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EDMUND W. RIDALL, JR.
CHARLES R. BURKE
EDWARD C. WACHTER, JR.
STEPHEN JURMAN
MICHAEL J. WOODRING
THEA G. EVANKOVICH
EWING C. BASHOR
GRETCHEN G. DONALDSON
BERNARD J. BERCIK, JR.

July 20, 1988

RECORDATION BY 15564-A
FILED 1988

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INTERSTATE COMMERCE COMMISSION

Secretary
Interstate Commerce Commission
Washington, D.C.

Dear Madam:

Enclosed for recordation pursuant to the provisions of Section §11303(a) of Title 49 of the United States Code and the rules and regulations thereunder are three (3) executed counterparts to a Second Amendment to Purchase Agreement dated as of March 14, 1988.

The amendment is to a Purchase Agreement dated March 14, 1988 by and between Helm Financial Corporation and American Leasing Investors recorded at ICC recordation number 15564.

A general description of the railroad equipment covered by by the enclosed document is:

<u>DESIGNATION</u>	<u>DESCRIPTION</u>	<u>QUANTITY</u>	<u>CAR NUMBERS</u>
HT	100 ton, 3,433 cubic foot, capacity, open top hopper cars built in 1978 by The Chessie Corporation	50	HLMX 7200 - 7206, inclusive HLMX 7208-7224, inclusive HLMX 7226-7228 inclusive HLMX 7230-7232, inclusive HLMX 7534-7537, inclusive HLMX 7539, HLMX 7541-7543, inclusive, HLMX 7545-7549, inclusive, HLMX 7551-7557, inclusive.
	100 ton, 4,750-Cubic-Foot Capacity Covered Hopper Cars built in 1979 by Pullman-Standard Division of Pullman Incorporated	25	HESR 253410- 253434

Robert L. Arnold
Cu

The names and addresses of the parties to the enclosed document are:

BUYER: Helm Financial Corporation
One Embarcadero Center
Suite 3320
San Francisco, CA 94111

SELLER: American Leasing Investors
660 Newport Center Drive
Newport Beach, CA 92660

A fee of \$_____ is enclosed. Please return the originals and any copies not needed by the Commission for recordation to me.

A short summary of the document to appear in the Index follows:

Second Amendment to Purchase Agreement between American Investors and Helm Financial Corporation dated as of March 14, 1988 covering fifty (50) railroad cars, numbered HLMX 7200-7206, inclusive, HLMX 7208-7224, inclusive, HLMX 7226-7228, inclusive, HLMX 7230-7232, inclusive, HLMX 7534-7537, inclusive, HLMX 7539, HLMX 7541-7543, inclusive, HLMX 7545-7549, inclusive, HLMX 7551-7557, inclusive.

25 Railway cars numbered HESR 253410-253434, inclusive.

You are hereby authorized to deliver one copy of the Bill of Sale, with filing data noted thereon, following recordation, to the representative of Messrs. Sidley & Austin, who is delivering this letter and said enclosures to you.

McCANN, GARLAND, RIDALL & BURKE

By *McCann Garland Ridall & Burke*

Enclosure

07LT27/12

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INTERSTATE COMMERCE COMMISSION

SECOND AMENDMENT TO PURCHASE AGREEMENT

This SECOND AMENDMENT is made as of the 14th day of March, 1988 by and between HELM FINANCIAL CORPORATION, One Embarcadero Center, Suite 3320, San Francisco, California 94111, a California corporation ("BUYER") and AMERICAN LEASING INVESTORS, c/o Integrated Resources Equipment Group, Inc., 733 Third Avenue, New York, New York 10017, a California limited partnership ("SELLER").

RECITALS

1. WHEREAS, BUYER and SELLER entered into a Purchase Agreement dated March 14, 1988 and amended as of April 4, 1988 (the "Agreement") for the sale of certain railcars identified therein (the "Cars").

2. WHEREAS, there are two leases outstanding with respect to the Cars dated as of July 7th 1986 by and between SELLER and Westmoreland Coal Sales Company and dated as of June 15, 1986 by and between SELLER and Huron and Eastern Railway Company attached hereto as Exhibits B and C, respectively (the "Leases"), the existence of which were erroneously omitted from the Agreement and which Leases the SELLER intended to assign to BUYER.

3. WHEREAS, the parties wish to amend the Agreement to reflect the correct facts and the parties' intentions.

NOW THEREFORE, the parties hereby amend the Agreement as follows:

1. The Agreement is hereby renamed Purchase Agreement and Assignment of Leases.

2. Paragraph 1 is amended as follows:

Purchase, Sale and Assignment:

BUYER hereby agrees to purchase from SELLER and SELLER hereby agrees to sell to BUYER those certain railcars (the "Cars") more specifically described on Exhibit A attached hereto. SELLER hereby agrees to assign to BUYER and BUYER hereby agrees to accept such assignment from SELLER of those certain leases of the Cars by and between SELLER and Westmoreland Coal Sales Company, dated as of July 7th 1986 and attached hereto as Exhibit B and by and between SELLER and Huron and Eastern Railway Company, dated as of June 15, 1986 and attached hereto as Exhibit C. (the "Leases").

3. The first sentence of Paragraph 2 is amended as follows:

Representations of Seller:

SELLER represents and warrants that on March 31, 1988 (the "Closing Date") it will own the cars free and clear and liens, claims and encumbrances of others of any nature whatsoever arising by or through SELLER except for the Leases, which Leases have been assigned to BUYER pursuant to due authority of SELLER.

4. The first sentence of Paragraph 4 of the Agreement is amended as follows:

Purchase Price:

The purchase price for the Cars and the Lease shall be \$18,000 per car or \$1,350,000 in the aggregate (the "Purchase Price") and shall be paid on the following dates and the following installments:

<u>Date</u>	<u>Installments</u>
Closing Date	\$275,000
June 30, 1988	\$1,075,000 plus interest at eight and a half (8.5%) per annum for the period from March 31, 1988 through June 30, 1988.

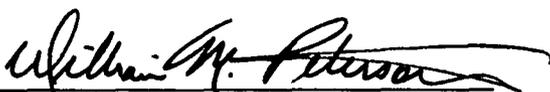
5. Agreement reaffirmed:

All other terms of the Agreement not amended herein are hereby reaffirmed.

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

HELM FINANCIAL CORPORATION

AMERICAN LEASING INVESTORS

By: 
WILLIAM M. PETERSON
Executive Vice President

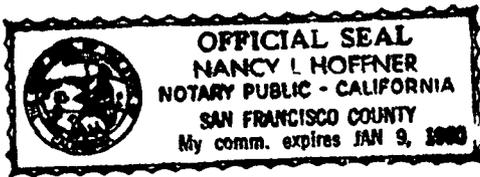
By: ALI Management Corp.
Managing General Partner

By: 
JOHN MORAN
Senior Vice President

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

I, Nancy L. Hoffner, a Notary Public in and for the state and county aforesaid, do hereby certify that William M. Peterson of HELM FINANCIAL CORPORATION, a California corporation, whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that he is Executive Vice President, he signed, sealed and delivered the aforesaid instrument and caused the corporate seal of said corporation to be affixed thereto, pursuant to authority of its Board of Directors, as his free and voluntary act and as the free and voluntary act and deed of said corporation for the uses and purposes therein set forth.

Given under my hand notarial seal this 18th day of July, 1988.



Nancy L. Hoffner
Notary Public

My commission expires
January 9, 1990

STATE OF NEW YORK)
)
COUNTY OF New York) ss.

I, Beryl J. Steinbach, a Notary Public in and for the state and county aforesaid, do hereby certify that John Moran of ALI Management Corp. a Delaware corporation which is the Managing General Partner of AMERICAN INVESTORS LEASING, a California limited partnership, whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that he is Senior Vice President, he signed, sealed and delivered the aforesaid instrument and caused the corporate seal of said corporation to be affixed thereto, pursuant to authority of its Board of Directors, as his free and voluntary act and as the free and voluntary act and deed of said corporation for the uses and purposes therein set forth.

AGS
INVESTORS

Given under my hand notarial seal this 19th day of July, 1988.

Beryl J. Steinbach
Notary Public

My commission expires
February 28, 1989

BERYL JOY STEINBACH
Notary Public, State of New York
No. 4763945
Qualified in New York County
Commission Expires ~~March 30, 19~~
2/28/89

RAILCAR OPERATING LEASE AGREEMENT

THIS AGREEMENT, made and entered into as of this 7th day of July, 1986, by and between American Leasing Investors, a California limited partnership, hereinafter called "Lessor", and Westmoreland Coal Sales Company, a Delaware Corporation, hereinafter called "Lessee".

1. Equipment and Lease Charges: Lessor agrees to furnish to the Lessee, and the Lessee agrees to accept and use, upon the terms and conditions herein set forth, the following described railcars (hereafter "Cars"), for the use of each of which the Lessee agrees to pay Lessor the following lease charges (hereafter "Lease Charges"):

<u>Number of Cars</u>	<u>Description</u>	<u>Lease Charges</u>
58	3,433 cubic foot, 100 ton capacity open top hopper railcars, built in 1978. HLMX 7200-7232 7237, 7533-7538 7540-7557	Monthly lease rate per Car is \$270.00 plus \$.015 per mile per Car for miles traversed in excess of 33,000 to 40,000 miles annually and \$.025 per mile, per Car for miles traversed in excess of 40,000 miles annually.

Lease Charges shall become effective, with regard to each of the Cars, upon the date of the delivery and acceptance of each as hereafter provided in Article 2, and shall continue in effect, with regard to each of the Cars, until returned to Lessor at the end of the term of this Agreement, as hereafter provided in Article 5. Payment of Lease Charges shall be made to Lessor at the address specified in Article 16, or to such other place as Lessor may direct, on the fifteenth day of each month in arrears, with the first month's payment due on the fifteenth day of the month following the month the last Car is delivered as provided in Article 2 below. Lease Charges for any Car for any partial month shall be prorated on a daily basis. Any costs incurred by Lessor in collecting Lease Charges wrongfully withheld by Lessee, including reasonable attorney fees, will be paid by Lessee.

Lessee shall not be entitled to any abatement of rent, reduction thereof or set-off, counterclaim, recoupment or defense whatsoever, including, but not limited to, abatements, reductions, set-offs, counterclaims, recoupments or defenses due or alleged to be due by reason of any past, present or future claims of Lessee against Lessor or any other person for any reason whatsoever, except as otherwise provided in Articles 4, 6, and 9 below and except when Cars are improperly repaired by the Lessor;

nor shall this Agreement terminate or the obligations of Lessee be otherwise affected by reason of any defect in the condition, design, operation or fitness for use of any Car or damage to or loss of possession or loss of use or destruction of all or any of such Cars from whatever cause and of whatever duration, except as otherwise provided in Articles 4 and 6 below, or the prohibition of or other restriction against Lessee's use of all or any such Cars, or the interference with such use by any person or entity or the invalidity or unenforceability or lack of due authorization of this Agreement or any insolvency of or the bankruptcy, reorganization or similar proceeding against Lessee.

Lessor covenants and warrants that it is the Owner of the Cars and that so long as Lessee is not in default hereunder, Lessee shall have and enjoy an unconditional right quietly to enjoy and use all Cars free from any disturbance or interruption of possession arising as a result of any action or inaction, failure of title, or conduct of or by Lessor, or any insolvency of or the bankruptcy, reorganization or similar proceeding against Lessor, or of or by any assignee of its rights hereunder.

2. Delivery of Cars: Each Car will be deemed to be delivered to Lessee when interchanged to the Lessee at Quinland, West Virginia. Lessor shall not be responsible for failure to deliver or delay in delivering any Car due to casualties, repair and any contingency beyond its control, including, but not limited to labor disputes, defaults and delays of carriers, and defaults and delays of the Lessee or any persons directing or controlling the Lessee. At the time of delivery and after expiration of the lease and redelivery of cars, representatives of the Lessor and the Lessee will perform and execute joint inspection reports covering the condition of the leased Cars.

3. Warranties and Representation: LESSOR MAKES NO REPRESENTATIONS OR WARRANTIES OF ANY KIND RESPECTING THE CARS WHETHER STATUTORY, WRITTEN, ORAL OR IMPLIED AND LESSOR HAS NOT MADE AND DOES NOT HEREBY MAKE, NOR SHALL IT BE DEEMED BY VIRTUE OF HAVING LEASED THE CARS PURSUANT TO THIS AGREEMENT TO HAVE MADE, ANY REPRESENTATION OR WARRANTY AS TO THE MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, DESIGN OR CONDITION OF, OR AS TO THE QUALITY OF THE WORKMANSHIP IN, THE CARS, ALL OF WHICH ARE EXPRESSLY DISCLAIMED AND LESSOR SHALL NOT BE LIABLE, IN CONTRACT, TORT OR OTHERWISE, ON ACCOUNT OF ANY DEFECT, WHETHER HIDDEN, LATENT OR OTHERWISE DISCOVERABLE OR NONDISCOVERABLE RESPECTING ANY CARS, EXCEPT WHERE DAMAGE OR LIABILITY RESULTS FROM LESSOR'S NEGLIGENT REPAIR OF CARS. Lessor hereby assigns to Lessee for the term of this Lease the benefit of all warranties and indemnities of the manufacturer, reconditioner, repairer or maintainer of the Cars.

4. Responsibility for Damage or Destruction of Cars: If any of the Cars are lost, destroyed, or damaged beyond economic repair in the opinion of Lessee (except when the Car is in the

possession of Lessor), Lessee agrees to pay Lessor the settlement value of the Car computed under Rule 107 of the Interchange Rules adopted by the Association of American Railroads (hereafter "A.A.R. Code of Rules") within 30 days of such occurrence. Lease Charges with respect to any Car shall abate upon the date Lessor is advised that such Car has been lost, destroyed, or damaged beyond economic repair.

Upon payment by Lessee to Lessor of the settlement value of any Car as hereinabove provided, so long as Lessee is not in default hereunder, such Car and/or devices shall become the property of the Lessee. In order to facilitate the sale or other disposition of any Car which becomes Lessee's property as hereinbefore provided, Lessor shall, upon request of Lessee, execute and deliver to Lessee or to Lessee's vendee, assignee or nominee, a bill of sale for such Car, warranting title free and clear of all liens, security interests, and other encumbrances (except such as may have arisen by, through or under Lessee during the term of this Agreement) and such other documents as may be required to release such Car from the terms and scope of this Agreement and from any other lien or encumbrance of Lessor's making, undertaking or sufferance, in such forms as may be reasonably required by the Lessee.

5. Return of Cars: The Lessee agrees, immediately upon the expiration or termination of this Agreement without demand by Lessor, to return each of the Cars to Lessor uncontaminated and in the same condition as received, less reasonable wear and tear, and free of liens arising by, through or under Lessee, to an interchange point on the Chessie System Railroad, and to pay rent on each Car until such return. Rent for each Car shall cease when each such car is returned in the above condition to the point referenced above, or are placed in storage at the request of Lessor as stipulated below. Lessee shall use best efforts but is not obligated to provide up to sixty (60) days free storage for all or less than all Cars at the request of the Lessor at the expiration or termination of this Agreement. During such storage period all rent shall cease and Lessor will assume responsibility for the Cars during storage. Lessor will recall cars from storage all at the same time or in blocks of not less than a fixed number of cars.

6. Maintenance: (a) Lessor agrees to maintain at its own expense each of the Cars in good condition and repair, in conformity with all applicable laws and regulations including the A.A.R. Code of Rules and FRA Railroad Freight Car Safety Standards except for the following:

(i) Repairs or maintenance required as a result of damage caused by the Lessee, its agents, representatives, customers or independent contractors or any third party as prescribed in Rule 95, Section A of the Field Manual of AAR Interchange Rules; or

(ii) Repairs or maintenance required because of damage caused to the Cars by any corrosive or abrasive substance loaded therein or used in connection therewith; or

(iii) Repairs or maintenance required because of damage caused to the Cars by open flames, vibrators, sledges or other similar devices during loading or unloading operations; or

(iv) Repairs or maintenance required because of excessive or unbalanced loading.

(b) Lessee will make the Cars available to Lessor or its contractors at any facility specified by Lessor at any reasonable time on request for the purpose of maintenance inspection and to ensure regular maintenance or repairs. Lessee shall pay all transportation charges for moving any Car to the repair or inspection facility designated by Lessor if such facility is located on the lines of the CSX Rail System. Lessor shall pay the transportation charges to repair facilities located off the lines of CSX Rail System. Rent shall abate for any Car requiring repairs or inspection that are Lessor's responsibility after 72 hours of the date the Car is delivered to the repair or inspection facility designated by Lessor; rent shall resume as of the date that such Car is returned to the CSX Rail System in serviceable condition.

(c) In the case of damage caused to any of the Cars which is the responsibility under AAR Rules of a railroad and not repaired by such railroad, Lessor will perform the necessary repairs and will prepare and submit such documents as are necessary to recover the cost of such repair in accordance with AAR Rules and will perform all necessary administrative tasks in connection with such counterbilling. Lessor will be solely entitled to any sum so recovered.

(d) Lessee will, at Lessor's request, take such reasonable action as Lessor may specify to modify operating conditions within Lessee's control which in Lessor's reasonable opinion are causing undue and avoidable wear or damage to the Cars.

(e) Neither party to this Agreement will alter materially the physical structure or allow any third party to alter materially the physical structure of any of the Cars without the other party's written consent.

(f) Lessor reserves the right to retire any car that in its sole opinion it deems uneconomical to repair. Lessee's obligation to pay rent shall abate for any Car retired by Lessor as of the date on which it is retired or when such Car is delivered to Lessor's repair or inspection facility, whichever occurs first.

(g) Lessor acknowledges that, in connection with the discharge of Lessor's maintenance obligations hereunder, Lessor has

entered into or will enter into an Agency and Management Agreement ("Management Agreement") with Helm Financial Corporation in substantially the form annexed hereto. As collateral security for the performance of its maintenance obligations under this Lease, Lessor hereby grants to Lessee a security interest in all of Lessor's right, title and interest in and to all funds from time to time on deposit in the Reserve Account (as defined in the Management Agreement), subject, however, to the terms and conditions of the Management Agreement. Lessor shall have full right, subject, however, to the terms and conditions of the Management Agreement, to use such Reserve Account funds, unless and until Lessee shall exercise its rights against such funds as set forth in Section 14 of this Lease. Nothing contained in this subsection (g) shall release or alter Lessor's maintenance duties under this Lease.

7. Freight and Other Charges: Lessor shall not be obligated for the payment of any switching, freight, or other charges incurred by the movement or the holding of the Cars, either loaded or empty, during the term of this Agreement, all of which, if incurred by Lessee's action, will be paid by Lessee. Lessor shall have no right or claim to any per diem, demurrage or other Car hire charges arising out of the use of the Cars and all such charges, as applicable, shall belong and be payable to Lessee.

8. Lettering of Cars: Lessor will supply reporting marks for the Cars in accordance with the A.A.R. Code of Rules as indicated in Exhibit A. Lessee agrees to keep and maintain on the sides of each Car in letters not less than one-half inch in height the words "OWNERSHIP SUBJECT TO A SECURITY AGREEMENT FILED WITH THE INTERSTATE COMMERCE COMMISSION".

9. Responsibility for Taxes: Lessor agrees to pay any personal property taxes associated with the Cars. So long as the Cars are utilized by Lessee in the carriage of cargos from Quinland, West Virginia to Newport News, Virginia for export, Lessor agrees to, and in all other circumstances, Lessee agrees to assume responsibility for, and to pay, all other taxes, costs, fines and assessments of every kind upon the Cars, and to file all reports relating thereto; provided, however, that Lessee shall not be responsible for federal or state taxes based upon the income of Lessor.

10. Responsibility for Lading: Lessor shall not be liable for any loss of, or damage to, commodities, or any part thereof, loaded or shipped in the cars, however such loss or damage shall be caused, or shall result, except if caused by Lessor's negligence. The Lessee agrees to assume responsibility for, and to indemnify Lessor against, and to save it harmless from, any such loss or damage or claim therefor.

11. Indemnification: To the extent that it has physical possession and can control use of the cars, each party hereto

agrees to indemnify and save the other party harmless from any and all claims, demands, causes of action, cost, and expenses, including attorney fees, arising directly or indirectly out of the use, custody, control, or operation of the Cars, whether in contract, tort, or otherwise, except in the case where a claim, demand, cause of action, cost and expense is caused by a person performing regular maintenance or repair of the Cars pursuant to Section 6, in which case Lessor agrees to make no claim against Lessee. In any personal injury action(s) arising from the operation of said Cars naming the other party as a defendant, each party agrees, except for losses caused by the acts or omissions of the other party, if the other party so requests, to undertake the defense and costs associated therewith immediately upon tender of said defense, including payment of any judgment directed against the other party jointly or severally. Each party also agrees to pay and indemnify the other party from any and all penalties, fines and levies arising from its operation of said Cars under this Agreement. Each party's obligations hereunder shall survive the termination of this Agreement.

12. Force Majeure: Neither party to this Lease shall be liable for nonperformance or delay in performance hereunder to the extent caused by unforeseen acts of God, government restraint, acts of the public enemy, civil commotion, strikes, nuclear or other disasters, labor disputes, labor or Material shortage, fire, explosion, flood or breakdown of or damage to plant, equipment or facilities (any of such events herein called "Force Majeure"). If affected by Force Majeure, the party so affected will give notice to the other party as promptly as practicable of the nature and expected duration of such Force Majeure. If, because of Force Majeure, either party hereto is prevented from carrying out any of its obligations under this Lease, then the obligations of such party shall be suspended to the extent made necessary by such Force Majeure. The party affected shall exercise all reasonable efforts to eliminate the effect of such Force Majeure as promptly as possible.

13. Assignment: Lessee, its parent or subsidiary companies shall be entitled to the possession and use of the Cars in accordance with the terms of this Agreement. Except as herein provided, neither Lessor nor Lessee will assign, transfer, encumber or otherwise dispose of this lease, the Cars or any part thereof, or sublet any car without the prior written consent of the other party. Lessee will not permit or suffer any encumbrances or liens to be entered or levied upon any Car, other than such as may arise by, through, or under Lessor or any assignee of Lessor's rights hereunder.

Lessee acknowledges and understands that Lessor may, without notice to Lessee, assign its interest under this Agreement and in and to the Cars to a bank or other lending institution as security for one or more loans. Lessee agrees, in the event of

any such assignment and upon notice thereof from Lessor, and only in the event of such assignment to one or more such assignees: (i) to recognize such assignment; (ii) to make all payments of Lease Charges and other amounts due under the Agreement as so assigned directly to the assignee identified in such notice or to its designee; (iii) to accept the directions or demands of such assignee in place of those of the Lessor; (iv) to surrender the Cars to such assignee upon termination of this Agreement; (v) that, in the event of such assignment and except as otherwise provided in Articles 4, 5, 6, or 9, Lessee's obligations hereunder with respect to payment of Lease Charges shall not be subject to any reduction, abatement, defense, set-off, counterclaim of recoupment for any reason whatsoever; (vi) except as otherwise provided in Articles 2, 4 (with respect to any Car which becomes Lessee's property), 5, 6, and Article 14, not to terminate this Agreement; provided, however, nothing contained in this Article 12 shall relieve Lessor from its obligations to Lessee hereunder, nor shall any assignee hereof be relieved of the obligation to release its interest in any Car to facilitate Lessor's obligations contained in the second paragraph of Article 4 hereof.

14. Remedies: If the Lessee after five business days notice shall fail to carry out and perform any of the obligations on its part to be performed under this Agreement, or if a petition, in bankruptcy, for reorganization, for a Trustee, or for a Receiver, shall be filed by the Lessee, or filed against the Lessee and not dismissed within 45 days, then, and in any of said events, Lessor shall have all rights available to it at law or in equity, including without limitation the right immediately to repossess the Cars, to remove the Cars from the Lessee's service, to terminate this Agreement pursuant to this Article 14, Lessee shall remain liable for all unpaid rent and other amounts due hereunder. The rights and remedies herein given to Lessor shall in no way limit its other rights and remedies give or provided by law or in equity. If Lessor after five (5) business days' notice shall fail to carry out and perform any of the obligations on its part to be performed under this Agreement, or if petition in bankruptcy, for reorganization, for a Trustee, or for a Receiver, shall be filed by or against the Lessor, then, and in any of said events, Lessee shall have the right to immediately terminate this Agreement and Lessee Charges hereunder shall cease, or, in the alternative, Lessee shall have the right to retain the Cars pursuant to this Lease and to take possession of all funds from time to time standing to the credit of the Lessor on deposit in the Reserve Account and deal with the same as if it were the Lessor, subject, however, to the terms and conditions of the Management Agreement, and for this purpose Lessor constitutes Lessee its Attorney-in-Fact to execute all endorsements and documents necessary or appropriate to be delivered to the depository bank. If Lessee shall terminate this Agreement pursuant to this Article 14, the rights and remedies herein given to Lessee shall

in no way limit its other rights or remedies given or provided by law or in equity.

15. Term of Agreement: This Agreement shall remain in full force and effect, with regard to each of the Cars, for a period of thirty-six (36) months from the average date of delivery of all of the Cars. Lessor shall advise Lessee of the average date of delivery of all of the Cars.

16. Notice: Any notice to be given under this Agreement shall be given by certified mail in the following manner:

(a) Notices from Lessor to Lessee shall be sent to:

Westmoreland Coal Sales Company
2500 Fidelity Building
Philadelphia, PA 19109
Attention: Contract Administration

(b) Notices from Lessee to Lessor shall be sent to:

American Leasing Investors
c/o Integrated Resources Equipment Group, Inc.
733 Third Avenue
New York, NY 10017
Attention: Vice President - Administration

17. Compliance with Laws and Insurance Requirements: Lessee agrees that to the extent it has physical possession and can control use of the Cars, the Cars shall at all times be used and operated to the best of Lessee's knowledge under and in compliance with the laws of the jurisdiction in which the Cars may be located and in compliance with all lawful acts, rules, regulations and orders of any governmental bodies or officers having power to regulate or to supervise the use of such Cars, except that either Lessor or Lessee may in good faith and by appropriate proceeding, contest the application of any such act, rule, regulation or order in any reasonable manner at the expense of the contesting party. Lessee is a qualified self insurer of the risk and obligations assumed under this agreement and so long as Lessee claims so qualified, the provisions requiring insurance as set forth herein shall be waived.

18. Execution: This Agreement may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original, and such counterparts together shall constitute but one and the same contract. This Agreement may be signed in separate counterparts as long as each party hereto shall have signed at least one counterpart.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed and delivered that day and year first above written.

LESSOR:

AMERICAN LEASING INVESTORS By:
ALI MANAGEMENT CORPORATION,
Managing General Partner

ATTEST: Carl G. Sisk

By: M. Carol McPeak

Title: Senior Vice President

Date: July 27, 1986

LESSEE:

WESTMORELAND COAL SALES COMPANY

ATTEST: Paul R. Rimmick

By: [Signature]

Title: Vice-President Contract Administration

Date: July 25, 1986

STATE OF Pennsylvania)

)

COUNTY OF Philadelphia)

I, Lillian Zebuski, a Notary Public in and for the state and county aforesaid, do hereby certify that

Ronald J. Cheato and _____ of Westmoreland Coal Sales Co. a Vice President - Contract Adm. corporation, whose names are subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that as such _____ and _____ respectively, they signed, sealed and delivered the aforesaid instrument and caused the corporate seal of of said corporation to be affixed thereto, pursuant to authority of its Board of Directors, as their free and voluntary act and as the free and voluntary act and deed of said corporation for the uses and purposes therein set forth.

Given under my hand and notarial seal this 25th day of July, 1986.

LILLIAN ZEBUSKI
Notary Public Phila., Phila. Co.
My Commission Expires April 3, 1989

RAILCAR LEASE AGREEMENT

Agreement, dated as of June 15, 1986 by and between American Leasing Investors I, a California Limited Partnership ("Lessor"), as Lessor, and Huron and Eastern Railway Company, a Michigan Corporation ("Lessee"), as Lessee. (WNT#)

1. Scope of Agreement

A. Lessor agrees to lease to Lessee, and Lessee agrees to lease from Lessor, railroad equipment of the type and description as set forth in Equipment Schedule 1 executed by the parties concurrently herewith and made a part of the Agreement.

B. The scheduled items of equipment are hereinafter called collectively the "Cars".

2. Term

This Agreement shall remain in full force until it shall have been terminated as to all of the Cars as provided herein. The term of lease with respect to all of the Cars shall be for three (3) years commencing upon the date when all Cars on Equipment Schedule 1 have been delivered as set forth in Section 3A hereof.

3. Supply Provisions

A. To move the Cars to Lessee's railroad line, Lessor agrees to assist Lessee in monitoring Car movements and, when deemed necessary by Lessee and Lessor, to issue movement orders with respect to such Cars to other railroad lines in accordance with ICC and AAR interchange agreements and rules. Lessee will bear the cost of delivery of the Cars from The Chicago, Illinois interchange of the Seaboard System Railroad to point of initial loading. Such charges will be advanced by Lessor and deducted from any amounts due Lessee. Lessor agrees to use its best efforts to move cars immediately to Lessee upon execution of the Agreement.

B. Lessee, at its expense, shall have the right to inspect and reject the Cars subject to this agreement prior to Lessor transporting the Cars from their present location.

C. Lessee shall give preference to Lessor and shall load the Cars leased from Lessor prior to loading cars interchanged with other railroads or leased or purchased by Lessee subsequent to the date of this Agreement, providing however, that this shall in no event prevent Lessee from fulfilling its common carrier obligations to provide transportation services upon reasonable request therefore to shippers on its railroad.

D. Additional Cars may be leased from Lessor by Lessee only upon the mutual agreement of the parties hereto. Upon such agreement, such additional Cars shall be identified in Equipment Schedules to this Agreement and shall benefit from and be subject to this Agreement upon execution of the Equipment Schedules by Lessor and Lessee.

4. Railroad Markings and Record Keeping

A. Lessor and Lessee agree that on delivery of any Cars to Lessee, said Cars will be lettered with the railroad markings of Lessee at the cost and expense of Lessee, at Bad Axe, Michigan.

B. At no cost to Lessor, Lessee shall during the term of this Agreement cause to be prepared for Lessor's signature and filing all documents relating to the registration, maintenance and record keeping functions involving the Cars. Such documents shall include (i) appropriate AAR documents including an application, if applicable, for relief from AAR Car Service Rules; (ii) registration in the Official Railway Equipment Register and the Universal Machine Language Equipment Register; and (iii) such other reports as may be required from time to time by the ICC and/or other regulatory agencies.

C. Each Car leased hereunder shall be registered by Lessee at no cost to Lessor in the Official Railway Equipment Register and the universal Machine Language Equipment Register. Lessee shall, on behalf of Lessor, perform all record keeping functions relating to the use of the Cars by Lessee and other railroads in accordance with AAR railroad interchange agreements and rules, such as car hire reconciliation.

D. All record keeping performed by Lessee at the expense of Lessee hereunder and all record of payments, charges and correspondence related to the Cars shall be separately recorded and maintained by Lessee in a form suitable for reasonable inspection by Lessor from time to time during regular Lessee business hours. Lessee shall supply Lessor with such information regarding the use of the Cars by Lessee on its railroad line as Lessor may reasonably request.

5. Maintenance, Taxes and Insurance

A. Except as otherwise provided herein, Lessor will pay all costs, expenses, fees and charges incurred in connection with the use and operation of each of the Cars during its lease term and any extension thereof, including but not limited to repairs, maintenance, and servicing, unless the same was occasioned by the fault of Lessee while such Car is in the physical possession of Lessee. The maintenance, repair and servicing of interior lading devices shall be the responsibility of the Lessee. Lessee shall inspect all Cars interchanged to it to insure that such Cars are in good working order and condition and shall be liable to Lessor for any repairs required for damage not noted at the time of interchange.

B. Except as provided above, Lessor shall make or cause to be made such inspections of, and maintenance and repairs to, the Cars as may be required. Upon request of Lessor, Lessee shall perform, up to its repair capabilities any necessary maintenance and repairs to Cars on Lessee's railroad tracks as may be reasonably requested by Lessor. Lessor shall also make, or cause to be made, at its expense, all alterations, modifications or replacement of parts, as shall be necessary to maintain the Cars in good operating condition throughout the term of the lease of such Cars. Lessee may make running repairs to facilitate continued immediate use of a Car, but shall not otherwise make any repairs, alterations, improvements or additions to the Cars without Lessor's prior written

consent. If Lessee makes an alteration, improvement, or addition to any Car without Lessor's prior written consent, Lessee shall be liable to Lessor for any revenues lost due to such alteration. Title to any such alteration, improvement or addition shall be and remain with Lessor.

C. Lessee will at all times while this Agreement is in effect, be responsible for the Cars while on Lessee's railroad tracks in the same manner that Lessee is responsible under Rule 7 of the AAR Car Service and Car Hire Agreement Code of Car Service Rules-Freight for cars not owned by the Lessee on Lessee's railroad tracks. Lessee shall protect against the consequences of an event of loss involving the Cars while on Lessee's railroad tracks by either obtaining insurance at reasonable rates or maintaining a self insurance program. If Lessee elects to carry insurance, it shall furnish Lessor with a certificate of insurance with respect to the insurance carried on the Cars signed by an independent insurance broker. All insurance shall be taken out in the name of Lessee and Lessor (or its assignee) as their interests may appear. Offline, the Cars will be insured by Lessor.

D. Lessee agrees to pay for all taxes, assessments and other governmental charges of whatsoever kind or character, relating to each Car and on the Lease, delivery or operation thereof which may remain unpaid as of the date of delivery of such Car to Lessee or which may be accrued, levied, assessed or imposed during the lease term, except taxes on income imposed on Lessee. Lessor shall forward to Lessee all sales and use tax payments received by it on behalf of Lessee. Lessor and Lessee will comply with all state and local laws requiring the filing of ad valorem tax returns on the Cars. Lessor shall review all applicable tax returns prior to filing.

6. Lease Rental

A. Lessee agrees to pay the following rent to Lessor for the use of the Cars:

(1) For the purpose of this agreement, "Utilization" shall mean with respect to any period a fraction the numerator of which is (x) the aggregate number of Car Hours for which payments are earned by the Lessee during such period, and the denominator of which is (y) the aggregate number of Cars Hours during such period. For the purpose of determining Utilization, "Car Hour" shall mean one hour on which one car is on lease hereunder, commencing on the delivery of such Car to Lessee.

Lessee shall collect all payments made by other railroad companies for their use or handling of the Cars, including but not limited to, car hire payments (which payments made to Lessee are hereinafter collectively referred to as "Payments") and mileage charges and distribute them as follows. It is understood that no car hire and mileage payments are generated when cars are on the tracks of Lessee.

(a) Car Hire Payments - The Lessor shall receive the first \$180.00 per car per month of hourly car hire payments. Any additional car hire payments in excess of \$180.00 per car per month shall be shared equally between the Lessor and the Lessee.

(b) Mileage Charges - The Lessor shall receive all mileage earnings collected by the Lessee.

(ii) In the event damage beyond repair or destruction of a Car has been reported in accordance with Rule 7 of the AAR Car Service and Car Hire Agreement Code of Car Hire Rules - Freight and the appropriate amount due as a result thereof is received by Lessor, said damaged or destroyed Car will be removed from coverage of this Agreement as of the date that Payments ceased.

(iii) Lessee shall not, without the prior written consent of Lessor, grant any reclaims with respect to the Cars nor, if permitted by law, reduce the car hire charges applicable to the Cars.

B. During the term of this Agreement, if lessor's net car hire revenue in any calendar quarter is less than the appropriate revenue associated with 60% Utilization per Car as determined under the appropriate AAR Revenue Publication, or if at any time during a calendar quarter the number of hours that the Cars have not earned car hire payment is such as to make it mathematically certain that the Lessor's net car hire revenue cannot be equal to or greater than the appropriate revenue associated with 60% Utilization per Car, Lessor may, at its option and upon not less than 30 days prior written notice to Lessee, terminate this Agreement as to all or such part of the Cars as Lessor shall determine. If Lessor terminates this Agreement for insufficient utilization, Lessee shall remove Lessee's railroad markings at Lessee's cost from the Cars when requested by Lessor when cars are on Lessee's Railroad and place thereon such markings as may be designated by Lessor at the cost and expense of Lessor. After the removal and replacement of markings, Lessee shall, when requested by Lessor, use its best efforts to load such Cars and deliver them to a connecting carrier for shipment. Lessee shall provide up to ninety (90) days free storage on its railroad tracks for any terminated Car. Lessee may cause any notice of termination by making up the short fall in revenues up to 60% utilization per car.

C. Lessee shall collect or cause to be collected all Payments with respect to the Cars in connection with the use of the Cars by other railroads and shall pay to Lessor all rental due Lessor within five (5) days of rental receipt. Payments along with an accounting of the basis for such payments shall be mailed monthly to Lessor.

D. Lessor may withdraw Cars from this Lease Agreement if actual repair or maintenance cost for the Cars, which are Lessor's responsibility per paragraph 5, exceed the total mileage earnings collected per Car as averaged in any ninety (90) day time period. Any Cars withdrawn should be subject to the Termination provision of Article 9.

7. Possession and Use

A. So long as Lessee shall not be in default under this Agreement, Lessee shall be entitled to the possession, use and quiet enjoyment of the Cars in accordance with the terms of this Agreement and in the manner and to the extent Cars are customarily used in the railroad freight business,

provided that Lessee retain on its railroad tracks no more Cars than are necessary to fulfill its immediate requirements to provide transportation and facilities upon reasonable request therefore to shippers on its railroad tracks. To accomplish the objective of providing no more cars than are necessary to fulfill such shipper requirements, Lessee shall, if necessary, designate such Cars as exempt from AAR Car Service rules. However, Lessee's rights shall be subject and subordinate to the rights of any owner or secured party under any financing agreement entered into by Lessor in connection with the acquisition of Cars; i.e., upon notice to Lessee from any such secured party or owner that an event of default has occurred and is continuing under such financing agreement, such party may require that all rent shall be made directly to such party and/or that the Cars be returned to such party. Lessee agrees that to the extent it has physical possession and can control use of the Cars, the Cars will at all times be used and operated under and in compliance with the laws of the jurisdiction in which the same may be located and in compliance with all lawful acts, rules and regulations and orders of any governmental bodies or officers having power to regulate or supervise the use of such property, except that either Lessor or Lessee may in good faith and by appropriate proceedings contest the application of any such rule, regulation or order in any reasonable manner at the expense of the contesting party.

B. Lessee will not directly or indirectly create, incur, assume, or suffer to exist any mortgage, pledge, lien, charge, encumbrance, or other security interest or claim on or with respect to the Cars or any interest therein or in this Agreement or Schedule thereto. Lessee will promptly, at its expense, take such action as may be necessary to duly discharge any such mortgage, pledge, lien, charge, encumbrance, security interest, or claim if the same shall arise at any time.

8. Default

A. The occurrence of any of the following events shall be an event of default:

(i) The nonpayment by Lessee of any sum required herein to be paid by Lessee within ten days after the date any such payment is due.

(ii) The breach by Lessee of any other term, covenant or condition of this Agreement, which is not cured within ten days.

(iii) The insolvency by Lessee, or the filing by Lessee of any petition or action under any bankruptcy, reorganization, insolvency or moratorium law, or any other law or laws for the relief of, or relating to, debtors.

(iv) The filing of any involuntary petition under any bankruptcy, reorganization, insolvency or moratorium law against Lessee that is not dismissed within thirty (30) days thereafter, or the appointment of any receiver or trustee to take possession of the properties of Lessee, unless such petition or appointment is set aside or withdrawn or ceases to be in effect within thirty (30) days from the date of said filing or appointment.

(v) Any action by Lessee to discontinue rail service on all or a portion of its tracks or abandon any of its tracks or abandon any of its rail properties pursuant to applicable provisions of the Interstate Commerce Act or the laws of any state, if such action might reasonably affect the Payment earned by the Cars.

B. Upon the occurrence of any event of default, Lessor may, at its option, terminate this Agreement and may:

(i) Proceed by any lawful means to enforce performance by Lessee of this Agreement or to recover damages for a breach thereof (and Lessee agrees to bear Lessor's costs and expenses, including reasonable attorney's fees, in securing such enforcement), or

(ii) By notice in writing to Lessee, terminate Lessee's right of possession and use of the Cars, whereupon all rights and interest of Lessee in the Cars shall terminate; and thereupon Lessor may enter upon any premises where the Cars may be located and take possession of them and hence forth hold, possess and enjoy the same free from any right of Lessee. Lessor shall nevertheless have the right to recover from Lessee any and all rental amounts which under the terms of this Agreement may then be due or which may have accrued to the date the Cars are returned or terminated, whichever is later.

9. Termination

At the expiration or termination of this Agreement as to any Cars, Lessee will surrender possession of such Cars to Lessor by delivering the same to Lessor. A Car shall be no longer subject to this Agreement upon the removal of Lessee's railroad markings from the Car and the placing thereon of such markings as designated by Lessor either at the option of Lessor, (1) by Lessee upon return of the Cars to Lessee's Railroad line, at Lessor's expense or (2) by another railroad line which has physical possession of the Car at the time of or subsequent to termination of the lease term as to such Car. If such Cars are not on the railroad line of Lessee upon such expiration or termination or are subsequently returned to Lessee's railroad line, Lessee shall at its own expense within five working days remove Lessee's railroad markings from the Cars. After the removal and replacement of markings, with replacement of markings at Lessor's expense, Lessee shall use its best efforts to load such Cars with freight and deliver them to a connecting carrier for shipment. Lessee shall provide up to ninety (90) days free storage on its railroad tracks for lessor or the subsequent Lessee of any terminated Cars. Thereafter, storage charges will be paid by Lessor at a negotiated price between parties.

10. indemnities

Lessee will defend, indemnify and hold Lessor harmless from and against (1) any and all loss or damage of or to the Cars, usual wear and tear excepted, unless occurring while Lessee has physical possession of Cars and (2) any claim, cause of action, damage, liability, cost or expense which may be asserted against Lessee with respect to the Cars other than loss or physical damage (unless occurring through delivery of the Cars to Lessee's railroad line, ownership, leasing or return of the Cars or

as a result of the use, maintenance, repair, replacement, operation or the condition thereof (whether defects, if any, are latent or are discoverable by Lessor or Lessee).

11. Representation, Warranties and Covenants

Lessee represents, warrants and covenants that:

(i) Lessee is a corporation duly organized, validly existing and in good standing under the laws of the state where it is incorporated and has the corporate power and authority and is duly qualified and authorized to do business wherever necessary to carry out its present business and operations and to perform its obligations under this Agreement.

(ii) The entering into and performance of this Agreement will not violate any judgement, order, law or regulation applicable to Lessee, or result in any breach of, or constitute a default under, or result in the creation of any lien, charge, security interest or other encumbrance upon any assets of Lessee or on the Cars pursuant to any instrument to which Lessee is a party by which it or its assets may be bound.

(iii) There is no action or proceeding pending or threatened against Lessee before any court or administrative agency or other governmental body which might result in any material adverse effect on the business, properties and assets, or conditions, financial or otherwise, of Lessee.

(iv) There is no fact which Lessee has not disclosed to Lessor in writing, nor is Lessee a party to any agreement or instrument or subject to any charter or other corporate restriction which, so far as the Lessee can now reasonably foresee, will individually or in the aggregate materially adversely affect the business, condition or any material portion of the properties of the Lessee or the ability of the Lessee to perform its obligations under this Agreement.

12. Inspection

Lessor shall at any time during normal business hours have the right to enter the premises where the Cars may be located for the purpose of inspecting and examining the Cars to insure Lessee's compliance with its obligations hereunder. Lessee shall immediately notify Lessor of any accident connected with the Cars. Lessee shall also notify Lessor in writing within five (5) days after any attachment, tax lien or other judicial process which shall attach to any Car. Lessee shall furnish to Lessor promptly upon its becoming available, a copy of its annual report or copies of any other income and balance sheet statements required to be submitted to the ICC and/or state agencies.

13. Miscellaneous

A. This Agreement and the Equipment 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 purported assignment or sublease in violation hereof shall be void.

B. Both parties agree to execute the documents contemplated by this transaction and such other documents as may be required in furtherance of any financing agreement entered into by Lessor in connection with the acquisition of the Cars in order to confirm the financing party's interest in and to the Cars, this Agreement and Schedules, hereto and to confirming the subordination provisions contained in Section 7.

C. It is expressly understood and agreed by the parties hereto that this Agreement constitutes a lease of the Cars only and no joint venture or partnership is being created. Notwithstanding the calculation of rental payments, nothing herein shall be construed as conveying to Lessee any right, title or interest in the Cars except as a lessee only.

D. This Agreement shall be governed by and construed according to the laws of the State of New York, which is the headquarters for Integrated Resources.

E. All notices hereunder shall be in writing and shall be deemed given when delivered personally or when deposited in the United States mail, postage prepaid, certified or registered addressed to the vice-president of the other party at the address set forth below:

To: Lessor:
Integrated Resources Equipment Group, Inc.
100 South Wacker Drive
Chicago, Illinois 60606

To: Lessee: President
Huron and Eastern Railway Company
644 E. Huron Avenue
Bad Axe, Michigan 48413

F. Arbitration - Any disputes under this Agreement shall be adjudicated pursuant to arbitration, under the rules of the American Arbitration Association then obtaining and the decision thereto shall be binding and enforceable in a court of competent jurisdiction. Cost of arbitration shall be borne by each of the respective parties.

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

LEASING

LI AMERICAN LEASE INVESTORS I
Equipment Management Corp., G.P.

HURON AND EASTERN RAILWAY COMPANY

By: Walter H. Hinton II

By: [Signature]

Title: V.P.

Title: PRESIDENT

Date: 6/30/86

Date: JUNE 13, 1986

EQUIPMENT SCHEDULE 1

Huron and Eastern Railway Company hereby leases the following railcars pursuant to that certain Lease Agreement dated as of June 15, 1986.

A.A.R. Mech. Design	Description	Number	Length	Dimensions Inside			Doors	No. of Cars
				Width	Height	Width		
LO	100 Ton, 4750 cubic foot covered hopper	HESR253400-253424						25

LEASING

WHP AMERICAN LEASE INVESTORS I

Y: ALL Equipment Management Corp., G.P.

By: Walter H. Hinton II

Title: V.P.

Date: 6/30/86

HURON AND EASTERN RAILWAY COMPANY

By: [Signature]

Title: PRESIDENT

Date: June 13, 1986