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RECORDATION NO. 21070 FILED

DEC 15 '97 2-10 PM

OF COUNSEL
URBAN A. LESTER

RECORDATION NO. 21070-A, B, C, D, E, F, G FILED

DEC 15 '97

2-10 PM

RECEIVED
SURFACE TRANSPORTATION BOARD
DEC 15 2 09 PM '97

December 15, 1997

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 a Master Loan and Security Agreement No. 3458, dated as of December 9, 1997, a primary document as defined in the Board's Rules for the Recordation of Documents and two (2) copies of each of the following secondary documents related thereto: Loan Schedules No. 01, No. 02 and No. 03 three (3) Full Recourse Assignment Agreements and a Bill of Sale.

Primary

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

B, D+F

Debtors and Assignors:

Relco Locomotives, Inc.
Jerico of Gonzales, Inc.
Relco Finance Corp.
113 Industrial Avenue
Minooka, IL 60449

Secured Party and Assignee:

Charter Financial, Inc.
153 East 53rd Street
55th Floor
New York, NY 10022

Handwritten notes on the left margin: "Copies to parts" and "Spec."

Mr. Vernon A. Williams
December 15, 1997
Page 2

Bill of Sale

Seller: Houston Mainland Corporation

Buyer: Relco Locomotives, Inc.
113 Industrial Avenue
Minooka, IL 60449

A description of the railroad equipment covered by the enclosed documents is:

forty-one (41) locomotives bearing RE reporting marks and road numbers set forth on Schedule A attached to Loan Schedules No. 01, 02 and 03.

Also enclosed is a check in the amount of \$24.00 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

FULL RECOURSE ASSIGNMENT AGREEMENT **DEC 15 '97** **2-10PM**

THIS FULL RECOURSE ASSIGNMENT AGREEMENT (this "Assignment") is made this 8th day of December, 1997, by and between CHARTER FINANCIAL, INC. ("Charter"), a New York corporation, with principal offices located at 153 E. 53rd Street, New York, New York 10022, and Relco Locomotives, Inc., Jerico of Gonzales, Inc., and Relco Finance Corp., with their offices located at 113 Industrial Avenue, Minooka, Illinois 60447 (collectively "Assignor").

Assignor has outstanding and will, from time to time, enter into leases (collectively, the "Agreements") with various lessees (the "Lessees") for the lease of certain locomotives and certain personal property attached thereto (if any) (the "Equipment"). (The Equipment and the Agreements are more fully described in the Schedule of Equipment and Agreements annexed hereto and made a part hereof.) Assignor wishes to assign and Charter wishes to accept assignment of the Agreements and all of Assignor's rights and interests in the Equipment. In consideration of the mutual promises contained herein, Charter and Assignor agree as follows:

1. a. In reliance upon the warranties and representations herein and subject to the terms and conditions hereof. Assignor hereby transfers, conveys and assigns to Charter, its successors and assigns, with full recourse as to Lessee's financial ability to pay, and Charter hereby accepts assignment from Assignor, all of Assignor's rights and interests in and to the Equipment and the Agreements, including all amounts due and to become due thereunder, together with all of Assignor's rights and remedies thereunder. Charter shall have the right in its own behalf and in its own name to take any action under the Agreements which Assignor might have taken, save for this Assignment. Contemporaneously with execution hereof, Assignor shall deliver to Charter all of the Agreements.

b. So long as Assignor is not in default in the performance of any obligations hereunder or under the Master Loan and Security Agreement No. 3458 of even date herewith or any Loan Schedules thereunder between Charter as secured party and Assignor as debtor (the "Loan Agreement"), Assignor may collect and retain all rental payments due and owing under the Agreements directly from the Lessees. In the event that Assignor defaults in the performance of its obligations under this Assignment or the Loan Agreement, Assignor's right to collect and retain the rental payments due and owing under the Agreements shall terminate and all such Lessees shall make all such rental payments directly to Charter. No lease of the Equipment hereunder shall relieve Assignor from any of its obligations to Charter under this Assignment.

2. Assignor warrants and represents to and covenants with Charter that

a. Each of the Agreements is genuine and constitutes valid, binding and legal obligations of Lessee enforceable against Lessee (and all others who are parties thereto) in accordance with their terms, the only agreements executed with respect to the Equipment other than the Loan Agreement), and the copies given to Charter by Assignor are the only originals thereof.

6. Any failure or delay by Charter in enforcing any right hereunder shall not be deemed a waiver of such right or of any subsequent default by Assignor or of Charter's right to require strict performance of this Assignment.
7. Assignor shall be responsible for and reimburse Charter for all reasonable attorney's fees, costs and expenses incurred in connection with the enforcement of Charter's rights and remedies hereunder. In the event that Assignor fails or refuses for any reason to pay any amounts due to Charter hereunder, Assignor shall pay to Charter interest on such amount at the rate of fifteen (15%) percent, per annum (or the highest rate permissible under applicable law, whichever is less) from the date that such amount became due to Charter until the date paid in full.
8. Assignor shall execute and deliver to Charter, on demand and from time to time, such other and additional documents and instruments as Charter shall deem necessary to vest in Charter full right, title and interest in the Agreements and all of Assignor's rights and interests in the Equipment (including title or a security interest as applicable).
9. Upon an event of default hereunder or under the Loan Agreement, Assignor waives notice of the amendment or modification of any of the Agreements, the granting to Lessee of any indulgences or extensions of time for payment and all other notices or formalities to which Assignor might otherwise be entitled.
10. Assignor waives any right it may have to assert by way of counterclaim or affirmative defense in any action to enforce Assignor's obligations hereunder any claim whatsoever against Charter. The foregoing provision shall not bar Assignor from asserting the substance of any such counterclaim in a separate action against Charter.
11. Assignor warrants and represents to and covenants with Charter that this Assignment and the Loan Agreement contain the entire agreement of the parties in connection with the Equipment: all prior agreements, commitments, understandings, representations, warranties and negotiations in connection herewith and therewith, if any, are hereby merged into this Assignment and the Loan Agreement, and no oral representations shall in any manner whatsoever modify or explain any of the terms and conditions of this Assignment or any of the Agreements.
12. Assignor shall indemnify and hold Buyer harmless from and defend Charter against any expenses and damages arising under, on account of or as a result of any misrepresentation by Assignor or any breach of any warranty, covenant or other obligation of Assignor. This indemnity shall survive the expiration or termination of this Assignment.
13. The obligations of Assignor shall remain in full force and effect without regard to, and shall not be affected or impaired in any respect by:
 - a) any assignment, transfer, amendment, modification, or recession of or addition or supplement to the Agreements or any other agreement or guaranty in respect of any obligations in connection with the Agreements, Equipment or any other collateral;

b) any bankruptcy, reorganization or other laws, judicial powers of equity or other similar circumstances which may render unenforceable the Agreements or any other agreement or guaranty in respect of the Agreements, the amounts due thereunder, Equipment or other collateral held in connection with the Agreements;

c) any insolvency or making of a general assignment for the benefit of creditors, or petition in bankruptcy or any insolvency, liquidation, reorganization, arrangement, readjustment, composition, dissolution or other similar proceeding being filed or commenced by, against or in respect of Lessee or Assignor or if an order for relief shall be entered in respect of Lessee or Assignor in any case under the Bankruptcy Code;

d) any exercise, non-exercise, waiver, release or cancellation by Charter of any right, remedy, power or privilege under or in respect of the Agreements or any other agreement or guaranty in respect of the Agreements, the amounts due thereunder, the Equipment or collateral held including, without limitation, the taking, release, discharge, exchange, surrender or disposition of any Equipment or other collateral held in connection with the Agreements;

e) any consent, extension, indulgence, or other action, inaction or omission under or in respect of the Agreements or any other agreement or guaranty in respect of the Agreements, the amounts due thereunder, the Equipment or collateral held in connection with the Agreements; or

f) any other cause or circumstance whatsoever, including, without limitation, any other act, thing, omission or delay which would or might in any manner or to any extent vary the risk of the Assignor or which would or might otherwise operate as a discharge of Assignor as a matter of law; whether or not Assignor shall have notice or knowledge of any of the foregoing.

14. Assignor unconditionally waives (i) notice of any of the matters referred to in this Assignment, (ii) all notices which may be required by statute, rule or law or otherwise to preserve any rights of Charter against Lessee or Assignor, including, without, limitation, notice of presentment and protest to, and demand payment from, Lessee, (iii) any right to the enforcement, assertion, exercise or non-exercise by Charter of any right, power or remedy conferred in the Agreements or any other agreement whatsoever, (iv) any right of subrogation, reimbursement or indemnity and any right of recourse to or with respect to any assets or property of the Lessee or to any collateral held in connection with the Agreements, unless and until Charter shall have received and retained full payment of amounts due hereunder, and (v) any requirement of diligence on the part of Charter.

15. Assignor's obligations under this Assignment shall not be discharged until all payments to Charter are no longer subject to any right of recoupment or avoidance by Lessee, any bankruptcy trustee or otherwise. Assignor shall remain liable to Charter for any amounts repaid by Charter pursuant to the preceding sentence as result of legal or administrative process or settlement or compromise.

16. Assignor shall not have any right of subrogation, reimbursement or indemnity whatsoever against Lessee nor any right of recourse to the Equipment, unless and until all amounts due hereunder have been paid and complied with in full. All obligations of Lessee to Assignor shall be subordinated to the prior payment and performance in full of all amounts due by Lessee to Charter. Assignor agrees not to assert against Charter or its successors and assigns, any defense, set off, recoupment, claim or counterclaim which it might have against Lessee or any other person. Nothing contained in this Assignment shall be construed in any way to release the Lessee from its obligations under the Agreements.
17. a. Any notice required by this Assignment shall be deemed to have been sufficiently given on: (i) the fifth business day after the same is deposited in the U. S. mails and sent by certified mail, or (ii) the first business day after the same is delivered to Federal Express or comparable overnight courier service in compliance with all necessary requisites of such overnight courier service to provide next business day delivery, to the respective parties at addresses shown below (or at such revised address(es) as the parties may be given written notice of) or when actually received by the party to whom notice was given, whichever is the sooner to occur.

Assignor: 113 Industrial Avenue
Minooka, IL 60447

Charter: Charter Financial, Inc.
153 E. 53rd Street
New York, NY 10022
Attention: General Counsel

b. This Assignment shall be deemed to have been made in the State of New York, regardless of the order in which the signatures of the parties shall be affixed hereto, and shall be governed, construed and interpreted, and the rights and liabilities of the parties be determined, in accordance with the laws of the State of New York, and as part of the consideration of the parties executing and entering into this Assignment, the parties hereby agree that all actions or proceedings arising directly or indirectly from this Assignment or any Transaction shall be litigated only in courts having situs within the State of New York, and the parties hereby consent to the jurisdiction of any local, state or federal court located within the State of New York, AND THE PARTIES HERETO HEREBY WAIVE TRIAL BY JURY IN ANY SUCH ACTIONS OR PROCEEDINGS.

c. This Assignment shall not be subject to change or modification, except by execution of another instrument in writing by the parties hereto.

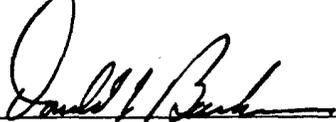
d. Assignor may not assign or delegate the duties of performance or otherwise transfer this Assignment or any interest herein or right hereunder without the prior written consent of Charter.

e. Charter may assign all or any of its interest in this Assignment without the consent of Assignor, and such assignee shall have Charter's rights hereunder to the extent of such assignment and may enforce the terms hereof to such extent as if originally named herein in place and instead of Charter.

IN WITNESS WHEREOF, Charter and Assignor have duly executed this Assignment as of the date first above written.

(Assignor)

RELCO LOCOMOTIVES, INC.

By: 

Title: CEO.

CHARTER FINANCIAL, INC.

By: 

Title: Vice President

JERICO OF GONZALES, INC.

By: 

Title: Vice President

RELCO FINANCE CORP.

By: 

Title: President

RMC:s-ldd-relco-3458-02-fra-agr.doc

Description of Agreements and Equipment

Re: Chattel Paper and Equipment Assignment Agreement (Full-Recourse)made the 8th day of December, 1997 by and between Relco Locomotives, Inc., Jerico of Gonzales, Inc., and Relco Finance Corp. and Charter Financial, Inc.

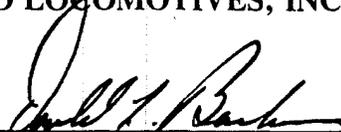
Description of Equipment (describe by type, model no., serial no.)

Equipment as more fully described on the attached Schedule "A" consisting of 2 pages.

Description of Agreements

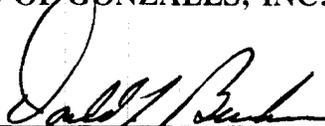
Agreements as more fully described on the attached Schedule "B" consisting of pages.

(Assignor)
RELCO LOCOMOTIVES, INC.

By: 

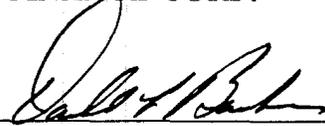
Title: C. E. O.

JERICO OF GONZALES, INC.

By: 

Title: Vice President

RELCO FINANCE CORP.

By: 

Title: President

**DEBTOR: RELCO LOCOMOTIVES, INC.,
JERICO OF GONZALES, INC.,
RELCO FINANCE CORP., AND
113 INDUSTRIAL AVENUE
MINOOKA, ILLINOIS 60447**

PAGE #: 1

**SECURED PARTY: CHARTER FINANCIAL, INC.
153 EAST 53rd STREET
NEW YORK, NEW YORK 10022**

**LOAN SCHEDULE NO. 02
TO ML&SA #: 3458**

SCHEDULE "A"

<u>QTY.</u>	<u>ROAD #/DESCRIPTION</u>
2	EMD MODEL SW1200, 1200 HORSEPOWER LOCOMOTIVES: Road Nos. RE1291 RE1292
1	EMD MODEL SW8 DIESEL ELECTRIC LOCOMOTIVES: Manufacturer: General Motors Corporation Electro-Motive Division LaGrange, Illinois Horsepower: 800 HP Road Nos: RE903 Number of Axles: Four Gear Ratio: 62:15 Approximate Loaded Weight 230,000 lbs. Air Brake Equipment: 26L Engine Model Number: 8-567-CR Generator Model Number: D15C; D25C Auxiliary Generator: 10KW Traction Motor Model Number: D77B Full Capacity: 600 Gallons
3	EMD MODEL SW1200 DIESEL ELECTRIC LOCOMOTIVE: Manufacturer: General Motors Corporation Electro-Motive Division LaGrange, Illinois Horsepower: 1200 HP Road Nos: RE1288; 1290; RE1293 (inclusive) Number of Axles: Four Gear Ratio: 62:15 Approximate Loaded Weight 248,000 lbs. Air Brake Equipment: 6BL or 26L Engine Model Number: 12-567-B; 12567-BC; 12-567-C Generator Model Number: D15C Auxiliary Generator: 10KW Traction Motor Model Number: D27B; D77B (mixture) Full Capacity: 600 - 750 Gallons

AND ALL ADDITIONS, ATTACHMENTS, ACCESSORIES, SUBSTITUTIONS, REPLACEMENTS, REPAIRS, IMPROVEMENTS, BETTERMENTS AND APPURTENANCES OF WHATEVER DESCRIPTION OR NATURE WHETHER NOW OWNED OR HEREAFTER ACQUIRED, AND ALL PROCEEDS, INCLUDING, WITHOUT LIMITATION, INSURANCE PROCEEDS.

**DEBTOR: RELCO LOCOMOTIVES, INC.,
JERICO OF GONZALES, INC.,
RELCO FINANCE CORP., AND
113 INDUSTRIAL AVENUE
MINOOKA, ILLINOIS 60447**

PAGE #: 2

**SECURED PARTY: CHARTER FINANCIAL, INC.
153 EAST 53rd STREET
NEW YORK, NEW YORK 10022**

**LOAN SCHEDULE NO. 02
TO ML&SA #: 3458**

SCHEDULE "A"

<u>QTY.</u>	<u>ROAD #/DESCRIPTION</u>
5	EMD MODEL GP9 DIESEL ELECTRIC LOCOMOTIVES: Manufacturer: General Motors Corporation Electro-Motive Division LaGrange, Illinois
	Horsepower: 1750 HP
	Road Nos: RE1602; RE1612; RE1613; RE1614; RE1622
	Number of Axles: Four
	Gear Ratio: 62:15
	Approximate Loaded Weight 240,000 lbs.
	Air Brake Equipment: 24RL or 26L
	Engine Model Number: 16-567-BC; 16-567-C
	Generator Model Number: D12
	Auxiliary Generator: 10KW
	Traction Motor Model Number: D27B -- D77B (mixture)
	Full Capacity: 1200 Gallons

**AND ALL ADDITIONS, ATTACHMENTS, ACCESSORIES, SUBSTITUTIONS, REPLACEMENTS,
REPAIRS, IMPROVEMENTS, BETTERMENTS AND APPURTENANCES OF WHATEVER
DESCRIPTION OR NATURE WHETHER NOW OWNED OR HEREAFTER ACQUIRED, AND ALL
PROCEEDS, INCLUDING, WITHOUT LIMITATION, INSURANCE PROCEEDS.**

**LESSEE: RELCO LOCOMOTIVES, INC.
JERICO OF GONZALES, INC.
RELCO FINANCE CORP.
113 INDUSTRIAL AVENUE
MINOOKA, IL 60447**

PAGE 1

**LESSOR: CHARTER FINANCIAL, INC.
153 EAST 53rd STREET
NEW YORK, NY 10022**

**LOAN SCHEDULES #01, 02 AND 03
TO ML&SA #3458**

SCHEDULE "B"

**ALL LEASES NOW OR ANY TIME HEREAFTER ENTERED INTO BY RELCO LOCOMOTIVES, INC.,
JERICO OF GONZALES, INC. AND RELCO FINANCE CORP. RELATED TO THE EQUIPMENT ON
SCHEDULE "A"**

**AND ALL ADDITIONS, ATTACHMENTS, ACCESSORIES, SUBSTITUTIONS, REPLACEMENTS,
REPAIRS, IMPROVEMENTS, BETTERMENTS AND APPURTENANCES OF WHATEVER DESCRIPTION
OR NATURE WHETHER NOW OWNED OR HEREAFTER ACQUIRED, AND ALL PROCEEDS,
INCLUDING, WITHOUT LIMITATION, INSURANCE PROCEEDS.**

STATE OF Illinois }
 }ss.:
COUNTY OF Grundy }

On this 8th day of December, 1997 before me, personally appeared Donald L. Bachman to me personally known, who being by me duly sworn, says that he is the CEO of Relco Locomotives, Inc., that said instrument was signed on behalf of said corporation on the date hereof by authority of its Board of Directors; and he acknowledges that the execution of the foregoing instrument was the free act and deed of said corporation.



Joellyn VanDuyn
Notary Public

(SEAL)

STATE OF NEW YORK }
 }ss.:
COUNTY OF NEW YORK }

On this 9th day of December, 1997 before me, personally appeared Brian Twomey to me personally known, who being by me duly sworn, says that he is the Vice President of Charter Financial, Inc., that said instrument was signed on behalf of said corporation on the date hereof by authority of its Board of Directors; and he acknowledges that the execution of the foregoing instrument was the free act and deed of said corporation.

LSB

Notary Public

LOUISA L. BAKER
Notary Public, State of New York
No. 31-4955650
Qualified in Westchester County
Commission Expires September 5, 1999

(SEAL)

STATE OF Illinois }
 } ss.:
COUNTY OF Grundy }

On this 8th day of December 1997 before me, personally appeared Donald L. Bachman to me personally known, who being by me duly sworn, says that he is the VP of Jerico of Gonzales, Inc.. that said instrument was signed on behalf of said corporation on the date hereof by authority of its Board of Directors; and he acknowledges that the execution of the foregoing instrument was the free act and deed of said corporation.



Joellyn Van Duyn
Notary Public

(SEAL)

