

STEPTOE & JOHNSON

1250 CONNECTICUT AVENUE
WASHINGTON, D. C. 20036

CHERYL A. SKIGIN
(202) 862-2053

①
1-044A167

No. FEB 13 1981
Date.....
Fee \$.....70.
ICC Washington, D. C.

February 11, 1981

Ms. Agatha Mergenovich, Secretary
Interstate Commerce Commission
Room 2215, 12th and Constitution
Avenues
Washington, DC 20423

11833-8

RECORDED NO. 11833-K
FEB 13 1981

FFB 13 1981 - 1 00 PM

FFB 13 1981 - 1 00 PM

INTERSTATE COMMERCE COMMISSION

INTERSTATE COMMERCE COMMISSION

Dear Ms. Mergenovich:

Enclosed for filing and recordation pursuant to the provisions of 49 U.S.C. § 11303 are several copies of the following documents:

LEASE AGREEMENT, dated as of October 29, 1980, between BRAE CORPORATION and FARMERS UNION GRAIN TERMINAL ASSOCIATION; and,

ASSIGNMENT OF LEASE, dated as of January 31, 1981, from BRAE CORPORATION to MANUFACTURERS NATIONAL BANK OF DETROIT.

They relate to 100-ton, 4750 cubic foot covered hopper railcars. The Lease Agreement covers 100 numbered BRAX 260225 through BRAX 260324; the Assignment covers 86 numbered as follows: BRAX 260225 through BRAX 260225, BRAX 260226, BRAX 260228 through BRAX 260230, BRAX 260232 through BRAX 260234, BRAX 260236 through BRAX 260246, BRAX 260248 through BRAX 260250, BRAX 260252 through BRAX 260257, BRAX 260282 through BRAX 260288, BRAX 260291 through BRAX 260311, BRAX 260313 through BRAX 260318, and BRAX 260231 through BRAX 260324. In addition, the Lease covers an additional 100 cars. These units are 100-ton 4700 cubic foot covered hoppers, numbered BRAX 260125 through BRAX 260224. All equipment numbers are inclusive.

The names and addresses of the parties to the transactions evidenced by the documents described above are as follows:

1. Lease Agreement --

Lessor: Brae Corporation
Suite 1760, Three Embarcadero Center
San Francisco, CA 94111

Lessee: Farmers Union Grain Terminal Association
1667 North Snelling Street
St. Paul, MN 55164

2. Assignment of Lease --

Assignor: Brae Corporation
Suite 1760, Three Embarcadero Center
San Francisco, CA 94111

Maureen McCreary

Ms. Mergenovich

- 2 -

February 11, 1981

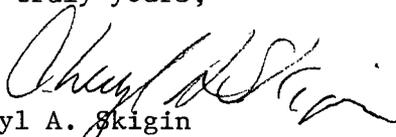
Assignee: Manufacturers National Bank of Detroit
100 Renaissance Center
Detroit, MI 48243

It is requested that these documents be filed and recorded under the names of the parties as set forth above. In view of the fact that they relate to the Equipment Trust Agreement, dated as of June 10, 1980, previously assigned recordation number 11833, it is additionally requested that they be assigned the next available letter designations (which are believed to be "K" and "L") under that primary number.

Twenty dollars (\$20.00) has been added to the filing fee to cover the following cross indexing: (1) Cross index the Lease under the name of the Assignee, Manufacturers National Bank of Detroit. (2) Cross index the Assignment of Lease under the name of the Lessee, Farmers Union Grain Terminal Association.

Please return to the person presenting this letter: (1) your letter acknowledging the filing, (2) a receipt for the \$70.00 filing fee paid by checks drawn on this firm, (3) the enclosed copies of this letter, and (4) any copies of the document not required for recordation--all stamped to indicate appropriate filing information.

Very truly yours,


Cheryl A. Skigin

MBM:mbm

Interstate Commerce Commission
Washington, D.C. 20423

2/13/81

OFFICE OF THE SECRETARY

Cheryl A Skigin
Stephoe & Johnson
1250 Connecticut Avenue
Washington, D.C. 20036

Dear Mrs. Skigin:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 2/13/81 at 1:00pm, and assigned re-
recording number(s). ~~11833-K~~, 11833-L, 11833-M & 11833-N

Sincerely yours,

Agatha L. Mergenovich
Agatha L. Mergenovich
Secretary

Enclosure(s)

BRAE CORPORATION
FULL SERVICE
LEASE AGREEMENT

RECORDATION NO. *11833 K* Filed 1426

FFB 13 1981 -1 00 PM

INTERSTATE COMMERCE COMMISSION

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

or any successor documents ("Interchange Rules") adopted by the Association of American Railroads ("AAR") and shall otherwise comply with the description and specifications 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 to accrue 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 Lessee, 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 consult with Lessee in the enforcement of such rights; provided, however, that if Lessee wishes to enforce or further pursue a claim and Lessor does not, Lessee 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 permit use of the Cars outside of the Continental United States of America; (ii) that no sublessee 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,

at its own expense 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 reason of the occurrence of any Event of 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

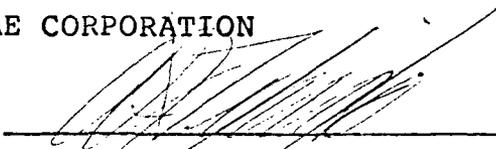
This Agreement shall be governed by and construed according

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 

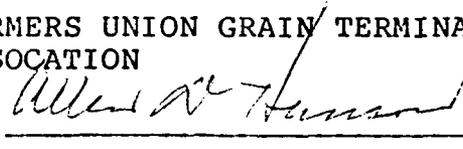
Printed Name William J. Texido

Title President

Date December 9, 1980

LESSEE:

FARMERS UNION GRAIN TERMINAL ASSOCIATION

By 

Printed Name Allen D. Hanson

Title Vice President, Grain Marketing

Date 11/3/80

EXHIBIT "A"

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 $(35,000 \times \text{days in service}) \div 365$ 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 $((35,000 \times 182/365) \times \text{days in service}) \div 182$.

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. Design	Description	Numbers	Length	Dimensions			Number of Cars	Projected Delivery Date
				Inside Width	Height	Width		
LO	Type: Covered Hopper	BRAX 260225 through BRAX 260324						
	Capacity: 100 ton							
	Volume: 4750 Cu. Ft.						100	12/80
<hr/>								
LO	Type: Covered Hopper	BRAX 260125 through BRAX 260224						
	Capacity: 100 ton							
	Volume: 4700 Cu. Ft.						100	12/80

FARMERS UNION GRAIN TERMINAL ASSOCIATION

By *William A. Hansen*
 Title Vice President, Grain Marketing
 Date 11/3/80

BRAE CORPORATION

By *[Signature]*
 Title William J. Texido
President
 Date December 9, 1980

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

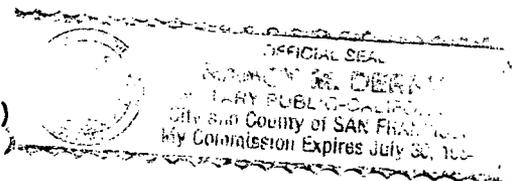
By _____

STATE OF CALIFORNIA)
CITY AND COUNTY OF SAN FRANCISCO)

On this 9th day of December, 19 82, before me personally appeared William J. Toledo, to me personally known, who being by me duly sworn says that such person is President 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.

Nancy M. Perry
Notary Public

(seal)



My Commission Expires: July 30, 1984

STATE OF Ramsey)
COUNTY OF Minnesota)

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