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ELIAS C. ALVORD (1942)
ELLSWORTH C. ALVORD (1964)

RECORDATION NO. 18716-G FILED

DEC 29 '99 4-45 PM

SURFACE TRANSPORTATION BOARD
URBAN A. LESTER

dc

December 29, 1999

Mr. Vernon A. Williams
Secretary
Surface Transportation Board
Washington, D.C. 20423

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a), are two (2) copies of an Amendment No. 1 to Security Agreement, dated as of December 15, 1999, a secondary document, as defined in the Board's Rules for the Recordation of Documents.

The enclosed document relates to the Lease which was previously filed with the Commission under Recordation Number 18716.

The names and addresses of the parties to the enclosed document are:

Company: Hero Leasing, Limited Partnership
c/o ML Leasing Equipment Corp.
250 Vesey Street
New York, New York 10281

Collateral Agent: Toronto Dominion (Texas), Inc.

*909 Fanning Ste 1700
Houston, TX 77017*

A description of the railroad equipment covered by the enclosed document is

259 railcars - CWEX 2553 through CWEX 2817 (less six casualties)

Mr. Vernon Williams
December 29, 1999
Page Two

Also enclosed is a check in the amount of \$26.00 payable to the order of the Surface Transportation Board covering the required recordation fee.

Kindly return one stamped copy of the enclosed document to the undersigned.

Very truly yours,



Robert W. Alvord

RWA/bg
Enclosures

EXECUTION COPY

AMENDMENT NO. 1 TO SECURITY AGREEMENT

RECORDATION NO. 18716-G

DEC 29 '99

4 5 PM

NOTARIAL BOARD

AMENDMENT NO. 1 to Security Agreement ("Amendment No. 1") dated as of December 15, 1999 between HERO LEASING, LIMITED PARTNERSHIP, a Delaware limited partnership (the "Company"), and TORONTO DOMINION (TEXAS), INC. (the "Collateral Agent"), collateral agent for (i) the banks that are parties to the Credit Agreement referred to below (the "Facility #1 Banks"), (ii) the banks that are parties to the Loan Agreement referred to below (the "Facility #2 Banks"), (iii) itself, as agent under the Credit Agreement for the Facility #1 Banks (in such capacity, the "Facility #1 Agent") and (iv) itself, as agent under the Loan Agreement for the Facility #2 Banks (in such capacity, the "Facility #2 Agent").

WHEREAS, the Company, the Facility #1 Banks and Facility #1 Agent have entered into a Credit Agreement, dated as of February 1, 1994 (hereinafter, as the same may from time to time be amended, modified, supplemented or extended, referred to as the "Facility #1 Credit Agreement");

WHEREAS, Blackpoint Partners, Limited Partnership, a Delaware limited partnership which is a limited partner of the Company, the Facility #2 Banks and the Facility #2 Agent have entered into a Loan Agreement, dated as of February 1, 1994 (hereinafter, as the same may from time to time be amended, modified, supplemented or extended, referred to as the "Facility #2 Loan Agreement");

WHEREAS, the parties hereto have entered into a Security Agreement dated as of February 1, 1994 (the "Security Agreement"); and

WHEREAS, the parties hereto now desire to amend the Security Agreement as set forth herein;

NOW, THEREFORE, in consideration of the mutual covenants set forth herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. Definitions. Unless otherwise indicated, capitalized terms used herein and not defined herein shall have the respective meanings given to them in the Facility #1 Credit Agreement.

2. Amendment to Security Agreement. Section 2 of the Security Agreement is amended by deleting such section and inserting the following in its place:

SECTION 2. Grant of Security. The Company hereby assigns, pledges, transfers and grants to the Collateral Agent, for the ratable benefit of the Secured Parties, a continuing security interest in, and a lien upon, all of the Company's right, title and interest in, to and under, the following:

(a) The Master Lease including, without limitation, (i) the full amount of each installment of Basic Rent (as such term is defined in such Master Lease) and all other amounts which the Company may be entitled to receive pursuant to Sections 7 and 11 of the Master Lease; (ii) all other amounts payable to the Company by the Lessee under the Master Lease, including, without limitation, all damages and other amounts payable by the Lessee to the Company in the event of any expiration or termination of the Master Lease or by operation of law or otherwise or consequent on any failure on the part of the Lessee to perform or comply with any term of the Master Lease; and (iii) all rights,

claims, powers, privileges and remedies of the Company, whether arising by contract or at law or in equity or otherwise under the Master Lease;

(b) The Collateral Account and any other special purpose account of the Company established pursuant to Section 4.07(a) of the Facility #1 Credit Agreement and all monies, credit balances and certificates, instruments and other documents evidencing Permitted Investments from time to time held in the Collateral Account or such other account;

(c) The Guaranty including, without limitation, (i) all amounts payable to the Company thereunder by the Guarantor and (ii) all rights, claims, powers, privileges and remedies of the Company thereunder, whether arising by contract or at law or in equity or otherwise; and;

(d) Any and all proceeds of any of the foregoing.

The property referred to and described in (a), (b), (c) and (d) of this Section 2 is hereinafter collectively referred to as the "Collateral". The Company shall also cause the Manager to deliver to the Collateral Agent the letter agreements (the "Shortfall Agreements") referred to in Section 5.01(b) of the Facility #1 Credit Agreement. The Collateral Agent shall hold the Shortfall Agreements on behalf of the Secured Parties hereunder.

3. Security Agreement Remains in Effect. Except as expressly modified and amended hereby, the Security Agreement remains unchanged and in full force and effect in all respects.

4. **GOVERNING LAW. THIS AMENDMENT NO. 1 SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.**

5. Counterparts. This Amendment No. 1 may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument and any of the parties hereto may execute this Amendment No. 1 by signing any such counterpart.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment No. 1 to be duly executed as of the date first above written.

HERO LEASING, LIMITED PARTNERSHIP

By: Hero Capital, Inc.,
its General Partner

By: _____
Name:
Title:

TORONTO DOMINION (TEXAS), INC.,
as Collateral Agent

By: *Lynn Chasin*
Name:
Title: LYNN CHASIN
VICE PRESIDENT

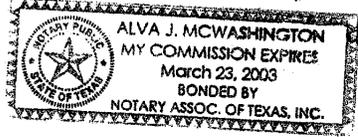
EXECUTION COPY

State of Texas)
)
County of Harris) ss.:

On the 15th day of December, 1999 before me personally came Lynn Chasin, to me known, who, being by me duly sworn, did depose and say that he resides in Harris County; that he is the Vice President of Toronto Dominion (Texas), Inc., the corporation described in and which executed the foregoing instrument; and that he signed his name thereto by authority of the Board of Directors of said corporation.

Alva J. McWashington
Notary Public

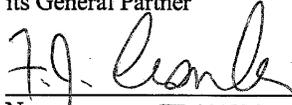
(SEAL)



IN WITNESS WHEREOF, the parties hereto have caused this Amendment No. to be duly executed as of the date first above written.

HERO LEASING, LIMITED PARTNERSHIP

By: Hero Capital, Inc.,
its General Partner

By: 
Name: FRANK J. CONLEY
Title: VICE PRESIDENT

TORONTO DOMINION (TEXAS), INC.,
as Collateral Agent

By: _____
Name:
Title:

State of New York)
)
County of New York) ss.:

On the 15 day of December, ~~1999~~ before me personally came Frank J. Conley, to me known, who, being by me duly sworn, did depose and say that he resides in Wilton, CT; that he is a Vice President and Assistant Secretary of Hero Capital, Inc., the corporation described in and which executed the foregoing instrument; and that he signed his name thereto by authority of the Board of Directors of said corporation.

Eduardo N.T. Andrade
Notary Public

(SEAL)

Eduardo N.T. Andrade
NOTARY PUBLIC, State of New York
No. 02-AN6025235
Qualified in New York County
Commission Expires May 24, 2001