RECORDATION NO. 11583-A Filed 1425

Allied® Bank of Texas

P. O. BOX 3326, HOUSTON, TEXAS 77001 (713) 224-6611

AUG 6 1981 11 45 AM

INTERSTATE COMMERCE COMMISSION

July 28, 1981

RECEIVED AUG 6 11 39 AM '81 FEE OPERATION BR.

Date AUG 5 1981
Fee $ 50.00
ICC Washington, D. C.

Interstate Commerce Commission
12th and Constitution Avenue, N.W.
Washington, D. C. 20423

Attention: Railroad Documentation

Gentlemen:

Pursuant to the provisions of Chapter X of the Regulations of the Interstate Commerce Commission, 49 C.F.R. §1116.4, the following letter is hereby submitted.

The names and addresses of the parties of the transaction are as follows:

Mortgagor (Debtor):	RailTex, Inc. 4901 Broadway, Suite 231 San Antonio, Texas 78209
Mortgagee (Secured Party):	Allied Bank of Texas P. O. Box 3326 Houston, Texas 77001 Attention: Joe Argue, Vice President

A general description of the collateral covering railroad equipment is as follows:

Assignment of Lessor's Interest in Lease and Security Agreement covering Railroad Car Lease Agreement No. BAP-01, dated February 26, 1980, between RailTex, Inc., as Lessor, and Butte Anaconda and Pacific Railway Company, as Lessee, insofar as said lease covers 30 new "Rapid Discharge" TM self-cleaning, bottom dump rail cars, manufactured by Ortner Freight Car Company, model no. OC-5025 (100 ton), specification no. EX-279, having AAR mechanical designation HTS, and AAR car type code K340 with capacity of 2300 cubic feet. Cars were built

with marks BAP4601 through 4659, inclusive, odd numbers only, are currently marked TRAX4601 through 4659, inclusive, odd numbers only, and will be renumbered BAP4501 through 4559, inclusive, odd numbers only, as cars are accepted for service under Rider 02 of the Railroad Car Lease Agreement No. BAP-01, dated February 26, 1980, between RailTex, Inc., as Lessor, and Butte Anaconda and Pacific Railway Company, as Lessee. The cars currently marked with the 4500 series will be restenciled.

The owner of the aforementioned hopper cars is RailTex, Inc.

Enclosed are three executed counterparts of the security agreement as required by ICC Rules and a check for Not More Than $50.00 to cover the filing fee.

The original document should be returned to Allied Bank of Texas, P. O. Box 3326, Houston, Texas 77001, Attention: Joe Argue, Vice President.

Please call the undersigned collect if you have any questions regarding this matter.

Yours very truly,

ALLIED BANK OF TEXAS

By Joe Argue

Joe Argue,
Vice President

Interstate Commerce Commission

Washington, D.C. 20423

8/6/81

OFFICE OF THE SECRETARY

Allied Bank Of Texas
P.O.Box 3326
Houston,Texas 77001
Attn: Joe Argue,VP.

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 8/6/81 at 11:45am, and assigned re-recordation number(s). 11583 A

Sincerely yours,

Agatha L. Mergenovich

Agatha L. Mergenovich
Secretary

Enclosure(s)

SE-30
(7/79)

RECORDATION NO. 11583-A Filed 1425

AUG 6 1981 - 11 45 AM

INTERSTATE COMMERCE COMMISSION

ASSIGNMENT OF LESSOR'S INTEREST IN
LEASE AND SECURITY AGREEMENT

I. PARTIES, COLLATERAL AND OBLIGATIONS

RailTex, Inc., a Texas corporation with its principal office at 4901 Broadway, Suite 231, San Antonio, Texas 78209, hereinafter called "Debtor", and Allied Bank of Texas, a Texas banking corporation, whose mailing address is P. O. Box 3326, Houston, Texas 77001, hereinafter called "Secured Party" agree as follows:

In order to secure payment and performance of the Obligations described below, Debtor hereby assigns to Secured Party, and grants to Secured Party a security interest in, all of Debtor's right, title, interest, claim and demand in and to that certain Railroad Car Lease Agreement No. BAP-01, dated February 26, 1980, between RAILTEX, INC., as Lessor and BUTTE ANACONDA and PACIFIC RAILWAY COMPANY, a Montana Corporation, as Lessee, insofar as such lease covers the railroad cars described in Exhibit "A" hereto, as the same may be amended from time to time, such lease, to the extent that it covers the railroad cars described in Exhibit "A" being hereinafter called the "Lease", together with all rights to payment of every kind under and by virtue of the Lease and all accounts and general intangibles consisting of, relating to or otherwise arising out of Debtor's right, title, interest, claim or demand in and to the Lease, and all rights to payment of every kind under and by virtue of the Lease, and all proceeds thereof, howsoever evidenced. All of the foregoing and any and all renewals, extensions, rearrangements and modifications thereof and any and all amendments thereto are hereinafter called the "Collateral".

The security interest herein granted secures the payment and performance of that certain promissory note of even date herewith executed by Debtor, as Maker, payable to the order of Secured Party, as Payee, in the original principal amount of $1,042,760.25 payable in monthly installments as therein provided. All of the foregoing are hereinafter called the "Obligations".

Debtor shall pay to Secured Party any sum or sums due or which may become due according to the terms of, and as set forth in, the Obligations. Debtor shall pay to Secured Party on demand all expenses and expenditures, including reasonable attorneys' fees and other legal expenses incurred or paid by Secured Party in exercising or protecting its interests, rights and remedies under this Security Agreement, plus interest thereon at the rate of ten percent (10%) per annum from the date expended until repaid. All proceeds in the form of cash or negotiable instruments for the payment of money received by Debtor by virtue of the Collateral shall, after the occurence of an Event of Default, as hereinafter defined, be promptly turned over to Secured Party.

II. WARRANTIES AND COVENANTS OF DEBTOR

Debtor represents, warrants and agrees that:

(1) All financial or credit statements of Debtor furnished by Debtor to Secured Party prior to, contemporaneously with or subsequent to execution of this Security Agreement are true, correct, complete, valid and genuine.

(2) Debtor owns the Collateral free and clear of any and all liens, claims, setoffs, allowances, adjustments, security interests or encumbrances and has the right to assign to Secured Party, and to grant to Secured Party a security interest in, the Collateral. This Security Agreement will not breach any covenant, condition, obligation or warranty, or constitute an event of default, under any other agreement of Debtor to any party. Debtor will defend the Collateral and its proceeds against the claims and demands of all persons claiming the same or any interest therein.

(3) Secured Party's duty with reference to the Collateral shall solely be to use reasonable care in the custody and safekeeping of the Collateral in Secured Party's possession. Secured Party shall not be responsible in any way for any depreciation in the value of the Collateral, nor shall any duty or responsibility whatsoever rest upon Secured Party to take necessary steps to preserve rights against prior parties with respect to the Collateral by legal proceedings or otherwise.

(4) Demand, notice, protest and all demands and notices of any action taken by Secured Party under this Security Agreement, or in connection with the Obligations, except as otherwise provided in this Security Agreement, are hereby waived, and any indulgence of Secured Party, substitution for, exchange of or release of Collateral, in whole or in part, or addition or release of any person liable on the Collateral is hereby assented and consented to.

(5) Debtor shall punctually pay and perform all of the Obligations and all of the covenants contained or referred to in this Security Agreement according to their terms, and shall pay prior to delinquency all taxes, charges, liens and assessments against the Collateral, and upon Debtor's failure to do so Secured Party at its option may pay and perform any of them and shall be the sole judge of the legality or validity thereof and the amount necessary to discharge the same. Such payment and performance shall become part of the Obligations secured by this Security Agreement and all amounts shall be paid to Secured Party by Debtor immediately and without demand, with interest thereon at the rate of ten percent (10%) per annum.

(6) Debtor shall not, voluntarily or involuntarily, subject the Collateral or its proceeds or allow the Collateral or its proceeds to be subjected to, any interest of any transferee, buyer, secured party, encumbrancer or other third person. Debtor shall observe and perform all of his covenants, conditions and obligations under the Lease, and shall not do or permit to be done anything to impair the security thereof.

(7) Debtor hereby assigns, conveys and transfers to Secured Party any and all properties received in liquidation or as allocations or distributions under the Lease, and shall execute and deliver, at the request of Secured Party, all such further assurances and assignments as Secured Party shall from time to time require and immediately transmit to Secured Party any and all information received or known by Debtor which in any way affects the Collateral or the value thereof. Debtor shall instruct the Lessee to pay to Secured Party for the account of the Debtor all sums due and owing to Debtor by Lessee pursuant to the Lease, upon request by Secured Party.

(8) Debtor will not alter, amend or materially change the terms and conditions of the Lease without the written consent of Secured Party.

III. EVENTS OF DEFAULT

Default shall occur under this Security Agreement upon the happening of any of the following events or conditions, herein called an "Event of Default":

(1) Debtor's failure to pay when due any of the Obligations according to their terms, either principal or interest, or otherwise; or

(2) Any warranty, representation, or statement contained in this Security Agreement or made or furnished to Secured Party by or on behalf of Debtor in connection with this Security Agreement or to induce Secured Party to make any loan to Debtor or to accept this Security Agreement proves to have been false in any material respect when made or furnished; or

(3) The dissolution, termination of existence, insolvency or business failure of Debtor, or the application for the appointment of a receiver of any part of the property of Debtor, or the commencement by or against Debtor of any proceeding under any bankruptcy, arrangement, reorganization, insolvency or similar law for the relief of debtors, or by or against any guarantor or surety for Debtor, or upon the service of any warrant, attachment, levy or similar process in relation to any tax lien or assessment; or

(4) Any statement of the financial condition of Debtor or of any guarantor, surety or endorser of any of the Obligations submitted to Secured Party by Debtor or any such guarantor, surety or endorser proves to be false in any material respect; or

(5) The occurrence of an event of default under the terms of the Lease after giving effect to any applicable grace period with respect thereto; or

(6) The Collateral becomes, in the good faith judgment of Secured Party, unsatisfactory or insufficient in character or value, and Secured Party shall have given Debtor 15 days prior notice thereof.

IV. REMEDIES

Upon the occurrence of an Event of Default, and at any time thereafter:

(1) Secured Party may declare all of the Obligations immediately due and payable; and

(2) Secured Party shall have, then or at any time thereafter, the rights and remedies of a secured party after default provided in the Uniform Commercial Code in force in the State of Texas at the date of execution of this Security Agreement; and

(3) Secured Party may in its discretion, sell, assign and deliver all or any part of the Collateral in a commercially reasonable manner at public or private sale without notice or advertisement except as required by the Uniform Commercial Code of Texas, and may bid and become purchaser at any such sale. If notice to Debtor is required by the Uniform Commercial Code of Texas of public or private sale of Collateral, Secured Party may give written notice to Debtor five (5) days prior to the date of public sale of the Collateral or prior to the date after which private sale of the Collateral will be made, by mailing such notice to Debtor at the address shown at the beginning of this

Security Agreement. The proceeds of any sale of the Collateral shall be applied first to the payment of expenses of the sale (including attorneys' fees) and then to the payment of the Obligations; and

V. MISCELLANEOUS

(1) Secured Party's rights under this Security Agreement or under the Obligations may be assigned from time to time, and in any such case the assignee shall be entitled to all of the rights, privileges and remedies granted in this Security Agreement to Secured Party, and Debtor will assert no claims or defenses it may have against Secured Party against the assignee except those granted in this Security Agreement. Secured Party may delay exercising or omit to exercise any right or remedy under this Security Agreement without waiving that or any other past, present or future right or remedy, except in writing signed by Secured Party.

(2) Secured Party shall not be liable for any loss sustained by Debtor resulting from Secured Party's failure to enforce the Collateral or from any other act or omission of Secured Party. Secured Party shall not be obligated to perform or discharge nor does Secured Party hereby undertake to perform or discharge any obligation, duty or liability under the Collateral or by reason this Security Agreement and Debtor shall, and hereby agrees to, indemnify Security Party for, and to hold Secured Party harmless from, any and all liability, loss or damage which may or might be incurred under the Collateral or under or by reason of this Security Agreement and from any and all claims and demands whatsoever which may be asserted against Secured Party by reason of any alleged obligations or undertakings on its part to perform or discharge any of the terms, covenants or agreements contained in the Collateral. Should Secured Party incur any such liability under the Collateral or under or by reason of this Security Agreement or in defense of any such claims or demands, the amount thereof, including costs, expenses and reasonable attorneys' fees shall be secured hereby and Debtor shall reimburse Secured Party therefor immediately upon demand and upon failure of Debtor so to do, Secured Party may, at its option, declare all of the Obligations due and payable. This Security Agreement is for the purpose of providing security for the payment and performance of the Obligations only and shall not operate to place any responsibility, duty or liability upon Secured Party to carry out any of the terms and conditions of the Leases.

(3) Secured Party may take or release other security for the payment and performance of the Obligations, may release any party primarily or secondarily liable therefor and may apply any other security held by it to the satisfaction of the Obligations without prejudice to any of its rights under this Security Agreement.

(4) The term "Debtor" as used in this instrument shall be construed as singular or plural to correspond with the number of persons executing this instrument, as Debtor. The pronouns used in this instrument are in the masculine gender but shall be construed as feminine or neuter as occasion may require. "Secured Party" and "Debtor" as used in this instrument include the heirs, executors or administrators, successors, representatives, receivers, trustees and assigns of those parties. If more than one person executes this instrument as Debtor, their obligations under this instrument shall be joint and several. Terms

used in this instrument which are defined in the Uniform Commercial Code of Texas are used with the meanings as therein defined. The law governing this secured transaction shall be that of the State of Texas in force at the date of this instrument. All notice and other communications required or permitted to be given hereunder shall be deemed to have been effectively given if given in writing and sent by United States mail, postage prepaid, to Debtor at the address hereinabove first mentioned, or such other address as Debtor shall have supplied to Secured Party in writing.

(5) All rights of Secured Party under this Security Agreement shall inure to the benefit of its successors and assigns, and all Obligations of Debtor shall bind Debtor's heirs, executors, administrators, successors and assigns.

(6) None of the Collateral shall be released herefrom until all of the Obligations shall have been fully paid and performed.

(7) Debtor shall deliver financial statements in such form and such times as the Secured Party may reasonably request.

EXECUTED as of the 14th day of January, 1981.

RAILTEX, INC.

By _____, President

ALLIED BANK OF TEXAS

By _____
Title VICE-PRESIDENT

-SECURED PARTY-

S313BH

THE STATE OF TEXAS §
§
COUNTY OF HARRIS §

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared Bruce M. Flohr, President of RAILTEX, INC., known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of the said RAILTEX, INC., a corporation, and that he executed the same as the act of such corporation for the purposes and consideration therein expressed, and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 14th day of January, 1981.

Notary Public in and for
Harris County, Texas

THE STATE OF TEXAS §
§
COUNTY OF HARRIS §

BEFORE ME, the undersigned authority, on this day personally appeared Joe Arsne, Vice President of ALLIED BANK OF TEXAS, known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of the said ALLIED BANK OF TEXAS, a Texas banking corporation, and that he executed the same as the act of said corporation for the purposes and consideration therein expressed, and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 14th day of January, 1981.

Notary Public in and for
Harris County, Texas

S313BJ

EXHIBIT A

30 new "Rapid Discharge" TM self-cleaning, bottom dump rail cars, manufactured by Ortner Freight Car Company, model no. OC-5025 (100 ton), specification no. EX-279, having AAR mechanical designation HTS, and AAR car type code K340 with capacity of 2300 cubic feet. Cars were built with marks BAP4601 through 4659, inclusive, odd numbers only, are currently marked TRAX4601 through 4659, inclusive, odd numbers only, and will be renumbered BAP4501 through 4559, inclusive, odd numbers only, as cars are accepted for service under Rider 02 of the Railroad Car Lease Agreement No. BAP-01, dated February 26, 1980, between RailTex, Inc., as Lessor, and Butte Anaconda and Pacific Railway Company, as lessee. The cars currently marked with the 4500 series will be restenciled.

S313BI