

DEWEY, BALLANTINE, BUSHBY, PALMER & WOOD

140 BROADWAY
NEW YORK 10005

RECORDATION NO. 12299 Filed 1425

1775 PENNSYLVANIA AVENUE, N.W.
WASHINGTON, D.C. 20005
TELEPHONE: (202) 862-1000
FACSIMILES: (202) 862-1095
CABLE: DEWBALAW

TELEPHONE: (212) 344-8000
TELEX: 12-6825 (DOMESTIC) 620252 (INTERNATIONAL)
FACSIMILES: (212) 344-0783
CABLE: DEWBALAW

OCT 14 1980 - 1 45 PM
5, AVENUE GEORGE V
9008 PARIS, FRANCE
TELEPHONE: 720. 85. 21
TELEX: 620297
CABLE: DEWBALAW

INTERSTATE COMMERCE COMMISSION

No. 0-288A096

Date OCT 14 1980

Fee \$ 60.00

ICC Washington, D.C.

October 14, 1980

12299 A

RECORDATION NO. Filed 1420

OCT 14 1980 - 1 45 PM

Secretary
Interstate Commerce Commission
Washington, D.C. 20433

INTERSTATE COMMERCE COMMISSION

Dear Madam:

In accordance with the provisions of Section 11303 of the Interstate Commerce Act, as revised, and the Rules and Regulations of the Interstate Commerce Commission thereunder, there is submitted herewith for filing and recordation, a Lease Agreement and a Lease Assignment with regard to the railcars described herein, used or intended for use in connection with Interstate Commerce as follows:

1. Five (5) executed counterparts of a Lease Agreement, made as of October 9, 1979, between BRAE Corporation (Lessor), a Delaware corporation, and Willamina & Grande Ronde Railroad Company (Lessee), a California corporation; and

2. Five (5) executed counterparts of a Lease Assignment, Assumption and Supplement Agreement, dated as of October 1, 1980, among BRAE Corporation, Lessor (Assignor), RAILEASE, Inc., Assignee (Lessor), a Washington corporation and Willamina & Grande Ronde Railroad Company (Lessee).

The address of the Lessor-Assignor, BRAE Corporation, is Three Embarcadero Center, San Francisco, California 94111. The address of the Lessee, Willamina & Grande Ronde Railroad Company, is P.O. Box 5724, San Bernardino, California 92412. The address of the Assignee-Lessor, RAILEASE, Inc., is 777 106th Avenue, N.E., Bellevue, Washington 98004.

The railroad equipment covered by the Lease and the Lease Assignment consists of the following:

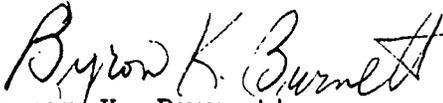
<u>Number</u>	<u>Description</u>
100	Bulkhead flat cars, 100 Ton, A.A.R. Mech. Design. FB, initial and numbered WGRR 2,000 through 2099, inclusive.

[Handwritten signatures and notes on the left margin]

Ltr. to ICC, p. 2

Enclosed is a check in the amount of \$50 to cover the recordation fee. Please mark all five counterparts of each document and this letter with filing data and return four counterparts of the Lease, the Lease Assignment and this letter, with filing data noted thereon, following recordation thereof to the representative of Messrs. Dewey, Ballantine, Bushby, Palmer & Wood, who is delivering this letter and said enclosures to you.

Very truly yours,


Byron K. Burnett,
as Agent for
RAILEASE, Inc.

Enclosures

12299

RECORDATION NO. Filed 1426

OCT 14 1980 -1 45 PM

INTERSTATE COMMERCE COMMISSION

LEASE ASSIGNMENT, ASSUMPTION AND SUPPLEMENT AGREEMENT, dated as of October 1, 1980, among BRAE CORPORATION, a Delaware corporation (the "Assignor"), RAILEASE INC, a Washington corporation (the "Lessor"), and WILLAMINA & GRAND RONDE RAILROAD (the "Lessee").

WHEREAS, Assignee has entered into a Purchase Order with PACCAR INC (the "Builder") providing for the purchase by Assignee from the Builder of the units of railroad equipment (the "Equipment") described in Equipment Schedules No. 1 and 2 to Annex "A" attached hereto from the Builder;

WHEREAS, the Assignor has entered into a Lease Agreement dated October 9, 1979, as supplemented and amended (such Lease Agreement, as heretofore supplemented and amended and subject to this Agreement, and as supplemented hereby, being herein called the "Lease"), with the Lessee, a complete copy of which, as subject to this Agreement, is attached as Annex "A" hereto, providing for the lease by Assignor to the Lessee of the Equipment;

WHEREAS, the Assignor has agreed to assign, and shall herein assign, to the Lessor all its right, title and interest as Lessor under the Lease;

WHEREAS, the Lessor shall herein assume the obligations and duties of the Assignor as Lessor under the Lease, and the Lessee shall release the Assignor from such obligations and duties;

WHEREAS, the Lessor is entering into an Equipment Trust Agreement (the "Security Document") with The Connecticut Bank and Trust Company (herein, together with its successors and assigns, the "Trustee") pursuant to which equipment trust certificates will be issued and sold to finance a portion of the purchase price of the Equipment;

WHEREAS, the Security Document contemplates and requires that any lease of the Equipment be subject and subordinate to the rights of the Trustee under the Security Document;

NOW, THEREFORE, in consideration of the covenants and agreements hereinafter contained, the parties hereto hereby agree as follows:

1. The Assignor hereby assigns, transfers and sets over unto the Lessor outright, and not as collateral security, all the Assignor's rights, titles and interests, power, privileges, and other benefits in, to and under the Lease including, without limitation, the immediate right to receive and collect all rental, profits and other sums payable to or receivable from the Lessee by the Assignor under or pursuant to the provisions of the Lease whether as rent, casualty payment, indemnity, liquidated damages, or otherwise (such moneys being hereinafter called the "Payments") and the right to make all waivers, modifications and agreements to give all notices, consents and releases, to take all action upon the happening of an Event of Default specified in the Lease, to amend and supplement the Lease, and to do any and all other things whatsoever which the Assignor is or may become entitled to do under or with respect to the Lease. In furtherance of the foregoing assignment, the Assignor hereby irrevocably authorizes and empowers the Lessor in its own name, or in the name of its nominee, or in the name of the Assignor or as attorney for the Assignor to ask, demand, sue for, collect and receive any and all Payments to which the Assignor is or may become entitled under the Lease, and to enforce compliance by the Lessee with all the terms and provisions thereof.

Assignor represents and warrants to Lessor, on and as of the date of execution hereof, and on and as of each date when funds are advanced for the purchase of equipment trust certificates or of equipment under the Security Document, as follows:

(i) The Lease is in full force and effect, neither Assignor nor, to the best of Assignor's knowledge, Lessee is in default in performance of its obligations in respect thereof, and there is no claim or dispute pending thereunder between Assignor and Lessee;

(ii) The Lease and each amendment or supplement to the Lease (other than this Agreement) has been duly filed and recorded with the Interstate Commerce Commission pursuant to 49 U.S.C. §11303 prior to or concurrently with the recordation of this Agreement thereunder.

(iii) Assignor has not entered into any assignment of its interests in the Lease other than this Agreement, has not entered into into any amendment or modification of the Lease subject to this Agreement other than as shown in Annex "A" hereto, and has not created, incurred or suffered to exist in respect of the Lease or any of its interests therein any claim, lien, charge or other encumbrance;

(iv) Assignor has full legal power and authority to make and perform this Agreement and to perform its management obligations to Lessor in respect of the Lease (as heretofore agreed in writing between Assignor and Lessor); and Assignor's performance of this Agreement and said obligations to Lessor will not result in any breach or violation of any law, contractual restriction or other agreement binding upon Assignor or affecting performance of such obligations to Lessor in respect of the Lease;

(v) No unit of Equipment has been delivered to the Lessee under the Lease at or before execution of this Agreement; and

(vi) There is no fact which Assignor has not disclosed to Lessor in writing, nor is Assignor a party to any agreement or instrument or subject to any corporate or legal restriction which, so far as the Assignor can now reasonably foresee, will individually or in the aggregate materially adversely affect the ability of the Assignor to perform its obligations to Lessor in respect of the Lease (as heretofore agreed in writing between Assignor and Lessor).

2. The Lessor hereby assumes and agrees to pay, perform and discharge all obligations and liabilities of the Assignor (as Lessor) arising under the Lease.

Subject to the rights, if any, of the Trustee under the Security Document upon the happening of an Event of Default thereunder, Lessor shall be entitled to permit exercise of any Lessor right or to cause performance of any Lessor obligation or liability under the Lease by Assignor and/or others designated by Lessor, and any such exercise or performance thereof shall satisfy Lessor's responsibility therefor to Lessee pro tanto. Lessor and Assignor hereby represent and warrant to Lessee that as of the date hereof, Lessor has, by means of a car management agreement, designated Assignor, and Assignor has undertaken, to exercise substantially all of Lessor's rights and perform substantially all of Lessor's obligations under the Lease, for the benefit of Lessor. Except as Lessor (or such Trustee in the exercise of any such rights) shall advise Lessee in writing from time to time of any change or limitation in such Lessor designation and Assignor undertaking, Lessee shall be entitled to rely on the foregoing representation and warranty and in reliance thereon Lessee agrees that it shall look first to Assignor to accomplish the exercise of any Lessor right or performance of any Lessor obligation under the Lease (it being understood that no such action by Lessee is intended, as between Lessor and Lessee, to release Lessor from any of its obligations or liabilities to Lessee under the Lease to the extent not satisfied by Assignor and/or others for Lessor).

3. Without limiting the provisions of Section 3 hereof, the Lessee hereby releases and discharges the Assignor in its capacity as lessor under the Lease from the payment, performance and discharge of the obligations and liabilities of the Assignor as lessor under the Lease which are assumed by Lessor pursuant to Section 3 hereof.

4. The Lessee hereby consents to all the terms and conditions of this Agreement, hereby acknowledges Lessor to be substituted as lessor under the Lease, and further agrees that:

(i) It will pay or cause to be paid all Payments due and to become due under the Lease or otherwise in respect of the Equipment directly to the Lessor, care of Assignor, at Three Embarcadero Center, Suite #1760, San Francisco, California 94111, or at such other address as is specified by Assignor; provided that if Lessor (or the Trustee under the Security Document in the exercise of its rights subsequent to an Event of Default thereunder) shall have notified the Lessee that such Payment arrangements are no longer in effect then such Payments shall be made to the Lessor (or such Trustee), at the address specified by the Lessor (or such Trustee);

(ii) It shall not be entitled to any abatement of rent or additional rent, reduction thereof or setoff against or recoupment of rent or additional rent payable under the Lease (including, but not limited to, abatements, reductions, setoffs or recoupments due or alleged to be due with respect to the Equipment), by reason of any past or present claims or counterclaims of the Lessee against the Assignor, or, as to any Trustee under the Security Document exercising the rights of Lessor upon an Event of Default thereunder, by reason of any claims or counterclaims of Lessee against Lessor.

5. The Assignor and Lessee will, from time to time, execute, acknowledge and deliver any and all further instruments reasonably requested by the Lessor in order to confirm the interest of the Lessor hereunder and as contemplated by Section 13B of the Lease relative to the financing of the Equipment.

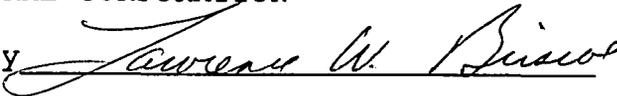
6. This Agreement may be executed in any number of counterparts, all of which together shall constitute a single instrument. It shall not be necessary that any counterpart be signed by all the parties so long as each party hereto shall sign at least one counterpart.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed in their respective names by persons thereunto duly authorized, all as of the date first above written.

RAILEASE INC

By 
Printed Name J. J. JOLLEY
Title PRESIDENT

BRAE CORPORATION

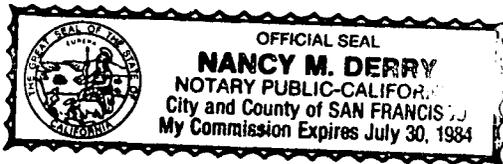
By 
Printed Name LAWRENCE W. BRISCOE
Title Vice President - Finance

WILLAMINA & GRAND RONDE RAILROAD
COMPANY

By 
Printed Name David P. Root
Title President

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

On the 6th day of October, 1980, before me personally appeared Lawrence W. Buscoe, to me known, who, being by me duly sworn, did depose and say that he is the Vice President-Tenure of BRAE Corporation, the corporation which executed the above instrument; that he signed his name to the above instrument by authority of the Board of Directors of said corporation; and that he acknowledged that the execution of the above instrument was the free act and deed of such corporation.



[seal]

Nancy M. Derry
Notary Public

My Commission Expires: July 30, 1984

STATE OF Washington)
) ss.
COUNTY OF King)

On this 9th day of October, 1980, before me personally appeared J. J. Tolley, to me personally known, who, being by me duly sworn, did depose and say that he is the PRESIDENT of RAILEASE Inc, the corporation which executed the above instrument, that he signed his name to the above instrument by authority of the Board of Directors of said corporation; and that he acknowledged that the execution of the above instrument was the free act and deed of such corporation.

Susan L. Johnson
Notary Public

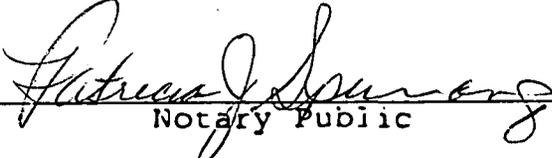
[seal]

My Commission Expires: July 25, 1982

STATE OF California)
COUNTY OF San Bernardino) ss.

On the 2nd day of October, 19 80, before me personally appeared David P. Loof, to me known, who being by me duly sworn, did depose and say that he is the President of Williamina & Grand Ponte the corporation which executed the above instrument; that he signed his name to the above instrument by authority of the Board of Directors of said corporation; and that he acknowledged that the execution of the above instrument was the free act and deed of such corporation.

 PATRICIA J. SPORRONG
NOTARY PUBLIC
SAN BERNARDINO COUNTY
CALIFORNIA
My Commission Expires November 23, 1980
[seal]


Notary Public

My Commission Expires: 11-23-80