

NATHAN SOMMERS LIPPMAN JACOBS & GORMAN

A PROFESSIONAL CORPORATION  
ATTORNEYS AND COUNSELORS

April 17, 2002

RECORDATION NO. 22456-C FILED

MAY 28 '02 4-16 PM

SURFACE TRANSPORTATION BOARD

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

Re: Recordation of Third Amendment to Security Agreement, original Security Agreement was filed under Recordation No. 22456.

To whom it may concern:

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

The document is a third amendment to security agreement dated as of November 1, 2001 (the "Security Agreement"), and is a secondary document.

The names and addresses of the parties to the 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:

Southwest Rail Industries, Inc.  
601 South East St.  
Weimar, Texas 78962

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

(a) Two Hundred (200) rail cars, specifically described on Exhibit "A" attached hereto (the "Railcars");

J1304.60.wpd

(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 accounts, accounts receivable, contract rights, investment securities, financial assets, general intangibles, instruments, documents, chattel paper and funds on deposit with Secured Party, whether now owned or hereafter acquired, including, without limitation, all lease receivables and note receivables, all cash, notes, drafts and acceptances arising therefrom, or other proceeds of any sale, lease or other disposition of inventory, and all proceeds (including insurance proceeds) and products thereof.

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

Security Agreement dated as of September 27, 1999, as amended by First Amendment to Security Agreement dated as of November 1, 1999, Second Amendment to Security Agreement dated as of February 15, 2000 and Third Amendment to Security Agreement dated as of November 1, 2001 between Southwest Bank of Texas, N.A., Five Post Oak Park, 4400 Post Oak Parkway, Houston, Texas 77027 ("Secured Party") and Southwest Rail Industries, Inc., 601 South East St., Weimar, Texas 78962 ("Debtor"), and covering two hundred (200) railroad cars, specifically described on Exhibit "A" attached thereto; (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 accounts, accounts receivable, contract rights, investment securities, financial assets, general intangibles, instruments, documents, chattel paper and funds on deposit with Secured Party, whether now owned or hereafter acquired, including, without limitation, all lease receivables and note receivables, all cash, notes, drafts and acceptances arising therefrom, or other proceeds of any sale, lease or other disposition of inventory, and all proceeds (including insurance proceeds) and products thereof.

A fee of \$30.00 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

A handwritten signature in cursive script that reads "Ana McLaughlin".

Ana McLaughlin, Legal Assistant

:AMM  
Enclosure

Exhibit "A"

Railcars

SOUTHWEST RAIL INDUSTRIES, INC.  
 Cars with Southeast Bank of TX  
 01/17/01

ANNEX 11A<sup>86</sup>

	Car Num	Date Purchased			
105A500W		Capacity- 17,000 gallons			
	17004	11/28/1995			
	17005	11/28/1995			
	17007	2/1/1996			
	17008	2/1/1996			
	17009	2/1/1996			
	17010	2/1/1996			
	17011	2/1/1996			
	17012	2/1/1996			
	17013	2/1/1996			
	17014	2/1/1996			
	17015	2/1/1996			
	17016	2/1/1996			
	17017	2/1/1996			
	17018	2/1/1996			
	17019	2/1/1996			
	17020	2/1/1996			
	17021	2/1/1996			
	17022	2/1/1996			
	17023	2/1/1996			
	17024	2/1/1996			
	17025	2/1/1996			
	17026	2/1/1996			
	17027	2/1/1996			
	17028	2/1/1996			
	17029	2/1/1996			
	17030	2/1/1996			
	17031	2/1/1996			
	17032	2/1/1996			
	17034	2/1/1996			
	17035	2/1/1996			
	17036	2/1/1996			
	17037	2/1/1996			
	17039	2/1/1996			
	17040	2/1/1996			

SOUTHWEST RAIL INDUSTRIES, INC.  
 Cars with Southeast Bank of TX  
 01/17/01

	Car Num	Date Purchased			
<b>105A500W</b>		<b>Capacity- 17,000 gallons</b>			
	17041	2/1/1996			
	17042	2/1/1996			
	17043	2/1/1996			
	17044	2/1/1996			
	17053	2/1/1996			
	17054	2/1/1996			
	17055	2/1/1996			
<b>105J300W</b>		<b>Capacity - 34,000 gallons</b>			
	34004	06-05-92			
	34010	08-17-92			
	34011	07-08-92			
	34012	07-08-92			
	34013	07-08-92			
	34014	11-20-92			
	34015	10-19-92			
	34016	11-20-92			
	34017	09-08-92			
	34018	07-08-92			
	34020	10-19-92			
	34060	9/14/1995			
	34063	1/24/1996			
<b>111A100W1</b>		<b>Capacity- 16,000 gallons exterior coiled insulated</b>			
	16101	02-24-87			
	16102	02-24-87			
	16103	02-24-87			
	16105	02-24-87			
	16106	02-24-87			
	16107	02-24-87			
	16110	3/24/1999			
	16111	3/24/1999			

SOUTHWEST RAIL INDUSTRIES, INC.  
 Cars with Southeast Bank of TX  
 01/17/01

	Car Num	Date Purchased			
111A100W1		Capacity- 16,000 gallons exterior coiled insulated			
	16112	3/24/1999			
	16113	3/24/1999			
	16114	3/24/1999			
	16115	3/24/1999			
	16116	3/24/1999			
		Capacity- 20,500 gallons interior coiled non insulated			
	20100	3/31/2000			
	20101	3/31/2000			
	20102	3/31/2000			
	20103	3/31/2000			
		Capacity- 20,500 gallons non coiled. Two Compartment.			
	20206	02-84			
	20207	02-84			
	20208	02-84			
	20209	02-84			
	20210	02-84			
		Capacity- 20,500 gallons interior coiled			
	20512	12-30-91			
	20513	12-30-91			
	20514	12-30-91			
	20515	12-30-91			
		Capacity- 20,500 gallons interior coiled			
	20516	12-30-91			
	20517	12-30-91			
	20518	12-30-91			
	20519	12-30-91			
		Capacity- 20,500 gallons interior coiled			
	20521	12-30-91			
	20522	12-30-91			

SOUTHWEST RAIL INDUSTRIES, INC.  
 Cars with Southwest Bank of TX  
 01/17/01

	Car Num	Date Purchased			
111A100W1		Capacity- 21,000 gallons			
	37	02/01/94			
	1205	03/23/94			
	1207	03/23/94			
	1254	1/6/1997			
	1255	1/6/1997			
		Capacity 23,500 gallons exterior coiled insulated			
	2300	9/3/1998			
	2301	9/3/1998			
	2303	9/3/1998			
	2304	9/3/1998			
	2311	9/3/1998			
	2314	9/3/1998			
	2317	9/3/1998			
	23530	3/31/2000			
	23531	3/31/2000			
	23532	3/31/2000			
	23533	3/31/2000			
111A100W1		Capacity 23,500 gallons exterior coiled insulated			
	23534	3/31/2000			
	23535	3/31/2000			
	23536	3/31/2000			
	23537	3/31/2000			
	23538	3/31/2000			
	23539	3/31/2000			
	23540	3/31/2000			
	23541	3/31/2000			
	23542	3/31/2000			
	23543	3/31/2000			
	23544	3/31/2000			
	23549	6/9/2000			
	23550	6/9/2000			
	23551	6/9/2000			

SOUTHWEST RAIL INDUSTRIES, INC.  
 Cars with Southeast Bank of TX  
 01/17/01

	Car Num	Date Purchased			
	23552	6/9/2000			
	23553	6/9/2000			
111A100W1		Capacity- 30,000 gallons non coiled non insulated			
	30049	4/15/1997			
	30050	4/15/1997			
	30112	10/1/1999			
	30113	10/1/1999			
	30114	10/1/1999			
	30115	10/1/1999			
	30116	10/1/1999			
	30117	10/1/1999			
	30118	10/1/1999			
	30119	10/1/1999			
	30120	10/1/1999			
	30121	10/1/1999			
	30122	10/1/1999			
	30123	10/1/1999			
	30124	10/1/1999			
	30125	10/1/1999			
111A100W1		Capacity- 30,000 gallons non coiled non insulated			
	30126	10/1/1999			
	30127	10/1/1999			
	30128	10/1/1999			
		Capacity 20,500 interior coiled			
	21524	12-30-91			
	21525	12-30-91			
111A100W3					
	2316	9/3/1998			
	2319	9/3/1998			
	2323	9/3/1998			
	2339	4/1/1999			
	2349	4/1/1999			

SOUTHWEST RAIL INDUSTRIES, INC.  
 Cars with Southeast Bank of TX  
 01/17/01

	Car Num	Date Purchased			
	2553	1/4/1996			
	23502	9/3/1998			
	23503	9/3/1998			
111A100W3		Capacity- 23,500 gallons exterior coiled insulated			
	23504	9/3/1998			
	23505	9/3/1998			
	23506	9/3/1998			
	23507	9/3/1998			
		Capacity- 25,500 gallons exterior coiled			
	25021	7/1/1998			
112J340W		Capacity- 33,500 gallons			
	3200	11/10/1994			
	3204	11/30/1994			
	33501	06-21-89			
112J340W		Capacity- 34,000 gallons			
	34075	1/3/1996			
	34076	1/3/1996			
	34077	1/3/1996			
112J400W		Capacity- 30,000 gallons			
	33010	10-22-91			
		Capacity- 33,500 gallons			
	221	09-01-92			
	222	09-01-92			
	223	09-01-92			
	224	09-01-92			
	225	09-01-92			
	226	09-01-92			
	227	09-01-92			
	228	09-01-92			
	244	9/28/93			

SOUTHWEST RAIL INDUSTRIES, INC.  
 Cars with Southwest Bank of TX  
 01/17/01

	Car Num	Date Purchased			
	245	10/27/93			
	246	10/27/93			
	254	11/10/1994			
112J400W		Capacity- 33,500 gallons			
	255	11/10/1994			
	256	11/10/1994			
	33020	10-22-91			
	33030	10-22-91			
	33040	10-22-91			
	33050	10-22-91			
	33060	10-22-91			
	33090	10-22-91			
	33130	10-22-91			
	33140	10-22-91			
	33170	10-22-91			
	33180	10-22-91			
	33200	10-22-91			
112J400W		Capacity-33,500 gallons			
	33240	10-22-91			
	33260	10-22-91			
	33270	10-22-91			
	10	(10) 25,500 gallon 111A100W1 exterior coiled insulated			
		SRIX 25011, SRIX 25012, SRIX 25013, SRIX 25014			
		SRIX 25015, SRIX 25016, SRIX 25017, SRIX 25018			
		SRIX 25019, SRIX 25020			
	3	(3) 24,000 Gallon 111A100W1 2 compartment exterior			
		coiled insulated			
		SRIX 24003, 24004, 24005			

RECORDATION NO. 22456-C FILED

THIRD AMENDMENT TO SECURITY AGREEMENT

MAY 28 '02

4-16 PM

SURFACE TRANSPORTATION BOARD

This THIRD AMENDMENT TO SECURITY AGREEMENT ("Amendment"), dated as of November 1, 2001 is between SOUTHWEST RAIL INDUSTRIES, INC., a Texas corporation ("Debtor") and SOUTHWEST BANK OF TEXAS, N.A., a national banking association ("Secured Party").

RECITALS:

WHEREAS, Debtor and Secured Party have entered into that certain Loan Agreement dated as of September 27, 1999, as amended by First Amendment to Loan Agreement dated as of November 1, 1999, Second Amendment to Loan Agreement dated as of February 15, 2000, Third Amendment to Loan Agreement dated as of March 1, 2001 and Fourth Amendment to Loan Agreement dated as of November 1, 2001 (the "Loan Agreement").

WHEREAS, pursuant to the Loan Agreement Debtor executed that certain Security Agreement, dated as of September 27, 1999, as amended by First Amendment to Security Agreement dated as of November 1, 1999 (the "Security Agreement").

WHEREAS, the execution of this Amendment is a condition to Secured Party entering into the Fourth 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(a). Effective as of the date hereof, paragraph (a) of Section 1.01 of the Security Agreement is amended to read in its entirety as follows:

" (a) Two Hundred (200) rail cars, specifically described on Exhibit "A" attached hereto (the "Railcars")"

2. Amendment to Section 1.02(a). Effective as of the date hereof, Section 1.02(a) of the Security Agreement is amended to read in its entirety as follows:

(a) the obligations and indebtedness of Debtor to Secured Party evidenced by that certain promissory note in the original principal amount of \$1,282,500.00, dated November 1, 2001, executed by Debtor and payable to the order of Secured

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.

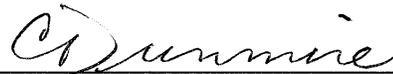
DEBTOR:

SOUTHWEST RAIL INDUSTRIES, INC.

By:   
Robert R. Huette  
President

SECURED PARTY:

SOUTHWEST BANK OF TEXAS, N.A.

By:   
Carmen Dunmire  
Senior Vice President

Annex "A"

Railcars

SOUTHWEST RAIL INDUSTRIES, INC.  
 Cars with Southeast Bank of TX  
 01/17/01

	Car Num	Date Purchased			
111A100W1		Capacity- 16,000 gallons exterior coiled insulated			
	16112	3/24/1999			
	16113	3/24/1999			
	16114	3/24/1999			
	16115	3/24/1999			
	16116	3/24/1999			
		Capacity- 20,500 gallons interior coiled non insulated			
	20100	3/31/2000			
	20101	3/31/2000			
	20102	3/31/2000			
	20103	3/31/2000			
		Capacity- 20,500 gallons non coiled. Two Compartment.			
	20206	02-84			
	20207	02-84			
	20208	02-84			
	20209	02-84			
	20210	02-84			
		Capacity- 20,500 gallons interior coiled			
	20512	12-30-91			
	20513	12-30-91			
	20514	12-30-91			
	20515	12-30-91			
		Capacity- 20,500 gallons interior coiled			
	20516	12-30-91			
	20517	12-30-91			
	20518	12-30-91			
	20519	12-30-91			
		Capacity- 20,500 gallons interior coiled			
	20521	12-30-91			
	20522	12-30-91			

SOUTHWEST RAIL INDUSTRIES, INC.  
 Cars with Southeast Bank of TX  
 01/17/01

APPENDIX 11A

	Car Num	Date Purchased			
105A500W		Capacity- 17,000 gallons			
	17004	11/28/1995			
	17005	11/28/1995			
	17007	2/1/1996			
	17008	2/1/1996			
	17009	2/1/1996			
	17010	2/1/1996			
	17011	2/1/1996			
	17012	2/1/1996			
	17013	2/1/1996			
	17014	2/1/1996			
	17015	2/1/1996			
	17016	2/1/1996			
	17017	2/1/1996			
	17018	2/1/1996			
	17019	2/1/1996			
	17020	2/1/1996			
	17021	2/1/1996			
	17022	2/1/1996			
	17023	2/1/1996			
	17024	2/1/1996			
	17025	2/1/1996			
	17026	2/1/1996			
	17027	2/1/1996			
	17028	2/1/1996			
	17029	2/1/1996			
	17030	2/1/1996			
	17031	2/1/1996			
	17032	2/1/1996			
	17034	2/1/1996			
	17035	2/1/1996			
	17036	2/1/1996			
	17037	2/1/1996			
	17039	2/1/1996			
	17040	2/1/1996			

SOUTHWEST RAIL INDUSTRIES, INC.  
 Cars with Southeast Bank of TX  
 01/17/01

	Car Num	Date Purchased			
105A500W		Capacity- 17,000 gallons			
	17041	2/1/1996			
	17042	2/1/1996			
	17043	2/1/1996			
	17044	2/1/1996			
	17053	2/1/1996			
	17054	2/1/1996			
	17055	2/1/1996			
105J300W		Capacity - 34,000 gallons			
	34004	06-05-92			
	34010	08-17-92			
	34011	07-08-92			
	34012	07-08-92			
	34013	07-08-92			
	34014	11-20-92			
	34015	10-19-92			
	34016	11-20-92			
	34017	09-08-92			
	34018	07-08-92			
	34020	10-19-92			
	34050	9/14/1995			
	34063	1/24/1996			
111A100W1		Capacity- 16,000 gallons exterior coiled insulated			
	16101	02-24-87			
	16102	02-24-87			
	16103	02-24-87			
	16105	02-24-87			
	16106	02-24-87			
	16107	02-24-87			
	16110	3/24/1999			
	16111	3/24/1999			

SOUTHWEST RAIL INDUSTRIES, INC.  
 Cars with Southeast Bank of TX  
 01/17/01

	Car Num	Date Purchased			
111A100W1		Capacity- 21,000 gallons			
	37	02/01/94			
	1205	03/23/94			
	1207	03/23/94			
	1254	1/6/1997			
	1255	1/6/1997			
		Capacity 23,500 gallons exterior coiled insulated			
	2300	9/3/1998			
	2301	9/3/1998			
	2303	9/3/1998			
	2304	9/3/1998			
	2311	9/3/1998			
	2314	9/3/1998			
	2317	9/3/1998			
	23530	3/31/2000			
	23531	3/31/2000			
	23532	3/31/2000			
	23533	3/31/2000			
111A100W1		Capacity 23,500 gallons exterior coiled insulated			
	23534	3/31/2000			
	23535	3/31/2000			
	23536	3/31/2000			
	23537	3/31/2000			
	23538	3/31/2000			
	23539	3/31/2000			
	23540	3/31/2000			
	23541	3/31/2000			
	23542	3/31/2000			
	23543	3/31/2000			
	23544	3/31/2000			
	23549	6/9/2000			
	23550	6/9/2000			
	23551	6/9/2000			

SOUTHWEST RAIL INDUSTRIES, INC.  
 Cars with Southeast Bank of TX  
 01/17/01

	Car Num	Date Purchased			
	23552	6/9/2000			
	23553	6/9/2000			
111A100W1		Capacity- 30,000 gallons non coiled non insulated			
	30049	4/15/1997			
	30050	4/15/1997			
	30112	10/1/1999			
	30113	10/1/1999			
	30114	10/1/1999			
	30115	10/1/1999			
	30116	10/1/1999			
	30117	10/1/1999			
	30118	10/1/1999			
	30119	10/1/1999			
	30120	10/1/1999			
	30121	10/1/1999			
	30122	10/1/1999			
	30123	10/1/1999			
	30124	10/1/1999			
	30125	10/1/1999			
111A100W1		Capacity- 30,000 gallons non coiled non insulated			
	30126	10/1/1999			
	30127	10/1/1999			
	30128	10/1/1999			
		Capacity 20,500 interior coiled			
	21524	12-30-91			
	21525	12-30-91			
111A100W3					
	2316	9/3/1998			
	2319	9/3/1998			
	2323	9/3/1998			
	2339	4/1/1999			
	2349	4/1/1999			

SOUTHWEST RAIL INDUSTRIES, INC.  
 Cars with Southeast Bank of TX  
 01/17/01

	Car Num	Date Purchased			
	2553	1/4/1996			
	23502	9/3/1998			
	23503	9/3/1998			
<b>111A100W3</b>		<b>Capacity- 23,500 gallons exterior coiled insulated</b>			
	23504	9/3/1998			
	23505	9/3/1998			
	23506	9/3/1998			
	23507	9/3/1998			
		<b>Capacity- 25,500 gallons exterior coiled</b>			
	25021	7/1/1998			
<b>112J340W</b>		<b>Capacity- 33,500 gallons</b>			
	3200	11/10/1994			
	3204	11/30/1994			
	33501	06-21-89			
<b>112J340W</b>		<b>Capacity- 34,000 gallons</b>			
	34075	1/3/1996			
	34076	1/3/1996			
	34077	1/3/1996			
<b>112J400W</b>		<b>Capacity- 30,000 gallons</b>			
	33010	10-22-91			
		<b>Capacity- 33,500 gallons</b>			
	221	09-01-92			
	222	09-01-92			
	223	09-01-92			
	224	09-01-92			
	225	09-01-92			
	226	09-01-92			
	227	09-01-92			
	228	09-01-92			
	244	9/28/93			

SOUTHWEST RAIL INDUSTRIES, INC.  
 Care with Southeast Bank of TX  
 01/17/01

	Car Num	Date Purchased			
	245	10/27/93			
	246	10/27/93			
	254	11/10/1994			
112J400W		Capacity- 33,500 gallons			
	255	11/10/1994			
	256	11/10/1994			
	33020	10-22-91			
	33030	10-22-91			
	33040	10-22-91			
	33050	10-22-91			
	33060	10-22-91			
	33090	10-22-91			
	33130	10-22-91			
	33140	10-22-91			
	33170	10-22-91			
	33180	10-22-91			
	33200	10-22-91			
112J400W		Capacity-33,500 gallons			
	33240	10-22-91			
	33260	10-22-91			
	33270	10-22-91			
	10	(10) 25,500 gallon 111A100W1 exterior coiled insulated			
		SRIX 25011, SRIX 25012, SRIX 25013, SRIX 25014			
		SRIX 25015, SRIX 25016, SRIX 25017, SRIX 25018			
		SRIX 25019, SRIX 25020			
	3	(3) 24,000 Gallon 111A100W1 2 compartment exterior			
		coiled insulated			
		SRIX 24003, 24004, 24005			