RECORDATION NO. 20809 FILED

AUG 6 '97 2-10PM

ALVORD AND ALVORD
ATTORNEYS AT LAW
918 SIXTEENTH STREET, N.W.
SUITE 200
WASHINGTON, D.C.
20006-2973

(202) 393-2266
FAX (202) 393-2156

ELIAS C. ALVORD (1942)
ELLSWORTH C. ALVORD (1964)

OF COUNSEL
URBAN A. LESTER

RECORDATION NO. 20809-A FILED

AUG 6 '97 2-10PM

Counterpart - Kimbotman

August 6, 1997

RECEIVED
SURFACE TRANSPORTATION BOARD
AUG 6 2 08 PM '97

Mr. Vernon A. Williams
Secretary
Surface Transportation Board
Washington, D.C. 20423

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are two (2) copies of a Master Equipment Lease Agreement, dated as of July 1, 1997, a primary document as defined in the Board's Rules for the Recordation of Documents and a Lease Agreement [Sublease] also dated as of July 1, 1997, a secondary document related thereto.

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

Master Equipment Lease Agreement

Lessor: NationsBanc Leasing Corporation
2300 Northlake Centre Drive
Tucker, Georgia 30084

Lessee: Grace Trust
1661 Beach Boulevard
Jacksonville, Florida 32250

Lease Agreement [Sublease]

Lessor: Grace Trust
1661 Beach Boulevard
Jacksonville, Florida 32250

Lessee: Minnesota Mining and Manufacturing Company
3M Center
St. Paul, Minnesota 55144

A description of the railroad equipment covered by the enclosed documents is:

fifteen (15) open hopper cars MMMX 200 through MMMX 214, inclusive

Also enclosed is a check in the amount of $48.00 payable to the order of the Surface Transportation Board covering the required recordation fee.

Kindly return one stamped copy of each of the enclosed documents to the undersigned.

Very truly yours,

Robert W. Alvord

RWA/bg
Enclosures

RECORDATION NO. 20809 FILED

AUG 6 '97 2-10PM

Master Equipment Lease Agreement

Lease Number 03622-03000

This Master Equipment Lease Agreement (this "Lease") dated as of July 1, 1997, between **NationsBanc Leasing Corporation** ("Lessor"), a corporation organized under the laws of North Carolina, having its chief executive office at 2300 Northlake Centre Drive, Suite 300, Tucker GA 30084, and **Grace Trust**, ("Lessee"), a trust organized under the Laws of Florida, having its chief executive office at 1661 Beach Blvd., Jacksonville Beach, Florida 32250.

1. Lease Agreement. Subject to the terms and conditions hereinafter set forth, Lessor shall lease to Lessee, and Lessee shall hire from Lessor, the units of personal property (collectively with all attached parts, replacements, additions, accessions and accessories attached thereto, the "Equipment") described in one or more equipment schedules (each a "Schedule") which incorporate by reference this Master Equipment Lease Agreement. Each Schedule shall constitute a separate and independent lease and contractual obligation of Lessee. Until a Schedule is duly signed and delivered by Lessor, a Schedule signed and delivered by Lessee constitutes an irrevocable offer by Lessee to lease the Equipment described in such Schedule from Lessor.

2. Term of Lease; Rentals and Deposit. The lease term with respect to any Equipment covered by a Schedule shall consist of an "Interim Term" and a "Base Term" as provided in the Schedule covering such Equipment. Lessee shall pay rent for the Interim Term ("Interim Rent") as provided and in amounts determined by Lessor as set forth in the applicable Schedule, and shall pay rent for the Base Term ("Base Rent") in such amounts and at such times as shall be specified in the applicable Schedule. At the time Lessee signs and delivers a Schedule, Lessee shall deposit with Lessor such additional sum ("Security Deposit"), if any, specified in the Schedule as security for the payment and performance of any obligation of Lessee hereunder.

3. Location and Use of Equipment. The Equipment shall not be used or assigned for use in service involving the regular operation or maintenance outside the United States. Lessee will use, operate, protect, and maintain the Equipment in compliance with all applicable insurance policies, laws, ordinances, rules, regulations, and manufacturer's instructions, and shall at its own expense make such alterations to the Equipment as are from time to time required for such compliance. The Equipment shall be used solely for commercial or business purposes, and not for any consumer, personal, home, or family purpose. Lessee shall not, through modifications, alterations or any other method, impair the originally intended function of any Equipment without the prior written consent of Lessor. Any replacement or substitution of parts, improvements or additions to the Equipment made by Lessee shall become and remain the property of Lessor. Lessee shall affix and maintain on each side of each unit of the Equipment (a) the reporting marks assigned to Lessee by the Association of American Railroads, (b) the identification number set forth in the Schedule for such unit, (c) the legend "owned by NationsBanc Leasing Corporation, as Lessor", and (d) such other markings as from time to time are required by law or deemed necessary or appropriate by Lessor to protect Lessor ownership interest in the Equipment. Lessee shall keep the Equipment free and clear of any liens, encumbrances, claims and charges (except for those created expressly by Lessor) and shall not in any way encumber its rights hereunder or under any Schedule.

4. Taxes. Lessee shall reimburse Lessor on demand for all taxes, assessments and other governmental charges paid by Lessor in connection with the Equipment or its use, ownership or operation while in Lessee's possession or the payment or receipt of rent or other charges under any Schedule, including but not limited to foreign, federal, state, county and municipal fees and taxes, ad valorem, sales, use, excise, stamp and documentary taxes (other than federal and state taxes based on Lessor's net income), and all related penalties, fines and interest charges. Upon Lessor's request, Lessee will immediately furnish to Lessor such information as Lessor shall require in connection with the preparation and filing of all returns relating to such taxes, assessments, or charges

5. Net Lease, Loss and Damage.

(a) Each Schedule is a net lease. All costs, expenses and other liabilities associated with the Equipment shall be borne by Lessee. Lessee's obligations under any and all Schedules are absolute and unconditional, and are not to be subject to any abatement, deferment, reduction, setoff, defense, counter claim or recoupment for any reason whatsoever. Except as otherwise expressly provided herein, no Schedule shall terminate nor shall the obligations of Lessee be affected, by reason of any defect or damage to, or any destruction, loss, theft, forfeiture, governmental requisition or obsolescence of the Equipment, regardless of cause.

(b) Lessee assumes all risk of damage to or loss, theft or destruction of the Equipment from any cause whatsoever from the date the Equipment is shipped by the vendor or manufacturer. In the event of loss or destruction of the Equipment from any cause whatsoever from the date the Equipment is shipped by the vendor or manufacturer but prior to its acceptance by Lessee, Lessee shall promptly pay to Lessor all sums heretofore paid by Lessor to such vendor or manufacturer and Lessor shall assign to Lessee all of its rights or causes of action, if any, against such vendor or manufacturer. In the event of damage of any kind whatsoever to any item of the Equipment on or after its acceptance by Lessee, Lessee shall, at Lessor's option, either place the same in good repair, condition or working order or if in the reasonable judgment of Lessor the Equipment is determined by Lessor to be lost, stolen, destroyed or damaged beyond repair, Lessee shall pay Lessor the Stipulated Loss Value therefor. Upon such payment, the Lease of such Equipment shall terminate and Lessee thereupon shall become entitled to such item of the Equipment **"As Is and Where Is"** without warranty, express or implied, with respect to any matter whatsoever. The Stipulated Loss Value of any Equipment shall be determined by Lessor in accordance with the provisions of the Schedule covering such Equipment. Proceeds of Insurance may be available for the repair or payment of the Stipulated Loss Value, in accordance with Section 6 hereof.

6. Insurance. Lessee shall, at its own expense, procure and maintain the following insurance coverages on the Equipment until the Equipment is returned to Lessor or Lessee's obligations with respect thereto under any applicable Schedule are otherwise terminated: (i) insurance against theft, fire, and such other risks as Lessor shall specify or (absent any written specification by Lessor) as are customarily insured against in Lessee's trade or industry, under policies naming Lessor as loss payee and (ii) comprehensive public liability and property damage insurance, under policies naming Lessor as additional insured. Each such insurance policy shall: (a) include provisions for the protection of Lessor notwithstanding any action or inaction, neglect, breach, violation, or default of or by Lessee of any warranty, condition or declaration, (b) provide for payment of insurance proceeds to Lessor to the extent of its liability or interest, (c) provide that such policy may not be modified, terminated or canceled unless Lessor is given at least thirty (30) days' advance written notice thereof, (d) provide that the coverage is "primary coverage" for the protection of Lessee and Lessor notwithstanding any other coverage carried by Lessee or Lessor protecting against similar risks or liabilities, and (e) be issued in such amounts (which in the case of casualty insurance will never be less than the Stipulated Loss Value of the Equipment covered thereby), with such deductibles, by such insurance company, and otherwise in such form as shall all be reasonably satisfactory to Lessor. Lessee shall furnish Lessor with certificates or other satisfactory evidence of such insurance, and shall furnish Lessor with a renewal certificate for each policy at least ten (10) days before the policy renewal date. Lessor shall have no duty to examine any certificate or other evidence of insurance, or to advise Lessee in the event that its insurance is not in compliance with this Section 6. The proceeds of any public liability or property damage insurance shall be payable first to Lessor to the extent of its liability, if any, and the balance to Lessee. The proceeds of fire, theft, or other casualty insurance shall be payable solely to Lessor and shall be used for the repair or replacement of the affected Equipment, unless an event of default shall have occurred and be continuing, in which event such proceeds may, at Lessor's sole option, be applied toward the payment of Lessee's obligations under the applicable Schedule. Lessee hereby appoints Lessor as Lessee's agent and attorney-in-fact with full power to do all things (including but not limited to making, adjusting, and settling claims, and receiving payments and endorsing documents, checks, or drafts) necessary or advisable to secure payment due under any insurance policy contemplated hereby.

7. General Indemnities. Lessee shall indemnify Lessor against all claims, liabilities, losses and expenses whatsoever, including reasonable attorneys' fees and costs (except those directly and primarily caused by Lessor's gross negligence or willful misconduct), in any way relating to or arising out of the Equipment or any part thereof, or the ordering, acquisition, rejection, installation, possession, maintenance, use, ownership, condition, destruction, return, or disposition of the Equipment or any part thereof, including negligence and strict liability in tort, and including any infringement claim. Lessee's obligations under this provision shall survive any partial or total termination, expiration, or cancellation of this Lease.

8. Tax Indemnity.

(a) All references to "Lessor" in this Section 8 shall include each member of the affiliated group of corporations, as defined in Section 1504(a) of the Internal Revenue Code of 1986, as amended (the "Code"), of which Lessor is a member.

(b) Lessor and Lessee agree that Lessor shall be treated for federal, state and local income tax purposes as the owner of the Equipment and shall be entitled to take into account in computing its income tax liabilities, all items of income, deduction, credit, gain or loss relating to ownership of the Equipment as are provided under the Code and applicable state and local tax laws to owners of similar equipment (hereinafter collectively, the "Tax Benefits").

(c) If (i) Lessor shall lose, shall be delayed in claiming, shall not have a right to claim, shall be required to recapture (other than in connection with a sale of the Equipment following the end of the lease term, provided Lessee is not then in default, or as a result of an act or omission of Lessor), shall not be allowed or shall not claim as a result of a written opinion of independent tax counsel

authorizes Lessee to obtain at its own expense the customary service furnished by the manufacturer in connection therewith. Lessee acknowledges that Lessor is not a manufacturer, the agent of a manufacturer or engaged in the sale or distribution of the Equipment and has not made, and does not hereby make, any representation as to merchantability, performance, condition, fitness or suitability of any of the Equipment for the purposes of Lessee or make any other representation with respect thereto. Lessor shall not be liable to the Lessee for any loss, claim, liability, cost, damage or expense of any kind caused, or alleged to be caused, directly or indirectly, by any Equipment, or by an inadequacy thereof for any purpose, or by any defect therein, or the use or maintenance thereof, or any repairs, servicing or adjustments thereof, or any delay in providing or failure to provide the same, or any interruption or loss of service or use thereof, or any loss of business, profits, consequential or other damage of any nature. Lessee agrees that its obligations hereunder shall not in any way be affected by any defect or failure of performance of Equipment.

13. Personal Property. "[intentionally deleted]"

14. Default and Remedies.

(a) Each of the following shall constitute an event of default hereunder and under any and all Schedules then in effect (each, an "Event of Default "): (1) nonpayment when due of any installment of rent or other sum owing by Lessee hereunder, under any Schedule or under any other agreement between Lessor and Lessee if such nonpayment continues for ten (10) days; (2) Lessee's failure to perform and comply with any other provision or condition hereunder or under any Schedule if such failure continues for ten (10) days after written notice thereof by Lessor to Lessee; (3) Lessee's attempt to sell, lease or encumber any item of the Equipment without Lessor's prior written consent, or the attachment of any lien to any such item in favor of anyone other than Lessor, or any attempted levy, seizure or attachment on such item; (4) any representation or warranty made by Lessee to Lessor hereunder or under any Schedule, certificate, agreement, instrument or other statement including income and financial statements, proves to have been incorrect in any material respect when made; (5) the merger, consolidation, reorganization or dissolution of, or transfer of a controlling stock interest in Lessee or the suspension of Lessee's present business; (6) Lessee's general assignment for the benefit of creditors or commencement of any voluntary case or proceeding for relief under the Bankruptcy Code, or any other present or future law for the relief of debtors, or the taking of any action to authorize or implement any of the foregoing; (7) the filing of any petition or application against Lessee under any present or future law for the relief of debtors, including proceedings under the Bankruptcy Code, or for the subjection of property of Debtor to the control of any court, receiver or agency for the benefit of creditors if such petition or application is consented to by Lessee or not dismissed within sixty (60) days from the date of filing; (8) a default exists under any other agreement or instrument of Lessee's with or in favor of Lessor or any direct or indirect affiliate of Lessor; (9) the attempted repudiation of any guaranties for obligations of Lessee to Lessor; (10) the Pension Benefit Guaranty Corporation's commencement of proceedings under Section 4042 of the Employee Retirement Income Security Act of 1974 to terminate any employee pension benefit plan of Lessee; or (11) the occurrence of any event described in clauses (6), (7), (8), or (10) of this Section 14 with respect to any guarantor or the person liable for payment or performance of Lessee's obligations under this Lease.

(b) Upon the occurrence of an Event of Default, Lessor may at its option: (1) proceed by appropriate court action or actions, either at law or in equity, to enforce performance by Lessee of the applicable covenants hereunder and under any or all Schedules or to recover damages for the breach thereof; or (2) cancel Lessee's right of possession of any or all of the Equipment, whereupon all rights of Lessee to use the Equipment shall absolutely cease and terminate, but Lessee shall remain liable as herein provided. Upon such cancellation, Lessee shall, at its own expense, immediately redeliver such Equipment to Lessor at a place within the continental United Sates designated by Lessor. If Lessee shall fail to do so, Lessor may retake possession of same, free from any right of Lessee, its successors or assigns. If Lessor elects to cancel Lessee's right of possession of any Equipment, Lessor may recover from Lessee any and all amounts that, under the terms of the applicable Schedule, are then due or that have accrued to the date of such termination, and may also recover forthwith from Lessee, as damages for loss of its bargain and not as a penalty, an amount equal to the Stipulated Loss Value of such Equipment as of the rental payment date on or next preceding the date of default. However, if Lessor recovers possession of such Equipment, Lessee's obligations under the preceding sentence shall be reduced by (1) the net amount Lessor in fact receives from the sale of any such Equipment, or (2) at Lessor's election, the present value (determined on the basis of the "Discount Rate" as hereinafter defined) of the noncancelable regularly scheduled rentals receivable under a subsequent lease of any of the Equipment, taking into account only the rentals receivable from the commencement date of such subsequent lease until the end of the lease term for such Equipment under the applicable Schedule. For purposes of this Section 14, the Discount Rate shall be a rate of interest equal to four percent (4.0%) plus the "Prime Rate" of NationsBank of Georgia, N.A., Atlanta, Georgia (or any successor thereto as announced on the day on which the commencement date of such subsequent lease occurs.

selected by Lessor to the effect that Lessor's claiming of such Tax Benefits probably would not be upheld by a court if the matter were litigated (that is, that the chances of a finding against Lessor are at least as great as the chances in favor of Lessor), all or any portion of any Tax Benefits, under any circumstances, at any times and for any reason (except as a result of the failure of Lessor to make filings timely and in accordance with the assumptions herein made); or (ii) the federal, state or local income tax rates in effect on the commencement date of the lease term for such Equipment (the "Tax Rates") are changed with respect to any period on or prior to the disposition of the Equipment by Lessor; or (iii) Lessor is required under Section 467 of the Code or otherwise to include in its gross income with respect to any Schedule or item of Equipment any amount at any time other than rentals and other amounts payable by Lessee hereunder at the times such amounts are payable as provided herein, then Lessor and Lessee agree that, upon Lessor's demand and

at Lessor's option, either: (x) all further rental payments with respect to such Equipment, if any, shall be increased, or (y) Lessee shall pay to Lessor a lump sum amount, which shall in either case maintain the net economic after-tax yield, cash-flow and rate of return Lessor originally anticipated based on the assumptions (including Tax Rates) that were originally utilized by Lessor in originally evaluating the transaction and setting the rental therefor and the other terms thereof. Lessee shall also pay to Lessor all interest, costs (including attorney's fees) and penalties associated with the loss of Tax Benefits or the change in Tax Rates, including costs of collecting amounts under this Section 8.

(d) For purposes of paragraph (c) above, Lessor shall at all times be deemed to have sufficient taxable income and tax liability to be able to utilize the Tax Benefits on a current basis and the fact that Lessor may lose Tax Benefits solely because it either (i) has insufficient taxable income or tax liability or (ii) is subject to the alternative minimum tax shall not be taken into account.

9. Delivery, Acceptance and Return of Equipment.

(a) Upon delivery to and acceptance by Lessee of any Equipment, Lessee shall execute and deliver the Schedule relating to such Equipment, identifying same and acknowledging receipt thereof, with all information required on the Schedule fully completed. Lessee's execution of such Schedule shall constitute acceptance of delivery of such Equipment and Lessee's acknowledgment that such Equipment is in good operating order, repair, condition and appearance, is of the manufacture, design and capacity selected by Lessee, and is suitable for the purposes for which such Equipment is leased.

(b) Upon the expiration or early termination of this Lease, Lessee shall, at its risk and expense, assemble all units of the Equipment at any single facility of Lessee, selected by Lessor by notice not later than 90 days before this Lease expires, within the United States or, if Lessor does not so notify Lessee, at any such facility selected by Lessee, and there store the Equipment for a period not to exceed 90 days after this Lease expires, and deliver the Equipment to a carrier for shipment at Lessor's instructions.

Upon termination or expiration of this Lease, Lessee shall deliver to Lessor (or any person designated by Lessor) all manuals, logs, and maintenance records for the Equipment, if available.

Upon such return, the Equipment shall be in the condition required by §§ 3 and 10 hereof. Not less than 30 days before this Lease expires, Lessee shall notify Lessor of the location to which the Equipment is to be delivered pursuant to this section. Lessor (or any person designated by Lessor) may there inspect the Equipment. If any unit of Equipment is found not conforming to the requirements of this section, Lessee shall make such repairs as are necessary for such conformance.

If any unit of Equipment is not returned in the required condition upon the expiration of this Lease, Lessee shall pay to Lessor daily rent for each day from the expiration of this Lease to the date such unit is returned or restored to the condition required, as the case may be (or payment made in respect of any such unit deemed to have suffered a loss in accordance with § 5(b) hereof). Such daily rent shall be the daily equivalent of Base Rent, but shall not be less than the amounts paid by railroad companies to other railroad companies or private car lines for the use of equipment of the same age and type of the Equipment.

10. Maintenance. Lessee shall, at its own expense, maintain and keep the Equipment in good working order, repair, appearance and condition and make all necessary adjustments and repairs thereto and replacements thereof, all of which shall become the property of Lessor. Lessee shall observe the recommendations of the manufacturer of the Equipment regarding preventive maintenance and repair, and shall use replacement parts at least equal in quality and function to the parts originally furnished with the Equipment. Any replacement parts shall be free of liens and encumbrances when installed. Lessee shall use the Equipment only for the service and in the manner for which it was designed, and shall not use the Equipment for the transportation of corrosive or radioactive materials, or other materials that might cause damage to the Equipment that could not be practically repaired or would not be covered fully by insurance required or obtained pursuant to this Lease.

11. Renewal and Purchase. Except as set forth in the applicable Schedule, Lessee may not renew or extend the lease term with respect to any Equipment, nor shall Lessee have any option to purchase such Equipment.

12. Assignment of Warranties and Limitation of Responsibility. Lessor hereby transfers and assigns to Lessee, to the extent allowable by law, for and during the lease term of each Schedule with respect to any Equipment covered by such Schedule, the warranties, if any, of the manufacturer issued on such Equipment, and hereby

(c) In addition to any amount recoverable under paragraph (b) above, Lessor may recover from Lessee all Lessor's costs and expenses incurred by reason of Lessee's breach or default, including without limitation costs and expenses of repossession, storing, holding, transporting, insuring, servicing, repairing, maintaining, renting, and selling any Equipment and collecting rents and other proceeds of its disposition , and fees expenses of attorneys in the amount fifteen percent (15%) of all amounts due on or after the time of such breach or default (but not to exceed the amount actually incurred), and other professionals employed by Lessor in connection with the protection and enforcement of its title and interest in any and all Equipment and its rights under any and all Schedules. From and after the occurrence of an event of default, any installment of rent or other sum owing under any Schedule that is not paid when due shall accrue interest from the date of such event of default or (if later) the date such amount becomes due to the date it is paid, at a per annum rate equal to the lessor of (i) fifteen percent (15%), or (ii) the highest rate, if any, permitted by applicable law.

(d) Except as otherwise expressly provided herein, all rights and remedies of Lessor are concurrent and cumulative. The exercise or partial exercise of any remedy shall not restrict Lessor from further exercise of that remedy or any other remedy provided for herein or otherwise available under applicable law. To the extent permitted by applicable law, Lessee waives any rights now or hereafter conferred by statute or otherwise that may require Lessor to sell, release or otherwise use or dispose of any of Equipment in mitigation of Lessor's damages or that may otherwise limit or modify any of Lessor's rights or remedies.

15. Assignment by Lessor. Lessor may assign or transfer, and Lessee hereby consents to the assignment or transfer, of all or any part of any Schedule or Lessor's interest in any Equipment without notice to Lessee. Lessee agrees that the liability of Lessee to any assignee of Lessor, or any subsequent assignee of such assignee, shall be absolute and unconditional and shall not be affected by any default hereunder of Lessor whatsoever or by any breach of any warranty, express or implied, in respect of any Equipment or Schedule. Lessee further agrees that no such assignee shall be required to assume any of the obligations of Lessor under any Schedule except (i) the obligation in respect of the application of any insurance monies received by such assignee, as hereinabove provided, (ii) that the assignee shall be responsible for its own misconduct after the assignment, and (iii) that any successor lessor shall be responsible for the lessor's duties hereunder accruing after any such assignment. Lessee acknowledges that no such assignment shall materially change Lessee's duties hereunder or materially increase any burden or risk imposed on Lessee hereunder.

16. Prohibition of Assignment by Lessee. Lessee shall not assign or in any way dispose of all or any part of its rights or obligations under any Schedule or enter into any sublease of all or any part of any Equipment (excepting therefrom that certain Railroad Car Lease Agreement dated July 1, 1997 by and between Grace Trust Equipment, Inc., Minnesota Mining and Manufacturing Company) without the prior written consent of Lessor, or otherwise part with possession or control of the Equipment or any part thereof, except to railroad companies for the transportation of goods and commodities in the service of Lessee or to the manufacturer or other maintenance facilities for maintenance, repair, or overhaul, or for modification to the extent permitted under this Lease.

17. Miscellaneous.

(a) Each Schedule is and is intended to be a lease, and Lessee does not acquire hereby or under any Schedule any right, title or interest in or to the Equipment, except the right to use the same under the conditions hereof and under the additional conditions set forth in the applicable Schedule. Lessee waives any right to assert any lien or security interest on the Equipment in Lessee's possession or control for any reason.

(b) The relationship between Lessor and Lessee shall always and only be that of lessor and lessee. Lessee shall never at any time for any purpose whatsoever be or become the agent of Lessor and Lessor shall not be responsible for the acts or omissions of Lessee or its agents.

(c) Lessee shall file and record this Lease, and any assignments hereof and amendments hereto pursuant to Section 11303 of Title 49 of the United States Code, and shall execute and file any other instruments requested by Lessor that are necessary or appropriate to protect or preserve such interests.

Lessee hereby irrevocably appoints Lessor as Lessee's agent and attorney-in-fact for Lessee to execute, deliver, file, or record any such item, and to take such action for Lessee and in Lessee's name, place and stead.

(d) Lessor, its agents and employees shall have the right to enter any property where Equipment is located and inspect any Equipment at any reasonable time. Lessor's right to inspect the Equipment is solely for the benefit of Lessor and shall not impose any obligation of any kind whatsoever on Lessor.

(e) Lessee agrees to pay Lessor a late charge equal to five percent (5%) of the rental on all rentals not paid by Lessee to Lessor within ten (10) days of when due and owing under the provisions of this Lease.

(f) To secure the full and punctual payment and performance of its obligations under each Schedule, Lessee hereby grants to Lessor a security interest in all Lessee's right, title and interest, whether now existing or hereafter arising, in, under and to each other

Schedule, lease, security agreement or other agreement between Lessor and Lessee, and each item of Equipment or other tangible personal property covered thereby.

(g) Lessor's rights and remedies with respect to any of the terms and conditions of each Schedule shall be cumulative and not exclusive and shall be in addition to all other rights and remedies in its favor. Lessor's failure to enforce strictly any of the provisions of any Schedule shall not be construed as a waiver thereof or as excusing Lessee from future performance.

(h) The invalidity of any portion of this Lease or any Schedule shall not affect the force and effect of the remaining valid portions thereof.

(i) All notices shall be binding upon the parties hereto if sent to the respective addresses set forth herein, or to such other address as either party may designate in a written notice to the other party. Except as otherwise expressly provided herein, all notices shall be deemed effective when deposited in the United States mail (if sent by registered, certified or first-class mail, postage prepaid) or when received (if sent by any other means).

(j) Except as expressly provided herein, no representation, warranty, promise, guaranty or agreement, oral or written, expressed or implied, has been made by either party herein with respect to any Schedule or Equipment. This Lease and the Schedules governed hereby constitute the entire agreement between the parties herein with respect to the leasing of the Equipment. Any change or modification to this Lease or any Schedule governed hereby must be made in writing and signed by the parties hereto.

(k) To the extent permitted by applicable law, this is a "finance lease" under Section 2A-103(g) of the Uniform Commercial Code. Lessee waives any right (i) to cancel or repudiate this Lease or any Schedule governed hereby, (ii) to reject or revoke acceptance of any item of Equipment, and (iii) to recover from Lessor any general or consequential damages, for any reason whatsoever.

(l) This Lease and each Schedule incorporating its terms and conditions shall be governed by and construed according to the internal laws of the State of Georgia as of the date hereof, without giving effect to any principle of conflicts of law or choice of law that would otherwise make the law of any other jurisdiction the law governing this Lease or any such Schedule.

(m) Any controversy arising out of, or relating to, this Agreement, or a breach, which shall be settled by binding arbitration administered by the American Arbitration Association in accordance with its rules. A judgment upon an award rendered by the arbitrator may be entered in any court having jurisdiction. The initiating party shall give written notice to the other party of its decision to arbitrate by providing a specific statement setting forth the nature of the dispute, the amount involved, the remedy sought, and the hearing locale requested. The initiating party shall be responsible for all filing requirements and the payment of any fees according to the rules of the applicable regional office of the American Arbitration Association. The arbitrator shall award to the prevailing party, if any, as determined by the arbitrator, all of its costs and expenses including attorney's fees, arbitrator's fees, and out-of-pocket expenses of any kind. The consideration of the parties to be bound by arbitration is not only the waiver of trial by jury, but also the waiver of any rights to appeal the arbitration finding.

(n) Lessee shall reimburse Lessor upon demand for all costs and expenses incurred by Lessor in connection with the execution and delivery of this Lease and the transactions contemplated hereunder including, without limitation, any lien search and filing fees.

In Witness Whereof, Lessor and Lessee have executed this Lease as of the date first above written.

NationsBanc Leasing Corporation (Lessor)	**Grace Trust (Lessee)**
By:	By:
Printed Name: Damon R. Excell	Printed Name: Gil Gibbs
Title: Assistant Vice President	Title: Trustee

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State of FLORIDA)
) ss:
County of DUVAL)

On this 24th day of JULY, 1997, before me, personally appeared GIL GIBBS, to me personally known, who being by me duly sworn, says that (s)he is the TRUSTEE of GRACE TRUST, that the foregoing Master Equipment Lease Agreement was signed on behalf of said trust by authority granted under the TRUST agreement dated as of APRIL 3, 1985 and (s)he acknowledged that the execution of said instrument was the free act and deed of said trust.

Kenneth G Salsburg
Notary Public

(Seal)

My Commission expires: Kenneth G Salsburg My Commission CC646655 Expires June 22, 2001

State of Georgia)
) ss:
County of Dekalb)

On this 5th day of August, 1997, before me, personally appeared Mamor Excell, to me personally known, who being by me duly sworn, says that (s)he is the AVP of NationsBanc Leasing Corporation, that the seal affixed to the foregoing Master Equipment Lease Agreement is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and (s)he acknowledged that the execution of said instrument was the free act and deed of said corporation.

Carol Jones
Notary Public

(Seal)

My Commission expires: Notary Public, DeKalb County, Georgia My Commission Expires February 20, 1999

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NationsBank

NationsBanc Leasing Corp.

Equipment Lease Schedule
For Master Equipment Lease Agreement

Schedule Number 001

This Schedule, dated as of July 28, 1997, between **NationsBanc Leasing Corporation,** as Lessor, and Grace Trust, as Lessee, is executed pursuant to and is subject to the terms and conditions of Master Equipment Lease Agreement Number 03622-03000 dated as of July 01, 1997 (the "Lease"). Unless otherwise defined herein, capitalized terms used in this Schedule have the respective meanings assigned to such terms in the Lease. Should any terms and conditions of this Schedule conflict with any provision of the Lease, the terms and conditions herein shall supersede conflicting terms and conditions in the Lease.

Lessee hereby authorizes Lessor to insert herein the serial numbers and other identification data of the Equipment, when determined by Lessor, and dates or other omitted factual matters.

Description of Equipment: The total cost of which to Lessor is $317,300.00 ("Total Capitalized Cost"):

Quantity	Description	SerialNum	CustomerRef	Cost
15	3300 cubic foot, 100-ton, quick dump longitudinal door open hopper railcars	MMMX200 through MMMX214		**Cost:** $317,300.00

Equipment Total: **$317,300.00**

Term of Lease with respect to Equipment: The term of the Lease for the Equipment described herein is for an Interim Term commencing on the Acceptance Date set forth below, and continuing through and including the day preceding the Base Term Commencement Date; and for a Base Term of Eighty Four (84) months commencing on the 5th day of the calendar month following the Acceptance Date (the "Base Term Commencement Date").

Rental: Interim rent shall be due Lessor for each day in the Interim Term in an amount equal to the LIBOR Rate multiplied by Total Capitalized Cost and shall be payable on the Base Term Commencement Date. The "LIBOR Rate" shall mean the per annum rate of interest equal to the "average of interbank offered rates for dollar deposits in the London market based on quotations of five major banks" for a term of one year as published in the Wall Street Journal under the heading entitled "Money Rates London Interbank Offered Rates (LIBOR)", as of the Base Term Commencement Date plus two percent (2.00%).

Base Rent shall be payable in Eighty Four (84) consecutive monthly installments of $4,459.56 each, or as set forth in the Schedule of Base Rent installments attached hereto, the first Base Rent installment being payable on the Base Term Commencement Date and the remaining Base Rent installments being payable on the 5th day of each succeeding month.

Stipulated Loss Value: After the occurrence of any casualty loss or other event giving Lessor the right to require payment of the Equipment's Stipulated Loss Value, Lessor shall calculate such Stipulated Loss Value and give Lessee written notice thereof. Such "Stipulated Loss Value", as of any particular date, shall be the product obtained by multiplying the Total Capitalized Cost for the item of Equipment in question by the percentage, as set forth in the attached "Schedule of Stipulated Loss Values", specified opposite the rent installment number becoming due immediately after the date Lessor gives Lessee notice requiring payment of the Stipulated Loss Value (the "SLV Payment Date"). On the SLV Payment Date, Lessee shall pay Lessor the Stipulated Loss Value plus the rent installment then due, together with any other unpaid amounts then due and owing under this Schedule. If only a portion of the Equipment is affected by any event causing calculation of Stipulated Loss Value, and the cost of such portion cannot be readily determined from the Total Capitalized Cost set forth above, then the Total Capitalized Cost for such portion shall be as reasonably calculated by Lessor, with written notice of such Total Capitalized Cost being sent to Lessee by Lessor.

Assets Class and Depreciable Life: Lessee hereby warrants and represents that the above described Equipment qualifies under asset guideline class 0.25 and constitutes "7-year property" within the meaning of Internal Revenue Code Section 168.

Location of Equipment: Equipment will be located at:

Location	Address	City	County	State	Zip
A	3M & Walters Drive	Little Rock	Pulaski	Arkansas	72260

Insurance Requirements: In addition to the requirements set forth in the Lease, the following shall apply:

Liability: Not less than $1,000,000.00 combined single limit liability insurance, including bodily injury and death and property damage, covering activities of Lessor and Lessee and naming Lessor as additional insured.

Physical Damage: Comprehensive insurance, including loss by burglary, theft, malicious mischief and fire, for an amount not less than the Stipulated Loss Value of the Equipment, and naming Lessor as loss payee.

Default has occurred and continues, and upon Lessee having provided to Lessor written notice not less than ninety (90) days prior to the expiration of the Base Term of Lessee's election (which shall be irrevocable), elect to:

(i) Lessee may, provided no Event of Default has occurred and continues, and upon its having provided to Lessor written notice not less than ninety (90) days prior to the expiration of the Base Term of its election (which shall be irrevocable), purchase all of Lessor's right, title and interest in and to all, but not less than all, of the Equipment on an "as-is, where-is" basis, with no warranties (express or implied) as to any matter whatsoever, except that no lien or encumbrance against the Equipment then exists that has been created by Lessor, for a purchase price equal to the then Fair Market Value of the Equipment, which shall not exceed $59,652.40. Lessee shall pay Lessor the purchase price plus any applicable taxes on the expiration of the Base Term in immediately available funds.

Return Conditions:

In addition to the maintenance and return conditions set forth in the Lease, the Equipment covered by this Schedule also shall be subject to the following conditions:

(i) Cars shall not be used in Mexico; and

(ii) Lessee will act as a fiduciary on behalf of Lessor as to reporting, maintenance, physical condition, etc.

During any renewal term of the Lease, for Cars that are casualties, Lessor will receive from Lessee as Casualty Value the greater of 1) the Casualty Value in the Lease, or 2) AAR casualty settlement value.

(iii) Cars may not be loaded for revenue service after the date of Lease expiration or the expiration of any renewal term;

(iv) for tank cars: tank cars will be steam cleaned, free of liquid and product residue; Lessee will inform Lessor if any other product (product type) is transported in the Car, other than what was permitted hereunder; Lessee is responsible for full and complete cleaning;

(v) the Cars will be returned to Lessor complete, as when new, cleaned and free of product and other miscellaneous junk, silt, sludge, debris, or residue;

(vi) missing, broken, damaged, cracked or non-functioning equipment or parts will be replaced at Lessee's expense; rent will continue on a per diem basis on those Cars until they are in a mechanically acceptable condition for return;

(vii) exterior sides will be free of rust and corrosion and will be painted according to a standard paint scheme, free of any and all advertising and notices other than receiving numbers and Lessee's corporate identification;

(viii) in the case of covered hoppers and tank cars (if applicable), lining must be intact and in serviceable condition; and

(ix) Lessee shall return the Equipment, in first class operating condition, no later than ten days after Lease expiration, with one free move per Car on Lessee tracks (including subsidiary) and with respect to Cars not returned in ten days, Lessee shall pay Rent on a per diem basis until returned.

(x) the Lessor will be reimbursed for material removed from the Car (s) during any modification; the dollar amount will be based on the weight times the going rate of Pittsburgh #1 heavy melting.

No Material Adverse Change: Lessee represents and warrants that there has been no material adverse change in its business or financial condition since June 12, 1997. Lessor shall not be obligated to execute this Schedule and lease the Equipment hereunder to Lessee if there shall have occurred any change in applicable law that would have a material adverse impact on the transaction contemplated hereby or there shall have occurred a material adverse change (in Lessor's sole judgment) in the financial or business condition of Lessee.

Acknowledgment of Receipt of Equipment: Lessee acknowledges that the Equipment described herein above has been delivered to and received by it, is conforming as represented, and is acceptable and satisfactory to it, and that the same has been irrevocably accepted as Equipment leased by Lessee under this Schedule as of the date written below (the "Acceptance Date").

NationsBanc Leasing Corporation

By: Carol Jones

Printed Name: CAROL JONES
ASSISTANT VICE PRESIDENT

Title:

Grace Trust

By:

Printed Name: Gil Gibbs

Title: Trustee

Acceptance Date: 8-4-97