

WINSTEAD

November 8, 2002

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klee@winstead.com

VIA OVERNIGHT DELIVERY

Mr. Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street NW
Suite 700
Washington, D.C. 20423-001

RECORDATION NO. 23472-A FILED
NOV 12 '02 12-10 PM
SURFACE TRANSPORTATION BOARD



Re: Sterling Bank/James C. Graves

Dear Mr. Williams:

On behalf of Sterling Bank, I hereby submit for filing and recording two (2) executed originals of a secondary document, entitled Ratification of Previously Executed Railroad Car Mortgage, Security Agreement, Assignment of Interest in Leases and Financing Statement ("Ratification") dated as of November 6, 2002. The Ratification is an amendment and ratification to that certain Railroad Car Mortgage, Security Agreement, Assignment of Interest in Leases and Financing Statement dated March 19, 2001 between James C. Graves and The James C. Graves Living Trust, as Mortgagor, and Sterling Bank, as Mortgagee, which was duly filed on April 30, 2001 in accordance with 49 U.S.C. 11303 (a) under Recordation Number 23472.

The parties to the Ratification are:

James C. Graves and
The James C. Graves Living Trust, as Mortgagor
10077 Grogan's Mill Road, Suite 450
The Woodlands, Texas 77380

Sterling Bank, as Mortgagee
13111 Westheimer Road
Houston, Texas 77077

2400 BANK ONE CENTER
910 TRAVIS STREET
HOUSTON, TEXAS 77002

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Attorneys and Counselors
A Professional Corporation

Austin, Dallas, Fort Worth,
Houston, Mexico City,
The Woodlands, Washington DC

November 8, 2002

Page 2

The said Ratification affects the following collateral:

GLNX 3407
GLNX 3416
GLNX 33601

Enclosed is a check in the amount of \$30.00 in payment of the filing fee. The file-stamped copy of the Ratification should be returned to the undersigned at 910 Travis, Suite 2400, Houston, Texas 77002.

Thank you for your assistance and don't hesitate to contact me at (713) 650-2761 if you have any questions or need additional information.

Very truly yours,



Kelly Lee
Paralegal

Enclosures

cc: Mitchell S. Schulman (w/enclosures)
Andrew Paur, Esq. (Firm)

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20233-4 11/07/2002

**RATIFICATION OF PREVIOUSLY EXECUTED RAILROAD CAR
MORTGAGES, SECURITY AGREEMENTS, ASSIGNMENTS OF
INTEREST IN LEASES AND FINANCING STATEMENTS**

This is a secondary document and is a ratification of that certain Railroad Car Mortgage, Security Agreement, Assignment of Interest in Leases and Financing Statement dated March 19, 2001 between James C. Graves and The James C. Graves Living Trust, as Debtors, and Sterling Bank, as Secured Party, which was duly filed on April 30, 2001 in accordance with 49 U.S.C. 11303 (a) under Recordation Number 23472.

MORTGAGOR: JAMES C. GRAVES AND
THE JAMES C. GRAVES LIVING TRUST
10077 Grogan's Mill Road, Suite 450
The Woodlands, Texas 77380

MORTGAGEE: STERLING BANK
13111 Westheimer Road
Houston, Texas 77077

RECORDATION NO. 23472-A FILED

NOV 12 '02

12:10 PM

SURFACE TRANSPORTATION BOARD

COLLATERAL: Railroad cars bearing the numbers below:

GLNX 3407
GLNX 3416
GLNX 33601

**RATIFICATION OF PREVIOUSLY EXECUTED
RAILROAD CAR MORTGAGES, SECURITY AGREEMENTS, ASSIGNMENTS OF
INTEREST IN LEASES AND FINANCING STATEMENTS**

This Ratification, dated as of the 6 day of November, 2002, is by and between JAMES C. GRAVES, an individual, and THE JAMES C. GRAVES LIVING TRUST (hereinafter collectively referred to as the "Pledgor"), whose address for notice purposes is 786 River Road, Montgomery, Texas 77356, for the benefit of STERLING BANK, a Texas banking association (the "Secured Party") whose address is 2201 Mangum, Houston, Texas 77092.

RECITALS:

WHEREAS, the Pledgor has heretofore executed that certain Railroad Car Mortgage, Security Agreement, Assignment of Interest in Leases and Financing Statement dated on or about November 30, 1998 (as the same may have been previously ratified and amended, "Security Agreement A") covering and describing forty-nine (49) rail cars and management agreements related thereto ("Collateral A"), that certain Railroad Car Mortgage, Security Agreement, Assignment of Interest in Leases and Financing Statement dated as of December 17, 1999 (as the same may have been previously ratified and amended, "Security Agreement B") covering and describing thirteen (13) rail cars and management agreements related thereto ("Collateral B"), with eleven (11) of the Collateral B rail cars being released by the Secured Party by that certain Partial Release of Railroad Car Mortgage and Security Interest dated as of December 17, 2000, that certain Railroad Car Mortgage, Security Agreement, Assignment of Interest in Leases and Financing Statement dated as of December 17, 2000 (as the same may have been previously ratified and amended, "Security Agreement C") covering and describing thirteen (13) rail cars and management agreements related thereto ("Collateral C"), that certain Railroad Car Mortgage, Security Agreement, Assignment of Interest in Leases and Financing Statement dated on or about March 19, 2001 (as the same may have been previously ratified and amended, "Security Agreement D") covering and describing three (3) rail cars and management agreements related thereto ("Collateral D"), and that certain Railroad Car Mortgage, Security Agreement, Assignment of Interest in Leases and Financing Statement dated on or about April 15, 2002 (as the same may have been previously ratified and amended, "Security Agreement E") (Security Agreement A, Security Agreement B, Security Agreement C, Security Agreement D, and Security Agreement E are collectively referred to as the "Security Agreement") covering and describing twenty-nine (29) rail cars and management agreements related thereto ("Collateral E") (Collateral A, Collateral B, Collateral C, Collateral D, and Collateral E are collectively referred to as the "Collateral");

WHEREAS, the Security Agreement was executed and delivered to secure the payment of certain obligations of the Pledgor, including that certain promissory note dated as of November 30, 1998 in the maximum principal sum of \$300,000 ("Note A"), that certain promissory note dated as of November 30, 1998 in the maximum principal sum of \$100,000 ("Note B"), that certain promissory note dated as of November 30, 1998 in the original principal sum of \$1,275,000 ("Note C"), and that certain promissory note dated as of December 17, 1999 in the original principal sum of \$400,000 ("Note D"), all executed by Pledgor and payable to the

order of Secured Party (Note A, Note B, Note C and Note D are collectively referred to herein as the "Notes");

WHEREAS, the benefits of the Secured Party under the Security Agreement and the Notes are still owned and held by the Secured Party;

WHEREAS, the Pledgor desires to renew, rearrange and extend Note C, and the Secured Party has agreed to renew, extend, and rearrange the indebtedness, such renewal, extension, and rearrangement to be evidenced by that certain promissory note payable to Secured Party dated as of even date herewith in the principal sum of \$912,500; and

WHEREAS, in connection therewith, Pledgor desires to ratify the Security Agreement.

NOW, THEREFORE, in consideration of the foregoing, the benefits to be derived by the Pledgor and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by the Pledgor, the Pledgor hereto agrees as follows:

1. RENEWAL, REARRANGEMENT AND EXTENSION OF NOTE C. The Pledgor has requested that the Secured Party renew Note C, rearrange its payment and extend the maturity thereof until five (5) years from the date hereof, all as more described in the renewal term promissory note executed by Pledgor dated as of even date herewith. In partial consideration of the representation and warranties contained herein, the Secured Party has agreed to do so.
2. WARRANTIES, REPRESENTATIONS AND COVENANTS. The warranties, representations and covenants of Pledgor contained in the Security Agreement are hereby remade by the Pledgor to the Secured Party and are in full force and effect as of the date hereof.
3. REAFFIRMATION OF SECURITY AGREEMENT. To secure the secured indebtedness described in the Security Agreement, including Note C (as renewed, rearranged and extended), Pledgor has granted, assigned, transferred and conveyed and by these presents does grant, assign, transfer and convey a security interest in and to the Collateral for the benefit of Secured Party.
4. TERMS DEFINED. As used herein, all terms not defined herein shall have the meaning ascribed to them in the Security Agreement.
5. MISCELLANEOUS. This Agreement shall be considered as an amendment and ratification to the Security Agreement, and except as herein expressly amended, the Security Agreement is hereby ratified, approved and confirmed in every respect, all references to the foregoing Security Agreement and any documents heretofore executed or hereafter executed shall be deemed to refer to the Security Agreement as amended by this instrument.

[Signature pages to follow]

