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September 18, 2000



Vernon A. Williams
Surface Transportation Board
1925 K Street, N.W.
Suite 700
Washington, D.C. 20423

RECORDATION NO. 21035-C FILED
SEP 28 '00 11-44 AM
TS
SURFACE TRANSPORTATION BOARD

Re: Recordation of Second Amendment to Security Agreement, original Security Agreement was filed under Recordation No. 21035.

Dear Mr. Williams:

I have enclosed two (2) original's of the document described below to be recorded pursuant to Section 11303 of Title 49 of the U.S. Code.

The document is a second amendment to security agreement dated as of July 31, 2000 (the "Second Amendment to Security Agreement"), and is a primary document.

The names and addresses of the parties to the Second Amendment to Security Agreement are as follows:

Secured Party:
Southwest Bank of Texas, N.A.
Five Post Oak Park
4400 Post Oak Parkway
Houston, Texas 77027

Debtor:
Rail Car Operators, Ltd.
One Riverway, Suite 1010
Houston, Texas 77056

A description of the equipment covered by the Second Amendment to Security Agreement is as follows:

R0216_14.03

2800 Post Oak Boulevard, 61st Floor Houston, Texas 77056-6102 713.960.0303

- (a) 52 rail cars, specifically,
- (i) fifteen (15) 23,500 gallon general purpose rail cars, stencil numbers TEIX 23515, TEIX 23516, TEIX 23518, TEIX 23519, TEIX 23520, TEIX 23521, TEIX 23523, TEIX 23524, TEIX 23548, TEIX 2914, TEIX 2915, TEIX 2916, TEIX 2717, TEIX 2918, TEIX 3018;
 - (ii) ten (10) tank and pressure rail cars, stencil numbers TEIX 2302, TEIX 2309, TEIX 2312, TEIX 2315, TEIX 2322, TEIX 2324, TEIX 30014, TEIX 30015, TEIX 30016, TEIX 30017;
 - (iii) one (1) 30,000 gallon tank rail car, stencil number TEIX 30046;
 - (iv) five (5) 33,600 gallon pressurized tank rail cars, stencil numbers TEIX 33520, TEIX 33521, TEIX 33522, TEIX 33523, TEIX 33524;
 - (v) six (6) tank cars, stencil numbers TEIX 34062, TEIX 34065, TEIX 34066, TEIX 34067, TEIX 34070, TEIX 34071;
 - (vi) ten (10) 30,000 gallon tank rail cars, stencil number SRIX 30100, SRIX 30101, SRIX 30102, SRIX 30103, SRIX 30104, SRIX 30105, SRIX 30106, SRIX 30107, SRIX 30108, SRIX 30109; and
 - (vii) five (5) 23,500 gallon tank rail cars, stencil numbers SRIX 23525, SRIX 23526, SRIX 23527, SRIX 23528 and SRIX 23529;
- (b) all appurtenances and additions thereto and substitutions and replacements therefor, wheresoever located, including all tools, parts and accessories used in connection therewith, and all products and proceeds thereof (including insurance proceeds); and
- (c) all of Debtor's right, title and interest in and to, but not Debtor's obligations under, the Management Agreement dated July 1, 1998 between Southwest Rail Industries, Inc., a Texas corporation ("SRI") and Debtor (the "Management Agreement").

A short summary of the Second Amendment to Security Agreement to appear in the index is as follows:

Security Agreement dated as of November 15, 1997, as amended by First Amendment to Security Agreement dated as of January 31, 2000 and Second Amendment to Security Agreement dated as of July 31, 2000 between Southwest Bank of Texas, N.A., Five Post Oak

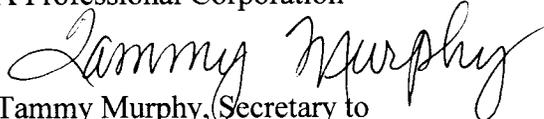
Mr. Vernon A. Williams
September 18, 2000
Page 3

Park, 4400 Post Oak Parkway, Houston, Texas 77027 ("Secured Party") and Rail Car Operators, Ltd., One Riverway, Suite 1010, Houston, Texas 77056 ("Debtor"), and covering fifty-two (52) railroad cars, specifically: fifteen (15) 23,500 gallon general purpose rail cars, stencil numbers TEIX 23515, TEIX 23516, TEIX 23518 through TEIX 23521, TEIX 23523, TEIX 23524, TEIX 23548, TEIX 2914 through TEIX 2918 and TEIX 3018; ten (10) tank and pressure rail cars, stencil numbers TEIX 2302, TEIX 2309, TEIX 2312, TEIX 2315, TEIX 2322, TEIX 2324, TEIX 30014 through TEIX 30017; one (1) 30,000 gallon tank rail car, stencil number TEIX 30046; five (5) 33,600 gallon pressurized tank rail cars, stencil numbers TEIX 33520 through TEIX 33524; six (6) tank cars, stencil numbers TEIX 34062, TEIX 34065 through TEIX 34067, TEIX 34070 and TEIX 34071; ten (10) 30,000 gallon tank rail cars, stencil numbers SRIX 30100 through SRIX 30109; five (5) 23,500 gallon tank rail cars, stencil numbers SRIX 23525 through SRIX 23529; all appurtenances and additions thereto and substitutions and replacements therefor, wheresoever located, including all tools, parts and accessories used in connection therewith, and all products and proceeds thereof (including insurance proceeds); and all of Debtor's right, title and interest in and to, but not Debtor's obligations under, the Management Agreement dated July 1, 1998 between Southwest Rail Industries, Inc., a Texas corporation and Debtor.

A fee of \$26.00 is enclosed. Please return one (1) file stamped original to the undersigned after recording.

Very truly yours,

NATHAN SOMMERS LIPPMAN JACOBS & GORMAN,
A Professional Corporation



Tammy Murphy, Secretary to
Ann C. Jacobs

:TM
Enclosure

SEP 28 '00 11-44 AM

SECOND AMENDMENT TO SECURITY AGREEMENT

SURFACE TRANSPORTATION BOARD



This SECOND AMENDMENT TO SECURITY AGREEMENT ("Amendment") dated as of July 31, 2000, is between RAIL CAR OPERATORS, LTD., a Texas limited partnership ("Debtor") and SOUTHWEST BANK OF TEXAS, N.A., a national banking association ("Secured Party").

RECITALS:

WHEREAS, R.H. Investments, Inc., a Texas corporation ("RH"), Bravida Corporation, a Texas corporation ("Bravida"), Bishop 1996 Grandchildren's Trust, a trust created under the laws of the State of Texas ("Bishop Trust"), and Gemsbok Inc., a Texas corporation ("Gemsbok" and together with RH, Bravida and Bishop Trust, the "Borrowers") and Secured Party have entered into that certain Loan Agreement dated as of November 15, 1997, as amended by First Amendment to Loan Agreement dated as of January 31, 2000 and Second Amendment to Loan Agreement dated as of July 31, 2000 (the "Loan Agreement").

WHEREAS, pursuant to the Loan Agreement Debtor executed (a) that certain Security Agreement dated as of November 15, 1997, as amended by First Amendment to Security Agreement dated as of January 31, 2000 (the "Security Agreement"), and (b) that certain Guaranty Agreement (hereinafter defined) for the benefit of Secured Party pursuant to which, and subject to the terms and conditions thereof, Debtor has guaranteed to Secured Party the obligations of Borrowers under the Loan Agreement.

WHEREAS, the execution of this Amendment is a condition to Secured Party entering into the Second Amendment to Loan Agreement referred to above.

NOW, THEREFORE, for good and valuable consideration the receipt and sufficiency of which are acknowledged and agreed, Debtor and Secured Party hereby agree as follows:

ARTICLE I.

Amendments

1. Amendment to Section 1.01. Effective as of the date hereof, clauses (a) and (c) of Section 1.01 of the Security Agreement are amended to read in their entirety as follows:

- (a) 52 rail cars, specifically,
 - (i) fifteen (15) 23,500 gallon general purpose rail cars, stencil numbers TEIX 23515, TEIX 23516, TEIX 23518, TEIX 23519, TEIX 23520,

TEIX 23521, TEIX 23523, TEIX 23524, TEIX 23548, TEIX 2914, TEIX 2915, TEIX 2916, TEIX 2717, TEIX 2918, TEIX 3018;

(ii) ten (10) tank and pressure rail cars, stencil numbers TEIX 2302, TEIX 2309, TEIX 2312, TEIX 2315, TEIX 2322, TEIX 2324, TEIX 30014, TEIX 30015, TEIX 30016, TEIX 30017;

(iii) one (1) 30,000 gallon tank rail car, stencil number TEIX 30046;

(iv) five (5) 33,600 gallon pressurized tank rail cars, stencil numbers TEIX 33520, TEIX 33521, TEIX 33522, TEIX 33523, TEIX 33524;

(v) six (6) tank cars, stencil numbers TEIX 34062, TEIX 34065, TEIX 34066, TEIX 34067, TEIX 34070, TEIX 34071;

(vi) ten (10) 30,000 gallon tank rail cars, stencil numbers SRIX 30100, SRIX 30101, SRIX 30102, SRIX 30103, SRIX 30104, SRIX 30105, SRIX 30106, SRIX 30107, SRIX 30108, SRIX 30109; and

(vii) five (5) 23,500 gallon tank rail cars, stencil numbers SRIX 23525, SRIX 23526, SRIX 23527, SRIX 23528 and SRIX 23529;

(c) all of Debtor's right, title and interest in and to, but not Debtor's obligations under, the Management Agreement dated July 1, 1998 between Southwest Rail Industries, Inc., a Texas corporation ("SRI") and Debtor (the "Management Agreement"), as the same may be amended, modified or supplemented from time to time.

2. Amendment to Section 1.02. Effective as of the date hereof, clauses (a), (b), (c), (d) and (f) of Section 1.02 of the Security Agreement are amended to read in their entirety as follows:

(a) the obligations and indebtedness of RH to Secured Party evidenced by (i) that certain promissory note in the original principal amount of \$599,210.59, dated November 15, 1997, executed by RH and payable to the order of Secured Party, (ii) that certain promissory note in the original principal amount of \$61,867.00, dated January 31, 2000, executed by RH and payable to the order of Secured Party and (iii) that certain promissory note in the original principal amount of \$38,250.00, dated July 31, 2000, executed by RH and payable to the order of Secured Party;

(b) the obligations and indebtedness of Bravida to Secured Party evidenced by (i) that certain promissory note in the original principal amount of \$599,210.59, dated November 15, 1997, executed by Bravida and payable to the order of Secured

Party,(ii) that certain promissory note in the original principal amount of \$61,867.00, dated January 31, 2000, executed by Bravida and payable to the order of Secured Party and (iii) that certain promissory note in the original principal amount of \$38,250.00, dated July 31, 2000, executed by Bravida and payable to the order of Secured Party;

(c) the obligations and indebtedness of Bishop Trust to Secured Party evidenced by (i) that certain promissory note in the original principal amount of \$335,965.83, dated November 15, 1997, executed by Bishop Trust and payable to the order of Secured Party,(ii) that certain promissory note in the original principal amount of \$61,867.00, dated January 31, 2000, executed by Bishop Trust and payable to the order of Secured Party and (iii) that certain promissory note in the original principal amount of \$38,250.00, dated July 31, 2000, executed by Bishop Trust and payable to the order of Secured Party;

(d) the obligations and indebtedness of Gemsbok to Secured Party evidenced by (i) that certain promissory note in the original principal amount of \$117,143.83, dated November 15, 1997, executed by Gemsbok and payable to the order of Secured Party,(ii) that certain promissory note in the original principal amount of \$46,400.00, dated January 31, 2000, executed by Gemsbok and payable to the order of Secured Party and (iii) that certain promissory note in the original principal amount of \$12,750.00, dated July 31, 2000, executed by Gemsbok and payable to the order of Secured Party;

(f) the obligations and indebtedness of Debtor to Secured Party under that certain Guaranty Agreement dated as of July 31, 2000 (the "Guaranty Agreement");

ARTICLE II.

Additional Provisions

1. Acknowledgment by Debtor. Except as otherwise specified herein, the terms and provisions hereof shall in no manner impair, limit, restrict or otherwise affect the obligations of Debtor or any third party to Secured Party under any Loan Document (as defined in the Loan Agreement).

2. Additional Documentation. From time to time, Debtor shall execute or procure and deliver to Secured Party such other and further documents and instruments evidencing, securing or pertaining to the Security Agreement or the other Loan Documents as shall be reasonably requested by Secured Party so as to evidence or effect the terms and provisions hereof.

3. Continued Effectiveness. Except as expressly modified by the terms and provisions hereof, each of the terms and provisions of the Security Agreement and the other

Loan Documents are hereby ratified and confirmed, and shall remain in full force and effect. The liens and security interests created by the Security Agreement remain in full force and effect.

4. Governing Law. THE TERMS AND PROVISIONS HEREOF SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS.

5. Binding Agreement. This Amendment shall be binding upon the heirs, executors, administrators, personal representatives, successors and assigns of the parties hereto.

6. Counterparts. This Amendment may be executed in any number of counterparts, each of which shall be deemed an original and all of which together shall be construed as one and the same instrument.

7. No Oral Agreements. This Amendment, the Loan Agreement and the other Loan Documents embody the final, entire agreement among the parties hereto. There are no oral agreements among the parties hereto.

EXECUTED as of the date first above written.

DEBTOR:

RAIL CAR OPERATORS, LTD.

By: RH Investments, Inc.
General Partner

By: 

Jeffrey S. Rawson
President

By: Bravida Corporation
General Partner

By: *N. Gerald Beard*
N. Gerald Beard
President

By: Gemsbok, Inc.
General Partner

By: *Ronald P. Cuenod, Jr.*
Ronald P. Cuenod, Jr.
President

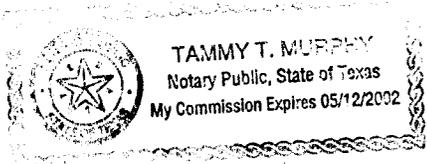
SECURED PARTY:

SOUTHWEST BANK OF TEXAS, N.A.

By: *C Dunmire*
Name: Carmen Dunmire
Title: Vice President

STATE OF TEXAS §
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COUNTY OF HARRIS §

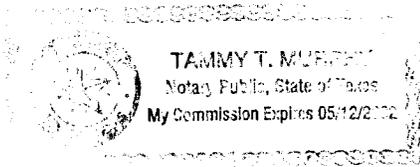
On this 31st day of July, 2000, this instrument was acknowledged before me by Jeffrey S. Rawson as President of RH Investments, Inc., a Texas corporation, in its capacity as general partner of Rail car Operators, Ltd., on behalf of such corporation by authority of its Board of Directors, and (s)he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.



Tammy T. Murphy
Notary Public, State of Texas

STATE OF TEXAS §
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COUNTY OF HARRIS §

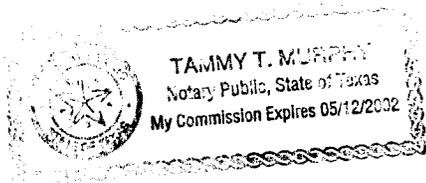
On this 31st day of July, 2000, this instrument was acknowledged before me by Ronald P. Cuenod, Jr. as President of Gemsbok, Inc., a Texas corporation, in its capacity as general partner of Rail Car Operators, Ltd., a Texas limited partnership, on behalf of such corporation by authority of its Board of Directors, and (s)he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.



Tammy T. Murphy
Notary Public, State of Texas

STATE OF TEXAS §
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COUNTY OF HARRIS §

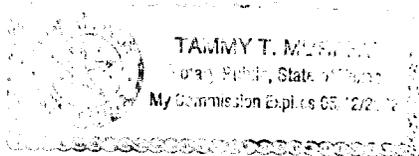
On this 31st day of July, 2000, this instrument was acknowledged before me by N. Gerald Beard as President of Bravida Corporation, a Texas corporation, in its capacity as general partner of Rail Car Operators, Ltd., a Texas Limited Partnership, on behalf of such corporation by authority of its Board of Directors, and (s)he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.



Tammy T. Murphy
Notary Public, State of Texas

STATE OF TEXAS §
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COUNTY OF HARRIS §

On this 31st day of July, 2000, this instrument was acknowledged before me by Carmen Dunmire, as Vice President of Southwest Bank of Texas, N.A., a national association, on behalf of such association by authority of its Board of Directors, and (s)he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.



Tammy T. Murphy
Notary Public, State of Texas