

**WINSTEAD**

March 4, 2003



direct dial: 713.650.2761  
klec@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. 22642-A FILED

**MAR 06 '03 10-43 AM**

**SURFACE TRANSPORTATION BOARD**

Re: STERLING BANK/JERRY SAGEHORN

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 February 24, 2003. The Ratification is an amendment and ratification to that certain Railroad Car Mortgage, Security Agreement, Assignment of Interest in Leases and Financing Statement dated December 17, 1999 between JERRY SAGEHORN, as Mortgagor, and STERLING BANK, as Mortgagee, which was duly filed on December 21, 1999 in accordance with 49 U.S.C. 11303 (a) under Recordation Number 22642.

The parties to the Ratification are:

JERRY SAGEHORN  
10810 Colony Wood Place  
The Woodlands, Texas 77380

STERLING BANK, as Mortgagee  
2201 Mangum Road  
Houston, Texas 77292-4009

2400 BANK ONE CENTER  
910 TRAVIS STREET  
HOUSTON, TEXAS 77002

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WINSTEAD SECHREST & MINICK  
Attorneys and Counselors  
A Professional Corporation

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

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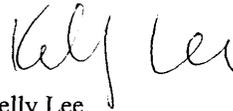
The said Ratification affects the following collateral:

GLNX #25007  
GLNX #25008

Enclosed is a check in the amount of \$60.00 (\$30.00 of which is for this filing) 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/o enclosures)  
James W. Doyle, Esq. (Firm)

HOUSTON 1\633428\1  
20233-14 03/03/2003

**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 December 17, 1999 between JERRY SAGEHORN, as Debtor, and Sterling Bank, as Secured Party, which was duly filed on December 21, 1999 in accordance with 49 U.S.C. 11303 (a) under Recordation Number 22642.**

MORTGAGOR: JERRY SAGEHORN  
10810 Colony Wood Place  
The Woodlands, Texas 77380

MORTGAGEE: STERLING BANK  
2201 Mangum Road  
Houston, Texas 77292-4009

RECORDATION NO. 22642-A FILED

COLLATERAL: Railroad cars bearing the numbers below:

GLNX 25007  
GLNX 25008

**MAR 06 '03 10-43 AM**

**SURFACE TRANSPORTATION BOARD**

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

This Ratification, dated as of the 24 day of February, 2003, is by and between JERRY SAGEHORN, Individually, (hereinafter referred to as the "Pledgor"), whose address for notice purposes is 10810 Colony Wood Place, The Woodlands, Texas 77380, for the benefit of STERLING BANK, a Texas banking association (the "Secured Party") whose address is 2201 Mangum Road, Houston, Texas 77292-4009.

**R E C I T A L S:**

WHEREAS, the Pledgor has heretofore executed 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") covering and describing two (2) rail cars and management agreements related thereto ("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 December 17, 1999 in the maximum principal sum of \$136,000.00, as modified and arranged by that certain promissory note dated as of March 17, 2000, in the maximum principal sum of \$66,258.64 (as modified and rearranged, "Note");

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

WHEREAS, as of the date hereof, the Pledgor has obtained funds from Secured Party, as evidenced by a Term Promissory Note in the original principal amount of \$275,000.00 ("Second Note"), executed by the Pledgor, and payable to the order of the Secured Party, a portion of which constitutes a rearrangement and modification of the indebtedness arising under the Note, and Pledgor desires to amend the Security Agreement to include the Second Note in the definition of Indebtedness (as defined in the Security Agreement)

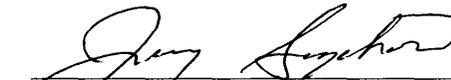
WHEREAS, in connection therewith, Pledgor desires to ratify the Security Agreement.

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. NEW LOAN. Pledgor has requested a loan in the amount of \$275,000.00 from Secured Party, which shall be evidenced by the Second Note ("New Loan"), a portion of which constitutes a rearrangement and modification of the indebtedness arising under the Note. In partial consideration of the representation and warranties contained herein, the Secured Party has agreed to make the New Loan to the Pledgor.

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 the indebtedness evidenced by the Second Note (as added hereby), 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.

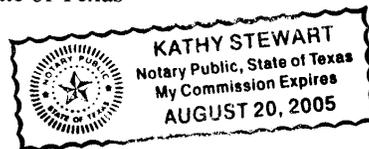
EXECUTED by the Pledgor as of the date first above written.

  
 \_\_\_\_\_  
 JERRY SAGEHORN, Individually

STATE OF TEXAS                   §  
   §  
 COUNTY OF HARRIS           §

On this 24 day of February, 2003, before me personally appeared JERRY SAGEHORN, Individually, to me personally known, who being by me duly sworn, says that he acknowledged that the execution of the foregoing instrument was his free act and deed.

  
 \_\_\_\_\_  
 Notary Public in and for  
 the State of Texas



HOUSTON\_1\628322\4  
 20233-14 02/19/2003