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June 17, 1998

Honorable Vernon A. Williams  
Secretary  
Surface Transportation Board  
Washington, DC 20423

RECORDATION NO. 21470 FILED

JUN 17 '98 2-47PM

Dear Secretary Williams:

I have enclosed two originals of the document described below, to be recorded pursuant to 49 U.S.C. § 11301.

The document is a Memorandum of Loan and Security Agreement, a primary document, dated as of June 17, 1998. We request that this document be given the next available Recordation Number.

The names and addresses of the parties to the Memorandum of Loan and Security Agreement are:

Lender:

Finova Capital Corporation  
115 West Century Road  
Paramus, NJ 07653

Borrower:

Environmental Protection & Improvement Company, Inc., formerly known as R.J. Longo  
Construction Co., Inc.  
305 Palmer Road  
Denville, NJ 07834

Guarantor:

Compost America Holding Company, Inc.  
320 Grand Avenue  
Englewood, NJ 07631

JUN 17 2 47 PM '98  
RECEIVED  
SURFACE TRANSPORTATION  
BOARD

*Coun Report - [Signature]*

Honorable Vernon A. Williams  
June 17, 1998  
Page 2

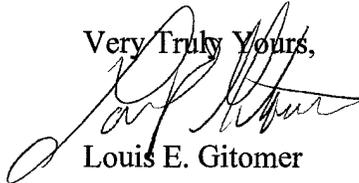
A description of the equipment covered by the Memorandum of Loan and Security Agreement consists of 150 articulated skeleton container cars numbered EPIX 91003-91072, inclusive, 91074-91146, inclusive, and 91148-91154, inclusive.

A fee of \$ 26.00 is enclosed. Please return one original to:

Louis E. Gitomer  
Of Counsel  
Ball Janik LLP  
Suite 225  
1455 F Street, N.W.  
Washington, DC 20005

A short summary of the document to appear in the index follows: a Memorandum of Loan and Security Agreement between Finova Capital Corporation, 115 West Century Road, Paramus, NJ 07653, Environmental Protection & Improvement Company, Inc., formerly known as R.J. Longo Construction Co., Inc., 305 Palmer Road, Denville, NJ 07834, and Compost America Holding Company, Inc., 320 Grand Avenue, Englewood, NJ 07631, covering 150 articulated skeleton container cars numbered EPIX 91003-91072, inclusive, 91074-91146, inclusive, and 91148-91154, inclusive.

Very Truly Yours,



Louis E. Gitomer

Enclosures

MEMORANDUM OF LOAN AND SECURITY AGREEMENT

This Memorandum of Loan and Security Agreement, dated as of June 17, 1998, is by and between Environmental Protection & Improvement Company, Inc., formerly known as R.J. Longo Construction Co., Inc. (the "Borrower"), Compost America Holding Company, Inc. (the "Guarantor"), and FINOVA Capital Corporation (the "Lender").

1. The Lender has made a loan to the Borrower pursuant to a Loan and Security Agreement, dated June 17, 1998.

2. Pursuant to the Loan and Security Agreement Borrower grants to the Lender a first lien on and security interest in all of Borrower's right, title and interest in and to the equipment identified in Schedules A-1 and A-2 attached hereto, pursuant to Section 3.1 of the Loan and Security Agreement. In connection with the Loan and Security Agreement, Guarantor guaranties the due payment and performance of all the obligations of the Borrower to the Lender and pledges all of the issued and outstanding stock of Borrower to Lender.

IN WITNESS WHEREOF, each of the parties hereto have caused this MEMORANDUM OF LOAN AND SECURITY AGREEMENT to be executed by its duly authorized officer as of the date first above written.

ENVIRONMENTAL PROTECTION & IMPROVEMENT COMPANY, INC., formerly known as, R.J. LONGO CONSTRUCTION CO., INC. as Borrower

RECORDATION NO. 21470 FILED

JUN 17 '98 2-47PM

By: [Signature]  
Name: ROBERT J. LONGO  
Title: PRESIDENT

COMPOST AMERICA HOLDING COMPANY, INC. as Guarantor

By: [Signature]  
Name: ROBERT E. TUTTLE  
Title: PRESIDENT

FINOVA CAPITAL CORPORATION as Lender

By: [Signature]  
Name: PAMELA MARCHANT  
Title: Vice President

JUDIT V. RADLER  
Notary Public of New Jersey  
My Commission Expires December 22, 1999

State of NEW JERSEY  
) ss.

County of MORRIS

On this 16 day of June, 1998, before me personally appeared ROBERT J. LONGO, to me personally known, who, being by me duly sworn, says that (s)he is PRESIDENT of Environmental Protection & Improvement Company, Inc., and that (s)he is duly authorized to sign the foregoing instrument on behalf of Environmental Protection & Improvement Company, Inc., and (s)he acknowledged that the execution of the foregoing instrument was the free act and deed of Environmental Protection & Improvement Company, Inc.

Judit V Radler  
Notary Public

My commission expires: **JUDIT V. RADLER**  
Notary Public of New Jersey  
My Commission Expires December 22, 1999

State of New Jersey  
) ss.

County of Essex

On this 16 day of June, 1998, before me personally appeared Roger J. Tuttle to me personally known, who, being by me duly sworn, says that (s)he is President of Compost America Holding Company, Inc., and that (s)he is duly authorized to sign the foregoing instrument on behalf of Compost America Holding Company, Inc., and (s)he acknowledged that the execution of the foregoing instrument was the free act and deed of Compost America Holding Company, Inc.

Jane A. White  
Notary Public

My commission expires:  
**JANE A. WHITE**  
NOTARY PUBLIC OF NEW JERSEY  
My Commission Expires Jan. 23, 2000



## Schedule A-1

### 1286 TOTAL QUANTITY OF 20 CUBIC YARD OPEN TOP CONTAINERS:

IDENTIFICATION NUMBERS: EPIU220001 through EPIU221286 inclusive

### 150 TOTAL QUANTITY BERWICK ARTICULATED SKELETON CONTAINER RAIL CARS BEARING REPORTING MARKS AND CAR NUMBERS AS FOLLOWS:

|       |       |       |       |
|-------|-------|-------|-------|
| 91003 | 91041 | 91080 | 91118 |
| 91004 | 91042 | 91081 | 91119 |
| 91005 | 91043 | 91082 | 91120 |
| 91006 | 91044 | 91083 | 91121 |
| 91007 | 91045 | 91084 | 91122 |
| 91008 | 91046 | 91085 | 91123 |
| 91009 | 91047 | 91086 | 91124 |
| 91010 | 91048 | 91087 | 91125 |
| 91011 | 91049 | 91088 | 91126 |
| 91012 | 91050 | 91089 | 91127 |
| 91013 | 91051 | 91090 | 91128 |
| 91014 | 91052 | 91091 | 91129 |
| 91015 | 91053 | 91092 | 91130 |
| 91016 | 91054 | 91093 | 91131 |
| 91017 | 91055 | 91094 | 91132 |
| 91018 | 91056 | 91095 | 91133 |
| 91019 | 91057 | 91096 | 91134 |
| 91020 | 91058 | 91097 | 91135 |
| 91021 | 91059 | 91098 | 91136 |
| 91022 | 91060 | 91099 | 91137 |
| 91023 | 91061 | 91100 | 91138 |
| 91024 | 91062 | 91101 | 91139 |
| 91025 | 91063 | 91102 | 91140 |
| 91026 | 91064 | 91103 | 91141 |
| 91027 | 91065 | 91104 | 91142 |
| 91028 | 91066 | 91105 | 91143 |
| 91029 | 91067 | 91106 | 91144 |
| 91030 | 91068 | 91107 | 91145 |
| 91031 | 91069 | 91108 | 91146 |
| 91032 | 91070 | 91109 | 91148 |
| 91033 | 91071 | 91110 | 91149 |
| 91034 | 91072 | 91111 | 91150 |
| 91035 | 91074 | 91112 | 91151 |
| 91036 | 91075 | 91113 | 91152 |
| 91037 | 91076 | 91114 | 91153 |
| 91038 | 91077 | 91115 | 91154 |
| 91039 | 91078 | 91116 |       |
| 91040 | 91079 | 91117 |       |

## Schedule A-2

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### Yard and Shop Equipment

Air Mate Portable Shop Air Compressor, Mdl AM99  
Alkota Pressure Washer, Mdl 4305-2T, Truck-Mtd

Caterpillar 980C Front End Loader, #063X08791 (1989)  
Caterpillar Mdl V900CH Forklift, S/N 03WD00182  
Caterpillar Mdl V925 Forklift, S/N 8FB00124, (1991)  
Dakota Pressure Washer, Mdl Versa 100  
Forklift Accessory, (2) 4-Legged Bridles  
Forklift Accessory, 2-Legged Bridle  
Forklift Handling Attachment Mounted On Cat V900Ch  
G.E. Portable Scale (In Virginia)  
Hitachi Mdl UH0833 Backhoe, S/N #144-26204  
Ingersoll Rand Mdl T30 Tank-Mtd Air Compressor, I.R., S/N Gotc857378, W/ Kohler Gas Engine; Tru

Miller Mdl Big 50 Diesel Welder, S/N KH362791, 400 Amps, 36 V  
Miller Mdl Trailpower 8000 Welder, S/N na, Truck-Mtd, (Off Site for Repair, As Of 6/03/98)  
Schram Air Compressor, Mtd On Lube Truck  
Heater, Electric Space Heater, In Shop  
Speedaire Air Compressor, S/N R4048865, 5 Hp  
Spreader Bar, Crane Lifting Attachment

Taylor Mdl TY620L Forklift, S/N S-V0-21078  
Taylor Mdl Ty920L Forklift, S/N S-K1-21158, w/ Container-Handling Attachment  
Trailer. "Security" Mobile Trailer, 8' w x 32' l, w/ lockers  
Trailer. "Williams" Mobile Trailer, 8' w x 18' l, w/lunch tables, #2074402  
Trailer. Used as Guard House. Approx.8' w x 15' l  
Water Tank, Truck-mtd

### Licensed Vehicles

Ottawa Yard Tractor, VIN 11VEC15P9MA000111 Manufactured 1991  
Ottawa Yard Tractor, VIN 1 11VEC15P3MA000055 Z Manufactured 1991  
Ottawa Yard Tractor, VIN 11VEC15P6MA000110 Manufactured 1991  
Ottawa Yard Tractor, VIN 11VEC15P2MA000113 Manufactured 1991  
Ottawa Yard Tractor, VIN 1 11VEC15P6MA000059 Z Manufactured 1991  
Ottawa Yard Tractor, VIN 11VEC15P9MA000058 Manufactured 1991  
Ottawa Yard Tractor, VIN 11VEC15P0MA000112 Manufactured 1991

Pratt Trailer, VIN 1P9CP4032MS109229 Manufactured 1991  
Pratt Trailer, VIN 1 1P9CP4034MS109216 Z Manufactured 1991  
Pratt Trailer, VIN 1 1P9CP4032MS109215 Z Manufactured 1991  
Pratt Trailer, VIN 1P9CP4039MS109213 Manufactured 1991  
Pratt Trailer, VIN 1P9CP4030MS109200 Z Manufactured 1991  
Pratt Trailer, VIN 1P9CP4030MS109214 Manufactured 1991

Schedule A-2

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AJA Trailer, VIN 1AJC23219M1000620 Manufactured 1991  
AJA Trailer, VIN 1AJC23212M1000619 Manufactured 1991  
AJA Trailer, VIN 1AJC23210M1000618 Manufactured 1991  
AJA Trailer, VIN 1AJC23219M1000617 Manufactured 1991  
AJA Trailer, VIN 1AJC23217M1000616 Manufactured 1991  
AJA Trailer, VIN 1AJC23215M1000615 Manufactured 1991  
AJA Trailer, VIN 1AJC23213M1000614 Manufactured 1991  
AJA Trailer, VIN 1AJC23211M1000613 Manufactured 1991  
AJA Trailer, VIN 1AJC2321XM1000612 Manufactured 1991  
AJA Trailer, VIN 1AJC23218M1000611 Manufactured 1991  
AJA Trailer, VIN 1AJC23216M1000610 Manufactured 1991  
AJA Trailer, VIN 1AJC2321XM1000609 Manufactured 1991  
AJA Trailer, VIN 1AJC23218M1000608 Manufactured 1991  
AJA Trailer, VIN 1AJC23216M1000607 Manufactured 1991  
AJA Trailer, VIN 1AJC23214M1000606 Manufactured 1991  
AJA Trailer, VIN 1AJC23212M1000605 Manufactured 1991  
AJA Trailer, VIN 1AJC23210M1000604 Manufactured 1991  
AJA Trailer, VIN 1AJC23219M1000603 Manufactured 1991  
AJA Trailer, VIN 1AJC23217M1000602 Manufactured 1991  
AJA Trailer, VIN 1AJC23215M1000601 Manufactured 1991