

ITEL RAIL CORPORATION

By: 
Title: President
Date: 3/6/87

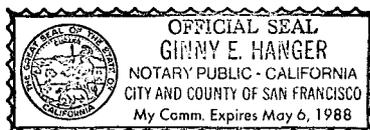
SABINE RIVER AND NORTHERN
RAILROAD COMPANY

By: 
Title: Executive Vice President
Date: February 11, 1987

STATE OF CALIFORNIA)
) ss:
COUNTY OF SAN FRANCISCO)

On this 6th day of March, 1987, before me personally appeared Desmond P. Hayes, to me personally known, who being by me duly sworn says that such person is President of Itel Rail Corporation, that the foregoing Amendment No. 3 was signed on behalf of said corporation by authority of its board of directors, and such person acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Ginny E. Hanger
Notary Public



STATE OF Texas)
) ss:
COUNTY OF Orange)

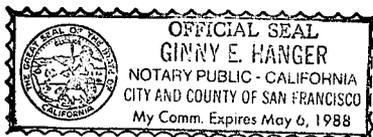
On this 11th day of February, 1987, before me personally appeared Robert L. Williams, to me personally known, who being by me duly sworn says that such person is Executive Vice President of Sabine River and Northern Railroad Company, that the foregoing Amendment No. 3 was signed on behalf of said corporation by authority of its board of directors, and such person acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Deloris Hall
Notary Public

STATE OF CALIFORNIA)
) ss:
COUNTY OF SAN FRANCISCO)

On this 6th day of March, 1987, before me personally appeared Desmond P. Hayes, to me personally known, who being by me duly sworn says that such person is President of Itel Rail Corporation, that the foregoing Equipment Schedule No. 3.A. was signed on behalf of said corporation by authority of its board of directors, and such person acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Ginny E. Hanger
Notary Public



STATE OF Texas)
) ss:
COUNTY OF Orange)

On this 11th day of February, 1987, before me personally appeared Robert L. Williams, to me personally known, who being by me duly sworn says that such person is Executive Vice President of Sabine River and Northern Railroad Company, that the foregoing Equipment Schedule No. 3.A. was signed on behalf of said corporation by authority of its board of directors, and such person acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Deloris Hall
Notary Public

EQUIPMENT SCHEDULE NO. 4

Itel Rail Corporation hereby leases the following Cars to Sabine River and Northern Railroad Company subject to the terms and conditions of that certain Lease Agreement dated as of October 19, 1984.

A.A.R. Mech. Desig.	Description	Numbers	Length	Dimensions Inside Width	Height	Doors Width	No. of Cars
XM	50' 70-Ton, Plate C Boxcar, Nailable Steel Floor, Cushion Underframe	SRN 3550-3599	50'7"	9'6"	11'	10' Sliding	50

ITEL RAIL CORPORATION

By: _____

Title: _____

Date: _____

SABINE RIVER AND NORTHERN
RAILROAD COMPANY

By: _____

Title: Executive Vice President

Date: February 11, 1987

STATE OF CALIFORNIA)
) ss:
COUNTY OF SAN FRANCISCO)

On this _____ day of _____, 1987, before me personally appeared Desmond P. Hayes, to me personally known, who being by me duly sworn says that such person is President of Itel Rail Corporation, that the foregoing Equipment Schedule No. 4 was signed on behalf of said corporation by authority of its board of directors, and such person acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Notary Public

STATE OF Texas)
) ss:
COUNTY OF Orange)

On this 11th day of February , 1987, before me personally appeared Robert L. Williams , to me personally known, who being by me duly sworn says that such person is Executive Vice President of Sabine River and Northern Railroad Company, that the foregoing Equipment Schedule No. 4 was signed on behalf of said corporation by authority of its board of directors, and such person acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Notary Public

EQUIPMENT SCHEDULE NO. 5

Itel Rail Corporation hereby leases the following Cars to Sabine River and Northern Railroad Company subject to the terms and conditions of that certain Lease Agreement dated as of October 19, 1984.

A.A.R. Mech. Desig.	Description	Numbers	Length	Dimensions Inside Width	Height	Doors Width	No. of Cars
XM	50' 70-Ton, Plate C Boxcar, Nailable Steel Floor, Cushion Underframe	SRN 3600-3649	50'7"	9'6"	11'	10' Sliding	50

ITEL RAIL CORPORATION

SABINE RIVER AND NORTHERN
RAILROAD COMPANY

By: _____

By: _____

Title: _____

Title: Executive Vice President

Date: _____

Date: February 11, 1987

STATE OF CALIFORNIA)
) ss:
COUNTY OF SAN FRANCISCO)

On this _____ day of _____, 1987, before me personally appeared Desmond P. Hayes, to me personally known, who being by me duly sworn says that such person is President of Itel Rail Corporation, that the foregoing Equipment Schedule No. 5 was signed on behalf of said corporation by authority of its board of directors, and such person acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Notary Public

STATE OF Texas)
) ss:
COUNTY OF Orange)

On this 11th day of February, 1987, before me personally appeared Robert L. Williams, to me personally known, who being by me duly sworn says that such person is Executive Vice President of Sabine River and Northern Railroad Company, that the foregoing Equipment Schedule No. 5 was signed on behalf of said corporation by authority of its board of directors, and such person acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Notary Public