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18446
REGISTRATION NO. FILED 1993

OCT 29 1993 12:15 PM

INTERSTATE COMMERCE COMMISSION

202 347-7170

October 28, 1993

0100031051

Via Hand Delivery

The Honorable Sidney L. Strickland
Secretary
Interstate Commerce Commission
12th & Constitution Avenue, N.W.
Washington, D.C. 20523

Re: RailTex, Inc. -- Recordation of Amended
and Restated Commercial Security Agreement

Dear Mr. Secretary:

Pursuant to 49 U.S.C. §11303 and the Commission's regulations at 49 C.F.R. Part 1177, I enclose on behalf of RailTex, Inc., a Texas corporation, as an original filing, an original and one counterpart of the following document for filing and recordation:

An Amended and Restated Commercial Security Agreement dated as of July 29, 1993, between RailTex, Inc. as Grantor-Debtor and First Interstate Bank of Texas, N.A., as Grantee-Secured Party.

The names and addresses of the parties to the aforementioned document are as follows:

Grantor-Debtor
RailTex, Inc.
4040 Broadway, Suite 200
San Antonio, Texas 78209

Grantee-Secured Party
First Interstate Bank of Texas, N.A.
(as agent for certain specified lenders)
1000 Louisiana, 3rd Floor
Houston, Texas 77002

Please file and record the document referred to in this letter, and index it under the names of the Grantor-Debtor and Grantee-Secured Party.

Michael Loftus
Secretary
12/29/93
12:11 PM '93
Counterparts

RECEIVED
OFFICE OF THE
SECRETARY
OCT 29 12:11 PM '93
LICENSING
12/29/93

The equipment covered by the aforementioned document consists of: (1) one hundred five (105) steel pulpwood rail cars, Type L026 and L027, A.A.R. Mechanical Designation "LP," bearing the registered identification marks GSWR 10225 through GSWR 10670, in an irregular numerical sequence; (2) seventeen (17) steel, 2608 cubic foot three-pocket hopper coal cars, Type H250, A.A.R. Mechanical Designation "HT," bearing the registered identification marks TRAX 100 through TRAX 133, in an irregular numerical sequence; and (3) eighty-nine (89) locomotives of various types, as follows:

<u>Loco Number</u>	<u>Frame Number</u>	<u>EMD Type</u>
SDIV 1438	5624-14	GP-20
SDIV 2151	1888-8	GP-7
SDIV 3162	5054-13	GP-7
SDIV 4168	5200-8	GP-7
SDIV 5911	5398-9	GP-9
NCVA 6244	5544-6	GP-9
NCVA 6515	5519-2	GP-9
NCVA 23	5377-13	GP-9
VSRR 618	5490-13	GP-9
VSRR 178		GP-9
MMRR 24	5560-11	GP-9
MMRR 5967	5413-30	GP-9
MS 1077	8135-3	ALCO-RS3
MMRR 177		GP-9
MMRR 179		GP-9
MMRR 180		GP-9
AUNW 8	4625	SW-1200
AUNW 33	5398-5	GP-9
AUNW 44	5469-8	GP-9
AUNW 55	5469-2	GP-9
AUNW 66	7694-1	GP-38
AUNW 171	5565-3	GP-9
AUNW 172	5413-8	GP-9
AUNW 174	5334-5	GP-9
AUNW 272	5362-10	GP-9
AUNW 11	5469-10	GP-9
AUNW 22	5398-2	GP-9
SCRF 5905	5379-5	GP-9
SCRF 6097	5473-9	GP-9

SCRF 6187	5590-21	GP-9
SCRF 6439	5393-50	GP-9
SCRF 6440	5393-16	GP-9
SCRF 6550	5519-40	GP-9
SCRF 6555	5519-45	GP-9
GAAB 2077	1698-9	GP-7
GAAB 2078	1698-2	GP-7 MOD
GGG 2130	5219-13	GP-7
GSWR 20	5474-11	GP-9
GSWR 21	5474-2	GP-9
GSWR 6541	5519-37	GP-9
GSWR 2027	5145-6	GP-7
GSWR 2127	1637-7	GP-7
GSWR 2160	5145-7	GP-7
GSWR 2176	1637-4	GP-7
GSWR 2185	5145-17	GP-7
CPDR 25	7561-4	GP-9
CPDR 8379	5591-10	GP-10
CPDR 8383	5591-18	GP-10
CPDR 8387	5184-4	GP-10
TNMR 2053	1889-9	GP-7
TNMR 2234	5145-22	GP-7
NEKM 2022	5200-12	GP-7
NEKM 2210	5110-1	GP-7
NEKM 2167	5470-12	GP-7
C&A 2190	1762-8	GP-7 MOD
C&A 2158	1697-8	GP-7
TNER 92	6074-2	GP-7M
TNER 107	5019-8	GP-7
TNER 115	6323-6	GP-7
TNER 1229	4219-10	SW-1200
TNER 1237		SW-1200
TNER 2153	1221-0	GP-7 MOD
TNER 2166	5200-15	GP-7 MOD
TNER 2219	5288-1	GP-7
NOLR 8375	5591-5	GP-10
NOLR 8377	5591-8	GP-10
ITW 173	5595-6	GP-9

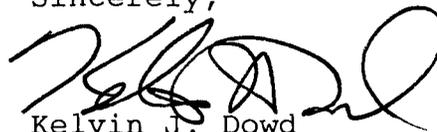
The Honorable Sidney L. Strickland
October 29, 1993
Page 4

KCS 4161	N/A	SLUG
ATSF 2013	6525-1	GP-7
ATSF 2207	5054-10	GP-7
ATSF 1120	N/A	
ATSF 1326	5200-1	GP-7
AUNW 6527	7695-8	GP-35
ISRR 6556	5811-11	GP-40
ISRR 6560	5811-15	GP-40
ISRR 6563	5811-18	GP-40
ISRR 6835	7340-16	GP-40
ISRR 6853	5811-8	GP-40
ISRR 6599	7340-50	GP-40
ISRR 3078	3483-7	GP-40
ISRR 3084	3486-2	GP-40
MNA 632	7263-2	GP-40
MNA 645	7263-15	GP-40
ISRR 6573	5791-4	GP-40
ISRR 6554	7317-2	GP-40
ISRR 2068	N/A	SLUG
GSWR 2124	7274-5	GP-38
MNA 636	7263-6	GP-40
MNA 640	7263-10	GP-40
MNA 642	7263-12	GP-40

Also enclosed is our check in the amount of \$18.00 to cover the requisite filing fee. Please accept for recordation one counterpart of the enclosed Agreement, stamp the remaining counterpart with your recordation number, and return it to the bearer of this letter along with your fee receipt addressed to the undersigned.

Thank you for your consideration in this matter.

Sincerely,



Kelvin J. Dowd
Attorney for RailTex, Inc.

Interstate Commerce Commission

Washington, D.C. 20423

10/29/93

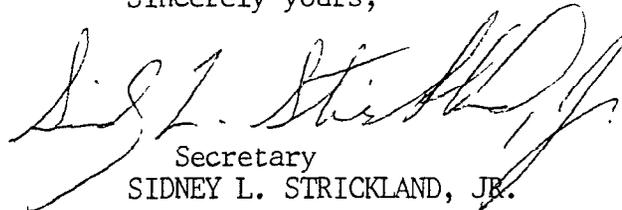
OFFICE OF THE SECRETARY

Kelvin J. Dowd
Slover & Loftus
1224 Seventeenth Street, NW
Washington, DC 20036

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on **10/29/93** at **12:15PM**, and assigned recordation number(s). **18446**

Sincerely yours,



Secretary
SIDNEY L. STRICKLAND, JR.

Enclosure(s)

18446
OCT 29 1993 - 12:15 PM
INTERSTATE COMMERCE COMMISSION

AMENDED AND RESTATED
COMMERCIAL SECURITY AGREEMENT

This Amended and Restated Commercial Security Agreement (the "Agreement") is executed as of the 29th day of July, 1993, by **RAILTEX, INC.**, a Texas corporation, whose address is 4040 Broadway, Suite 200, San Antonio, Bexar County, Texas 78209 (the "Debtor") in favor of **FIRST INTERSTATE BANK OF TEXAS, N.A.**, as Agent (together with its successors and assigns in such capacity, the "Secured Party") for the benefit of and as the representative of the Lenders from time to time a party to the Loan Agreement (as hereinafter defined). All capitalized terms not otherwise defined herein shall have the meanings ascribed to them in that certain Amended and Restated Loan Agreement dated as of July 29, 1993, by and among Debtor, Secured Party, National Bank of Canada (whether through its Toronto Branch or its New York Branch), First Interstate Bank of Texas, N.A., and any other Lenders that may from time to time become a party thereto (as it may be amended, modified, renewed, extended, increased or restated from time to time, the "Loan Agreement").

FOR VALUE RECEIVED, the receipt and sufficiency of which is hereby acknowledged, Debtor grants to Secured Party for the benefit of and as the representative of the Lenders, the security interests (and the pledges and assignments as applicable) hereinafter set forth and agrees with Secured Party as follows:

A. **OBLIGATIONS SECURED.** The security interests, pledges and assignments, as applicable, granted hereby are to secure punctual payment and performance of the following: (i) the Notes, and any and all extensions, renewals, modifications, increases, restatements and rearrangements thereof, (ii) the obligations of Debtor to Secured Party and the Lenders, or any of them, under this Agreement or the Loan Agreement and the obligations of Debtor and its Subsidiaries under any of the other Loan Documents or otherwise relating to any Loans or the GERC Loan, and (iii) any and all other indebtedness, liabilities and obligations whatsoever of Debtor or any of its Subsidiaries to Secured Party and the Lenders, or any of them, whether direct or indirect, absolute or contingent, primary or secondary, due or to become due and whether now existing or hereafter arising pursuant to or under this Agreement, the Loan Agreement or any of the Loan Documents, whether joint or several, or joint and several (all of which are herein separately and collectively referred to as the "Obligations"). Debtor acknowledges that the security interests hereby granted shall secure all future advances pursuant to or under this Agreement, the Loan Agreement or any of the Loan Documents.

B. USE OF COLLATERAL. Debtor represents, warrants and covenants to Secured Party that the Collateral will be used by the Debtor primarily for business purposes.

C. DESCRIPTION OF COLLATERAL. Debtor hereby grants to Secured Party, for the benefit of and as the representative of the Lenders, a security interest in (and hereby pledges and assigns as applicable) and agrees that Secured Party, as representative of and for the benefit of the Lenders, shall continue to have a security interest in (and a pledge and assignment of, as applicable), the following property, to-wit:

All Accounts. All accounts, contract rights, rights to the payment of money including, but not limited to, tax refund claims, insurance proceeds, proceeds from tort claims and any rent payable due or to become due under any rent or lease contracts, now owned or existing as well as any and all that may hereafter arise or be acquired by Debtor, and all the proceeds and products thereof, including without limitation, all notes, drafts, acceptances, instruments and chattel paper arising therefrom, and all returned or repossessed goods arising from or relating to any such accounts, or other proceeds or products of any sale, lease, rental or other disposition of Debtor's inventory.

General Intangibles. All general intangibles including, but not limited to, goodwill, engineering drawings and customer lists, and other personal property now owned or hereafter acquired by Debtor other than goods, accounts, chattel paper, documents and instruments.

Chattel Paper. All of Debtor's interest under chattel paper, lease agreements and other instruments or documents, whether now existing or owned by Debtor or hereafter arising or acquired by Debtor, evidencing both a debt and security interest in or lease of specific goods.

Instruments and Documents. All of Debtor's now owned or existing as well as hereafter acquired or arising instruments and documents.

Locomotives and Railcars. All locomotives described on Exhibits "A-1" and "A-2", respectively, hereto.

The term "Collateral" as used in this Agreement shall mean and include, and the security interest (and pledge and assignment as applicable) shall cover, all of the property described in this Section C, as well as any accessions, additions and attachments thereto and the proceeds and products thereof, including without limitation, all cash, general intangibles, accounts, inventory, equipment, fixtures, notes, drafts, acceptances, securities, instruments, chattel paper, insurance proceeds payable because of loss or damage, or other property, benefits or rights arising therefrom, and in and to all returned or repossessed goods arising from or relating to any of the property described herein or other proceeds of any sale, rental, lease or other disposition of such property.

As additional security for the punctual payment and performance of the Obligations, and as part of the Collateral, Debtor hereby grants to Secured Party, for the benefit of and as the representative of the Lenders, a security interest in, and a pledge and assignment of, any and all money, property, deposit accounts, accounts, securities, documents, chattel paper, claims, demands, instruments, items or deposits of the Debtor, or to which it is a party, now held or hereafter coming within Secured Party's custody or control, including without limitation, all certificates of deposit and other depository accounts, whether such have matured or the exercise of Secured Party's rights results in loss of interest or principal or other penalty on such deposits, but excluding deposits subject to tax penalties if assigned. Without prior notice to or demand upon the Debtor (except as otherwise provided in the Loan Agreement), Secured Party may exercise its rights granted above at any time when a default or event of default has occurred. Secured Party's rights and remedies under this paragraph shall be in addition to and cumulative of any other rights or remedies of Secured Party provided in the Loan Agreement or any of the other Loan Documents or otherwise afforded at law and equity including, without limitation, any rights of setoff to which Secured Party may be entitled.

All terms not otherwise defined herein or defined in the Loan Agreement and which are defined in the Uniform Commercial Code adopted in the State of Texas in effect on the date of execution hereof, shall have the meaning ascribed to them in the Uniform Commercial Code adopted in the State of Texas in effect as of the date of execution hereof and set forth in any amendment to the Uniform Commercial Code adopted in the State of Texas to become effective after the date of execution hereof.

D. REPRESENTATIONS, WARRANTIES AND COVENANTS OF DEBTOR.
Debtor represents, warrants and agrees as follows:

1. Ownership; No Encumbrances. The Debtor is, and as to any property acquired after the date hereof which is included within the Collateral the Debtor will be, the owner of good and marketable title to all such Collateral free and clear of all security interests, Liens or rights except for (a) the security interests (and pledges and assignments, as applicable) granted hereby, (b) the Permitted Liens, and (c) such defects in title as could not, individually or in the aggregate, have a Material Adverse Effect.

2. No Financing Statements. Except as otherwise permitted in this subparagraph 2, there is no financing statement or similar filing now on file in any public office covering all or any part of the Collateral, and Debtor will not execute and there will not be on file in any public office any such financing statement or similar filing except (a) the financing statements filed or to be filed in favor of Secured Party, and (b) those financing statements relating to Permitted Liens that are listed and described on Exhibit "B" attached hereto and made a part hereof for all purposes.

3. Addresses. The address of Debtor designated on the signature page of the Loan Agreement is Debtor's chief executive office, its principal place of business and the location where Debtor keeps all of its books and records with respect to any accounts. Debtor agrees not to change its chief executive office and principal place of business to another address without advance written notice to Secured Party.

4. Accuracy of Information. All information furnished to Secured Party concerning Debtor, the Collateral and the Obligations, or otherwise for the purpose of obtaining or maintaining credit, is or will be at the time the same is furnished, accurate and complete in all material respects.

5. Authority. Debtor has full right and authority to execute and perform this Agreement and to create the security interest (and pledges and assignment as applicable) created by this Agreement. The making and performance by Debtor of this Agreement will not violate any articles of incorporation, by-laws or similar document respecting Debtor, any provision of law, any order of any court or governmental agency, or any indenture or other agreement to which Debtor is a party, or by which Debtor or any of Debtor's property is bound, or be in conflict with, result in a breach of or constitute (with due notice and/or lapse of time) a default under

any such indenture or other agreement, or result in the creation or imposition of any charge, Lien, security interest, claim or encumbrance of any and every nature whatsoever upon the Collateral, except as contemplated by this Agreement or permitted under the Loan Agreement.

6. Labor Standards Compliance. The Debtor and each of its Subsidiaries has produced all goods in compliance with the terms and requirements of the Fair Labor Standards Act of 1938 (29 U.S.C. § 201 et seq.), as amended.

E. GENERAL COVENANTS. Debtor covenants and agrees as follows:

1. Operation of the Collateral. Debtor agrees to maintain and use the Collateral solely in the conduct of its own business, in a careful and proper manner, and in conformity with all applicable permits or licenses. Debtor shall comply in all respects with all applicable statutes, laws, ordinances and regulations. Debtor shall not use the Collateral in any unlawful manner or for any unlawful purposes, or in any manner or for any purpose that would expose the Collateral to unusual risk, or to penalty, forfeiture or capture, or that would render void, inoperative or unenforceable any insurance in connection with the Collateral.

2. Condition. Debtor shall maintain, service and repair the portion of the Collateral which constitutes tangible personal property so as to keep it in good working order and condition, ordinary wear and tear excepted. Debtor shall replace within a reasonable time all parts that may be worn out, lost, destroyed or otherwise rendered unfit for use, with appropriate replacement parts, except where the failure to do so would not have a Material Adverse Effect. Debtor shall obtain and maintain in good standing at all times all applicable permits, licenses, registrations and certificates relating to the Collateral.

3. Assessments. Debtor shall promptly pay when due all taxes, assessments, license fees, registration fees, and governmental charges levied or assess against Debtor or with respect to the Collateral or any part thereof, except as permitted under the Loan Agreement and such as are being contested in good faith by proper proceedings timely instituted and for which adequate reserves have been provided in accordance with generally accepted accounting principles.

4. No Encumbrances. Debtor agrees not to suffer or permit any charge, Lien, security interest, adverse claim or encumbrance of any and every nature whatsoever against the Collateral or any part thereof, except as permitted under Section D(1) of this Agreement.

5. Notices and Reports. In addition to those notices required by Debtor to Secured Party under the terms of the Loan Agreement, Debtor shall promptly notify Secured Party and each other Lender in writing of any charge, Lien, security interest, claim or encumbrance asserted against the Collateral, any litigation or claim asserted against the Collateral, any theft, loss, injury or similar incident involving the Collateral, and any matter materially and adversely affecting the Collateral or Debtor's interest therein. Debtor shall furnish such other reports, information and data regarding the Collateral as Secured Party or any Lender may request from time to time.

6. No Transfer. Except as permitted in the Loan Agreement, Debtor shall not, without the prior written consent of Secured Party, sell, assign, transfer, lease, charter, encumber, hypothecate or dispose of the Collateral, or any part thereof, or interest therein, or offer to do any of the foregoing.

7. Landlord's Waivers. Debtor shall furnish, at Debtor's sole cost and expense, to Secured Party, if requested, landlord's waivers of all liens with respect to any Collateral covered by this Agreement that is or may be located upon leased premises, such landlord's waivers to be in such form and upon such terms as are acceptable to Secured Party.

8. Additional Filings. Debtor agrees to execute and deliver such financing statement or statements, or amendments thereof or supplements thereto, or other documents as Secured Party may from time to time require in order to comply with the Texas Uniform Commercial Code (or other applicable state law of the jurisdiction where any of the Collateral is located) and to preserve, protect and, if necessary, perfect the Secured Party's rights to the Collateral.

9. Protection of Collateral. Secured Party, at its option, after the occurrence of a default or an event of default, but without any obligation whatsoever to do so, may (a) discharge taxes, claims, charges, liens, security interests, assessments or other encumbrances of any and every nature whatsoever at any time levied, placed upon or asserted against the Collateral, or any portion thereof, (b) place and pay for insurance on the Collateral,

or any portion thereof, including insurance that only protects Secured Party's interest, (c) pay for the repair, improvement, testing, maintenance and preservation of the Collateral, or any portion thereof, (d) pay any filing, recording, registration, licensing or certification fees or other fees and charges related to the Collateral, or any portion thereof, or (e) take any other action to preserve and protect the Collateral, or any portion thereof, and Secured Party's rights and remedies under this Agreement as Secured Party may deem necessary or appropriate. Debtor agrees that Secured Party shall have no duty or obligation whatsoever to take any of the foregoing action. Debtor agrees to promptly reimburse Secured Party upon demand for any payment made or any expense incurred by the Secured Party pursuant to this authorization. These payments and expenditures, together with interest thereon from date incurred until paid by Debtor accruing at the Default Rate, which Debtor agrees to pay, shall constitute additional Obligations and shall be secured by and entitled to the benefits of this Agreement.

10. Inspection. Debtor shall permit Secured Party or any Lender by or through any of its officers, agents, attorneys or accountants, to visit any properties of Debtor for the purpose of inspecting and examining the Collateral, or any portion thereof, wherever located, and to examine and make copies and abstracts from Debtor's books and records.

11. Further Assurances. Debtor shall do, make, procure, execute and deliver all such additional and further acts, things, deeds, interests and assurances as Secured Party may require from time to time to protect, assure and enforce Secured Party's rights and remedies.

12. Insurance. Debtor shall have and maintain insurance with responsible companies as required pursuant to the Loan Agreement.

F. ADDITIONAL PROVISIONS REGARDING ACCOUNTS. The following provisions shall apply to all accounts included within the Collateral:

1. Definitions. The term "account," as used in this Agreement, shall include, but shall not be limited to, all present and future notes, instruments, documents, general intangibles, drafts, acceptances and chattel paper of Debtor, and the proceeds thereof.

2. Additional Warranties. As of the time any account becomes subject to the security interest (or pledge or assignment

as applicable) granted hereby, Debtor shall be deemed further to have warranted as to each and all of such accounts as follows: (a) each account and all papers and documents relating thereto are genuine and in all respects what they purport to be; (b) each account is valid and subsisting and arises out of a bona fide sale of goods sold and delivered to, or out of and for services theretofore actually rendered by the Debtor to, the account debtor named in the account; and (c) the amount of the account represented as owing is the correct amount actually and unconditionally owing except for normal cash discounts and to the best of Debtor's knowledge none of the accounts, other than customary interline accounts, are subject to any setoffs, credits, defenses, deductions or countercharges.

3. Collection of Accounts. Secured Party shall have the right at any time upon the occurrence of a default or an event of default in its own name or in the name of the Debtor to require Debtor forthwith to transmit all proceeds of collection of accounts to Secured Party, to notify any and all account debtors to make payments of the accounts directly to Secured Party, to demand, collect, receive, receipt for, sue for, compound and give acquittal for, any and all amounts due or to become due on the accounts and to endorse the name of the Debtor on all commercial paper given in payment or part payment hereof, and in Secured Party's discretion to file any claim or take any other action or proceeding that Secured Party may deem necessary or appropriate to protect and preserve and realize upon the accounts and related Collateral. Unless and until Secured Party elects to collect accounts, and the privilege of Debtor to collect accounts is revoked by Secured Party in writing, Debtor shall continue to collect accounts, account for same to Secured Party, and, upon the occurrence of an event of default, shall not commingle the proceeds of collection of accounts with any funds of the Debtor. In order to assure collection of accounts in which Secured Party has a security interest (or pledge or assignment of as applicable) hereunder, Secured Party may notify the post office authorities to change the address for delivery of mail addressed to Debtor to such address as Secured Party may designate, and to open and dispose of such mail and receive the collections of accounts included herewith. Secured Party shall have no duty or obligation whatsoever to collect any account, or to take any other action to preserve or protect the Collateral; however, should Secured Party elect to collect any account or take possession of any Collateral, Debtor releases Secured Party from any claim or claims for loss or damage arising from any act or omission in connection therewith.

4. Identification and Assignment of Accounts. On or after the occurrence of a default or event of default and upon the written request of Secured Party, Debtor shall take such action and execute and deliver such documents as Secured Party may reasonably request in order to identify, confirm, mark, segregate and assign accounts and to evidence Secured Party's interest in same. Without limitation of the foregoing, on or after the occurrence of a default or event of default and upon the written request of Secured Party, Debtor agrees to assign accounts to Secured Party, identify and mark accounts as being subject to the security interest (or pledge or assignment as applicable) granted hereby, mark Debtor's books and records to reflect such assignments, and forthwith to transmit to Secured Party in the form as received by Debtor any and all proceeds of collection of such accounts.

5. Notices. Debtor shall immediately notify Secured Party and each other Lender of the assertion by any account debtor of any setoff, defense or claim regarding an account or any other matter which, if adversely determined, could have a Material Adverse Effect.

6. Segregation of Returned Goods. Returned or repossessed goods arising from or relating to any accounts included within the Collateral shall if requested by Secured Party be held separate and apart from any other property.

G. EVENTS OF DEFAULT. For purposes of this Agreement, the terms "default" and "event of default" shall mean a "Default" and "Event of Default," respectively, as each of those terms are defined in the Loan Agreement.

H. REMEDIES. Upon the occurrence of a default or an event of default, Secured Party, at its option, shall be entitled to exercise any one or more of the remedies set forth in the Loan Agreement, any of the other Loan Documents, any afforded at law or in equity and any of the following remedies (all of which are cumulative):

1. Remedies. Secured Party shall have all of the rights and remedies provided for in this Agreement, in the Loan Agreement and in any of the other Loan Documents, the rights and remedies in the Uniform Commercial Code of Texas, or to the extent the laws of states other than Texas would apply, then any rights and remedies provided by the laws of those jurisdictions, and any and all of the rights and remedies at law and equity, all of which shall be deemed cumulative. Without limiting the generality of the foregoing, Debtor agrees that Secured Party shall have the right to (a)

require Debtor to assemble the Collateral, or any portion thereof, and make it available to Secured Party at a place designated by Secured Party that is reasonably convenient to both parties, which Debtor agrees to do; (b) take possession of the Collateral, or any portion thereof, with or without process of law, and, in this connection, enter any premises where the Collateral, or any portion thereof, is located to remove same, to render it unusable, or to dispose of same on such premises; (c) sell, lease or otherwise dispose of the Collateral, or any portion thereof, by public or private proceedings, for cash or credit, without assumption of credit risk and Secured Party may conduct one or multiple sales of such Collateral, or any portion thereof, without limiting, releasing or affecting the right of Secured Party to conduct other sales with respect to the remaining Collateral; and/or (d) whether before or after default, collect and receipt for, compound, compromise, and settle, and give releases, discharges and acquittances with respect to, any and all amounts owned by any person or entity with respect to the Collateral, or any portion thereof. If applicable law requires reasonable notice to Debtor of any sale hereunder, then any requirement of reasonable notice to Debtor shall be met if such notice is mailed, postage prepaid, to Debtor at the address of Debtor designated at the beginning of this Agreement, at least five (5) days before the day of any public sale or at least five (5) days before the time after which any private sale or other disposition will be made.

2. Appointment of Secured Party as Attorney-in-Fact. Debtor irrevocably appoints Secured Party and any officer or agent thereof, with a full power of substitution, as its true and lawful attorney-in-fact to take any and all appropriate action in Secured Party's discretion and to execute any and all documents and instruments which Secured Party may deem necessary and desirable to accomplish the purpose of this Agreement, including, without limitation, to bring suit to enforce or defend any of the General Intangibles; to demand, collect, recover and give receipts with respect to any sums due under any of the Collateral and to receive, endorse and collect any drafts, instruments or documents of title with respect to any Collateral, to remove any Collateral from the property venue owner, encumbrancer or other person having an interest in the property where any Collateral is located, and in connection therewith, Secured Party is authorized to show a copy of this Agreement to such person as evidence of Debtor's appointment of Secured Party as Debtor's agent and lawful attorney-in-fact and of Debtor's authorization to allow Secured Party to remove any collateral from such property; provided, however, that Secured Party will not exercise its rights, except upon the occurrence and during the continuation of a default or an event of default. This

power of attorney is a power coupled with an interest and shall be and is irrevocable.

3. Expenses. Debtor shall be liable for and agrees to pay the reasonable expenses incurred by Secured Party and the other Lenders in enforcing their rights and remedies, in retaking, holding, testing, repairing, improving, selling, leasing or disposing of the Collateral, or any portion thereof, or like expenses, including, without limitation, attorneys' fees and out-of-pocket legal expenses (including, but not limited to, the allocated cost of staff counsel and special counsel to Secured Party) incurred by Secured Party or any Lender. These expenses, together with interest thereon from the date incurred until paid by Debtor at the Default Rate, which Debtor agrees to pay, shall constitute additional Obligations and shall be secured by and entitled to the benefits of this Agreement.

4. Proceeds; Surplus; Deficiencies. Proceeds received by Secured Party from disposition of the Collateral, or any portion thereof, shall be applied toward Secured Party's expenses and other Obligations in such order or manner as Secured Party may elect. Debtor shall be entitled to any surplus if one results after lawful application of the proceeds. Debtor shall remain liable for any deficiency.

5. Remedies Cumulative. The rights and remedies of Secured Party are cumulative and the exercise of any one or more of the rights or remedies shall not be deemed an election of rights or remedies or a waiver of any other right or remedy. Secured Party may remedy any default and may waive any default without waiving the default remedied or without waiving any other prior or subsequent default.

I. OTHER AGREEMENTS.

1. Savings Clause. The usury savings clause provided in Section 12.6 of the Loan Agreement is incorporated by reference into this Agreement and is made a part hereof for all purposes; it being agreed that all rights and remedies of Secured Party hereunder are subject to the terms of such usury savings clause.

2. Joint and Several Responsibility. If this Security Agreement is executed by more than one Debtor, the obligations of all such Debtors shall be joint and several.

3. Waivers. Debtor and any maker, endorser, guarantor, surety or other party liable in any capacity respecting the

Obligations hereby waive demand, notice of intention to accelerate, notice of acceleration, notice of nonpayment, presentment, protest, notice of dishonor and any other similar notice whatsoever.

4. Severability. Any provision hereof found to be invalid by courts having jurisdiction shall be invalid only with respect to such provision (and then only to the extent necessary to avoid such invalidity). The offending provision shall be modified to the maximum extent possible to confer upon Secured Party the benefits intended thereby. Such provision as modified and the remaining provisions hereof shall be construed and enforced to the same effect as if such offending provision (or portion thereof) had not been contained herein, to the maximum extent possible.

5. Use of Copies. Any carbon, photographic or other reproduction of this Agreement or any financing statement signed by Debtor is sufficient as a financing statement for all purposes, including without limitation, filing in any state as may be permitted by the provisions of the Uniform Commercial Code of such state.

6. Relationship to Other Agreements. This Security Agreement and the security interests (and pledges and assignments as applicable) herein granted are in addition to (and not in substitution, novation or discharge of) any and all prior or contemporaneous security agreements, security interests, pledges, assignments, liens, rights, titles or other interests in favor of Secured Party or assigned to Secured Party by others in connection with the Obligations. All rights and remedies of Secured Party in all such agreements are cumulative, but in the event of actual conflict in terms and conditions, the terms and conditions of this Agreement shall govern and control; provided, however, in the event of any conflict between the terms and conditions of this Agreement and the Loan Agreement, the terms and conditions of the Loan Agreement shall govern and control.

7. Notices. Any notice or demand given by Secured Party to Debtor in connection with this Agreement, the Collateral or the Obligations shall be given in accordance with Section 12.7 of the Loan Agreement.

8. Headings and Gender. Paragraph headings in this Agreement are for convenience only and shall be given no meaning or significance in interpreting this Agreement. All words used herein shall be construed to be of such gender or number as the circumstances require.

9. Amendments. Neither this Agreement nor any of its provisions may be changed, amended, modified, waived or discharged orally, but only by an instrument in writing signed by the party against whom enforcement of the change, amendment, modification, waiver or discharge is sought.

10. Renewal and Extension of Security Interests. This Agreement and the security interests (and pledges and assignments, as applicable) herein granted are in addition to (but not in substitution, novation, or discharge of), and in renewal, extension, ratification, and confirmation of, any and all prior or contemporaneous security agreements, security interests, pledges, assignments, liens, rights, titles, or other interests in favor of the Secured Party and the Lenders including, but not limited to, that certain Commercial Security Agreement dated as of April 8, 1992 from Debtor to Secured Party and that certain Commercial Security Agreement dated as of May 8, 1992 from Debtor to Secured Party, as amended by that certain First Amendment to Commercial Security Agreement dated as of September 23, 1992, executed by Debtor and Secured Party (such two Commercial Security Agreements, as amended from time to time, being collectively called the "Prior Agreements"), all of which security interests (and pledges and assignments, as applicable) are hereby renewed, extended, and carried forward in full force and effect to secure the prompt payment and performance of the Obligations. This Agreement restates and amends the Prior Agreements in their entirety.

11. Continuing Agreement. The security interest (and pledges and assignments as applicable) hereby granted and all of the terms and provisions in this Agreement shall be deemed a continuing agreement. They shall continue in full force and effect and remain effective between the parties until the earliest of (a) the expiration of four (4) years after repayment in full of all Obligations, or (b) the indefeasible repayment in full of all Obligations and the giving by Debtor of ten (10) days' written notice of revocation of this Agreement.

12. Binding Effect. The provisions of this Security Agreement shall be binding upon the successors and assigns of Debtor and the rights, powers and remedies of Secured Party hereunder shall inure to the benefit of the successors and assigns of Secured Party; provided, however, nothing herein contained shall permit Debtor to assign, transfer or convey any or all of the Collateral in violation of the terms of this Agreement or the Loan Agreement.

13. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Texas, except to the extent that the laws of the United States of America and any rules, regulations or orders issued or promulgated thereunder applicable to the affairs and transactions entered into by Secured Party and the Lenders, otherwise preempt Texas or other state law, in which event such federal law shall control.

14. No Oral Agreements. THIS WRITTEN AGREEMENT, THE LOAN AGREEMENT AND THE INSTRUMENTS AND DOCUMENTS EXECUTED IN CONNECTION HERewith AND THEREWITH, REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES.

THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

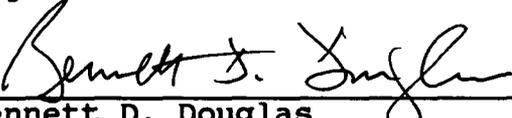
EXECUTED as of the 29th day of July, 1993.

RAILTEX, INC.

By 

Robert R. Lende
Vice President

FIRST INTERSTATE BANK OF TEXAS, N.A.,
as Agent

By 

Bennett D. Douglas
Vice President

THE STATE OF TEXAS §
COUNTY OF Harris §
§

This instrument was acknowledged before me on August 11, 1993, by Bennett D. Douglas, Vice President of FIRST INTERSTATE BANK OF TEXAS, N.A., a national banking association, in its capacity as agent, on behalf of said banking association.

L. C. McCotter

NOTARY PUBLIC IN AND FOR
THE STATE OF T E X A S



[SEAL]

BJM\MDST\FIBOT#1\RAILTEX\RT-2.SA/080393

EXHIBIT "A-1"

- List of Locomotives -

RR	LOCO NUMBER	FRAME NUMBER	FORMER ROAD NUMBER	EMD TYPE	HP
SDIV	1438	5624-14		GP-20	2000
SDIV	2151	1888-8	ATSF 2151	GP-7	1500
SDIV	3162	5054-13	ATSF 3162	GP-7	1500
SDIV	4168	5200-8	ATSF 4168	GP-7	1500
SDIV	5911	5398-9	#5911	GP-9	1750
NCVA	6244	5544-6	C&O 6244	GP-9	1750
NCVA	6515	5519-2	B&O 6515	GP-9	1750
NCVA	23	5377-13	CC&H 23*	GP-9	1750
VSRR	618	5490-13	C&O 6181	GP-9	1750
VSRR	178		#178	GP-9	1750
MMRR	24	5560-11	CC&H 24	GP-9	1750
MMRR	5967	5413-30	B&O 5967	GP-9	1750
MS	1077	8135-3		ALCO-RS3	1600
MMRR	177		#177	GP-9	1750
MMRR	179		#179	GP-9	1750
MMRR	180		#180	GP-9	1750
AUNW	8	4625	#8	SW-1200	1200
AUNW	33	5398-5	DRGW 5911	GP-9	1750
AUNW	44	5469-8	none	GP-9	1750
AUNW	55	5469-2	DRGW 5932	GP-9	1750
AUNW	66	7694-1	Unit 869	GP-38	2000
AUNW	171	5565-3	#171	GP-9	1750
AUNW	172	5413-8	#172	GP-9	1750
AUNW	174	5334-5	#174	GP-9	1750
AUNW	272	5362-10	GWR 272	GP-9	1750
AUNW	11	5469-10	DRGW 5952	GP-9	1750
AUNW	22	5398-2	DRGW 5902	GP-9	1750
SCRF	5905	5379-5	B&O 5905	GP-9	1750
SCRF	6097	5473-9	C&O 6097	GP-9	1750
SCRF	6187	5590-21	C&O 6187	GP-9	1750
SCRF	6439	5393-50	B&O 6439	GP-9	1750
SCRF	6440	5393-16	B&O 6440	GP-9	1750
SCRF	6550	5519-40	B&O 6550	GP-9	1750
SCRF	6555	5519-45	B&O 6555	GP-9	1750
GAAB	2077	1698-8	ATSF 2077	GP-7	1500
GAAB	2078	1698-2	ATSF 2078	GP-7 MOD	1850
GGG	2130	5219-13	ATSF 2130	GP-7	1500
GSWR	20	5474-11	CC&H 20	GP-9	1750
GSWR	21	5474-2	CC&H 21	GP-9	1750
GSWR	6541	5519-37	B&O 6541	GP-9	1750
GSWR	2027	5145-6	ATSF 2027	GP-7	1500

*CC&H = Cape Cod & Hyannis

GSWR	2127	1637-7	ATSF 2127	GP-7	1500
GSWR	2160	5145-7	ATSF 2160	GP-7	1500
GSWR	2176	1637-4	ATSF 2176	GP-7	1500
GSWR	2185	5145-17	ATSF 2185	GP-7	1500
CPDR	25	7561-4	CC&H 25	GP-9	1750
CPDR	8379	5591-10	#8379	GP-10	1850
CPDR	8383	5591-18	#8383	GP-10	1850
CPDR	8387	5184-4	#8387	GP-10	1850
TNMR	2053	1889-9	ATSF 2053	GP-7	1500
TNMR	2234	5145-22	ATSF 2234	GP-7	1500
NEKM	2022	5200-12	ATSF 2022	GP-7	1500
NEKM	2210	5110-1	ATSF 2210	GP-7	1500
NEKM	2167	5470-12	ATSF 2167	GP-7	1500
C & A	2190	1762-8	ATSF 2190	GP-7 MOD	1750
C & A	2158	1697-8	ATSF 2158	GP-7	1500
TNER	92	6074-2	#175	GP-7 M	1750
TNER	107	5019-8	#176	GP-7	1750
TNER	115	6323-6	Unit 115	GP-7	1500
TNER	1229	4219-10	ATSF 1229	SW-1200	1200
TNER	1237		ATSF 1237	SW-1200	1200
TNER	2153	1221-0	ATSF 2153	GP-7 MOD	1750
TNER	2166	5200-15	#2166	GP-7 MOD	1850
TNER	2219	5288-1	#2219	GP-7	1500
NOLR	8375	5591-5	#8375	GP-10	1850
NOLR	8377	5591-8	#8377	GP-10	1850
ITW	173	5595-6	#173	GP-9	1750
KCS	4161	N/A		SLUG	
ATSF	2013	6525-1	ATSF 2013	GP-7	1500
ATSF	2207	5054-10	ATSF 2207	GP-7	1500
ATSF	1120	N/A	ATSF 1120		
ATSF	1326	5200-1	ATSF 1326	GP-7	1500
AUNW	6527	7695-8	SP 6527	GP-35	2250
ISRR	6556	5811-11	CSXR 6556	GP-40	3000
ISRR	6560	5811-15	CSXR 6560	GP-40	3000
ISRR	6563	5811-18	CSXR 6563	GP-40	3000
ISRR	6835	7340-16	CSXR 6835	GP-40	3000
ISRR	6853	5811-8	CSXR 6853	GP-40	3000
ISRR	6599	7340-50	NRE-6599	GP-40	3000
ISRR	3078	3483-7	BN-3078*	GP-40	3000
ISRR	3084	3486-2	BN-3084**	GP-40	3000
MNA	632	7263-2	UP	GP-40	3000
MNA	645	7263-15	UP	GP-40	3000
ISRR	6573	5791-4	CSXT	GP-40	3000
ISRR	6554	7317-2	CSXT	GP-40	3000
ISRR	2068	N/A	NRE	SLUG	N/A
GSWR	2124	7274-5	CSXT	GP-38	2000
MNA	636	7263-6	UP	GP-40	3000

MNA	640	7263-10	UP	GP-40	3000
MNA	642	7263-12	UP	GP-40	3000

* Original Road Number BO-3739

** Original Road Number BO-3714

RECAP

89 LOCOMOTIVES

15	-	GP-40	3000 HP
1	-	GP-35	2250 HP
2	-	GP-38	2000 HP
1	-	GP-20	2000 HP
5	-	GP-10	1850 HP
32	-	GP-9	1750 HP
2	-	GP-7 MOD	1850 HP
3	-	GP-7 MOD	1750 HP
22	-	GP-7	1500 HP
3	-	SW-1200	1200 HP
2	-	SLUG	
1	-	ALCO RS-3	1600 HP

BJH\MOST\FIBOT#1\RAILTEX\RT-2.SA/080393

EXHIBIT "A-2"

- List of Railcars -

RAILTEX, INC.

Listing of 105 Pulpwood Cars

A.A.R. Car Type L026 and L027

A.A.R. Mechanical Designation LP

GSWR	10225	GSWR	10261	GSWR	10424
GSWR	10226	GSWR	10262	GSWR	10425
GSWR	10227	GSWR	10263	GSWR	10426
GSWR	10228	GSWR	10365	GSWR	10451
GSWR	10229	GSWR	10366	GSWR	10457
GSWR	10230	GSWR	10367	GSWR	10461
GSWR	10231	GSWR	10368	GSWR	10464
GSWR	10232	GSWR	10369	GSWR	10510
GSWR	10233	GSWR	10370	GSWR	10511
GSWR	10234	GSWR	10371	GSWR	10512
GSWR	10235	GSWR	10372	GSWR	10513
GSWR	10236	GSWR	10373	GSWR	10514
GSWR	10237	GSWR	10374	GSWR	10515
GSWR	10238	GSWR	10375	GSWR	10516
GSWR	10239	GSWR	10376	GSWR	10517
GSWR	10240	GSWR	10377	GSWR	10518
GSWR	10241	GSWR	10378	GSWR	10519
GSWR	10242	GSWR	10379	GSWR	10540
GSWR	10243	GSWR	10380	GSWR	10541
GSWR	10244	GSWR	10381	GSWR	10542
GSWR	10245	GSWR	10382	GSWR	10543
GSWR	10246	GSWR	10383	GSWR	10544
GSWR	10247	GSWR	10384	GSWR	10545
GSWR	10248	GSWR	10385	GSWR	10546
GSWR	10249	GSWR	10386	GSWR	10560
GSWR	10250	GSWR	10387	GSWR	10561
GSWR	10251	GSWR	10388	GSWR	10562
GSWR	10252	GSWR	10389	GSWR	10634
GSWR	10253	GSWR	10390	GSWR	10635
GSWR	10254	GSWR	10391	GSWR	10636
GSWR	10255	GSWR	10392	GSWR	10650
GSWR	10256	GSWR	10393	GSWR	10660
GSWR	10257	GSWR	10420	GSWR	10670
GSWR	10258	GSWR	10421		
GSWR	10259	GSWR	10422		
GSWR	10260	GSWR	10423		

Listing of 17 Coal Cars
A.A.R. Car Type H250
A.A.R. Mechanical Designation HT

TRAX	100
TRAX	101
TRAX	102
TRAX	104
TRAX	105
TRAX	106
TRAX	107
TRAX	108
TRAX	109
TRAX	111
TRAX	112
TRAX	114
TRAX	117
TRAX	118
TRAX	120
TRAX	132
TRAX	133

Coal Cars are 65 ton loan limit with 70 ton capacity and 2608 cubic foot capacity. Original built date is 1958. Open top hoppers are three pocket bottom dump cars.

BJM\MDST\FIBOT#1\RAILTEX\RT-2.SA/080393

EXHIBIT "B"
PERMITTED FINANCING STATEMENTS
RAILTEX, INC.

<u>JURISDICTION</u>	<u>SECURED PARTY</u>	<u>ORIGINAL FILING DATE</u>	<u>ORIGINAL FILING #</u>
Texas	The First National Bank of Maryland	12/18/90	90-261578
	Telecommunications Specialists, Inc.	05/29/91	91-104967

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