

ALVORD AND ALVORD  
ATTORNEYS AT LAW  
918 SIXTEENTH STREET, N.W.  
SUITE 200  
WASHINGTON, D.C.

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

20006-2973  
(202) 393-2266  
FAX (202) 393-2156

RECORDATION NO. 21070 FILED

DEC 15 '97 2-10 PM

OF COUNSEL  
URBAN A. LESTER

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.

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

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 53<sup>rd</sup> Street  
55<sup>th</sup> Floor  
New York, NY 10022

RECORDATION NO. 21070-ABCDEF FILED

DEC 15 '97

2-10 PM

RECEIVED  
SURFACE TRANSPORTATION BOARD  
DEC 15 2 09 PM '97

Primary

*Countersparts*

B, D + f

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

DEC 15 '97

2-10PM

**FULL RECOURSE ASSIGNMENT AGREEMENT**

**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;

- b. The Equipment is free and clear of all security interests, claims, liens and encumbrances of any kind or nature whatsoever;
- c. Assignor has the full legal right, power and authority to enter into this Assignment and the Agreements and to consummate all of the transactions contemplated by this Assignment and the Agreements, the execution and delivery of this Assignment and the Agreements by Assignor has been approved by all necessary corporate or other action, and none of Assignor's obligations hereunder or thereunder will result in any breach of any provision of any agreement or instrument to which Assignor is a party or by which Assignor is bound;
- d. Each Lessee has or had the full legal right, power and authority to enter into the Agreements and to consummate all of the transactions consummated by the Agreements, the execution and delivery of the Agreements by Lessee will be or has been approved by all necessary corporate or other action, and none of Lessee's obligations thereunder will result in any breach of any provision of any agreement or instrument to which Lessee is a party or by which Lessee is bound;
- e. Assignor is a corporation duly organized, validly existing and in good standing under the laws of Illinois, Louisiana and Illinois respectively.
- f. No consent, approval or other authorization of or by any court, administrative agency or other governmental authority is required in connection with the execution, delivery, performance or the consummation by the Assignor of the transactions contemplated by the Agreements;
- g. Neither the execution and delivery by the Assignor of the Agreements, nor compliance by the Assignor with the provisions thereof, conflicts with or results in a breach of any of the provisions of its certificate of incorporation or by-laws;
- h. All signatures, names, addresses, amounts and other statements contained in the Agreements are true, correct and duly authorized;
- i. Each of the Agreements conforms to all applicable laws and regulations and is legally enforceable in the state or states where the Lessee and the Equipment are located, and if filing or recording of the Agreements or any chattel mortgage, mortgage, trust deed, financing statement or similar instrument is required or permitted by law, the same has been so filed or recorded as to be effective against all persons;
- j. The Equipment has been delivered to and accepted by Lessee in a condition satisfactory to Lessee;
- k. Assignor has complied and will continue to comply with all its representations, warranties, covenants and all other obligations to Lessee under each of the Agreements;

- l. Assignor has complied and will continue to comply with all of its representations, warranties, covenants and all other obligations to Lessee with regard to the Equipment whether or not arising under or in connection with the Agreements;
  - m. Assignor will indemnify and hold Charter harmless from and defend Charter against any liability or expense under or on account of any of the Agreements that arises out of or in connection with any misrepresentation, breach of warranty or any other improper act or omission of Assignor;
  - n. Lessee has received the terms of each of the Agreements and has neither disputed any obligation arising under any of the Agreements nor has any claim of defense or offset with respect to any of the Agreements or any of Lessee's obligations thereunder;
  - o. No amount due under any of the Agreements has been prepaid by any Lessee, and no deposit has been paid by any Lessee except as specifically stated in the Agreements delivered to Charter;
  - p. Assignor has not made any prior sale or assignment of any of the Agreements or any item of Equipment to any person, firm or corporation, or granted any waiver under or agreed to any modification or amendment of the Agreements or any of them; and
  - q. Each Lessee has complied with all of its obligations to Assignor under each of the Agreements, and no Lessee is presently in default of any of such obligations.
3. Assignor represents, warrants and covenants that the Equipment is and shall at all times remain insured against liability and "all risk" casualty, including loss by fire, theft, and other casualty in an amount no less than the greater of (i) the replacement value thereof and (ii) the aggregate amount of the remaining payments under the Agreements and Charter shall be named as an additional insured and lender loss payee in all such policies of insurance, copies of which shall be provided to Charter. All such policies shall provide for thirty (30) days prior written notice to Charter of any modification or cancellation thereof. If the Assignor fails at any time to maintain or cause to be maintained such insurance acceptable to Charter, Charter may, but shall not be obligated to, obtain and pay for the same. The amount of all such payments, if made by Charter, shall be payable by the Assignor to Charter on demand.
  4. Charter does not assume any of Assignor's obligations under the Agreements and Charter shall have no obligation of lessor, lender or secured party under any of the Agreements, and nothing herein shall relieve Assignor of any of its obligations under the Agreements.
  5. Upon an event of default hereunder or under the Loan Agreement, Assignor shall have no authority to, and will not, without Charter's prior written consent, accept collections, repossess or consent to the return of the Equipment, or modify or amend, in any respect, the terms of any of the Agreements.

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.

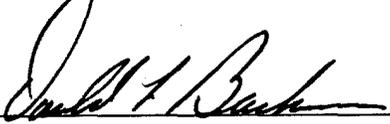
d. Assignor may not assign or delegate the duties of performance or otherwise transfer this Assignment or any interest herein or right hereunder without the prior written consent of Charter.

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: C. E. O.

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.)

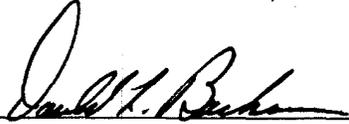
Equipment as more fully described on the attached Schedule "A" consisting of 2 pages.

**Description of Agreements**

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

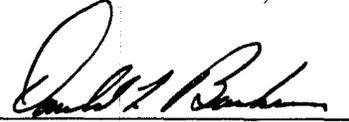
(Assignor)

**RELCO LOCOMOTIVES, INC.**

By: 

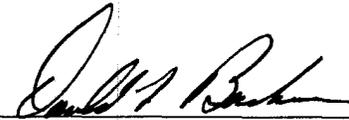
Title: J. E. O.

**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. 03  
TO ML&SA #: 3458**

**SCHEDULE "A"**

---

<u>QTY.</u>	<u>ROAD #/DESCRIPTION</u>
6	<b>EMD MODEL SW1200, 1200 HORSEPOWER LOCOMOTIVES:</b> Road Nos. RE1252 RE1253 RE1254 RE1255 RE1256 RE1257 RE1282
10	<b>EMD MODEL SW1200 DIESEL ELECTRIC LOCOMOTIVE:</b> Manufacturer: General Motors Corporation Electro-Motive Division LaGrange, Illinois  Horsepower: 1200 HP Road Nos: RE1251; RE1259; RE1293 (inclusive)  RE1262; RE1263; RE1270; RE1271; RE1272; RE1281; -RE1283  (inclusive)  RE1285 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. 03  
TO ML&SA #: 3458**

**SCHEDULE "A"**

---

<b><u>QTY.</u></b>	<b><u>ROAD #/DESCRIPTION</u></b>
<b>1</b>	<b>EMD MODEL GP20 DIESEL ELECTRIC LOCOMOTIVES:</b> Manufacturer: General Motors Corporation Electro-Motive Division LaGrange, Illinois
	Horsepower: 2000 HP
	Road Nos: RE2001
	Number of Axles: Four
	Gear Ratio: 62:15
	Approximate Loaded Weight 257,000 lbs.
	Air Brake Equipment: 26L
	Engine Model Number: 16-567-D3

**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.**





