



ORIX Credit Alliance, Inc.
400 North Sam Houston Parkway East, Suite 700, Houston, TX 77060
TEL: 281-999-1677 FAX: 281-999-2177

RECORDATION NO. 21147 FILED

JAN 9 '98

2-34 PM

JAN 9 2 34 PM '97

RECEIVED
SURFACE TRANSPORTATION
BOARD

January 7, 1998

Surface Transportation Board
Washington, D.C. 20423

To Whom It Concerns:

I have enclosed an original and a copy of the documents described below to be recorded.

This document is a Security Agreement-Mortgage on Goods and Chattels with attached Schedule "A" dated January 20, 1997 along with a UCC-1 filing form.

The names and addresses of the parties to the document are as follows:

Mortgagor: Locomotive Leasing Service, LTD.
2351 9th Avenue
Port Arthur, Texas 77642

Mortgagee: ORIX Credit Alliance, Inc.
400 N. Sam Houston Parkway East, Suite 700
Houston, Texas 77060

A description of the equipment covered by the documents follows:

Ten (10) EMD Locomotives, Model GP-7, S/N's 4476, 4466, 4472, 4470, 4471, 4475, 16898, 18170, 16896 and 16897.

Five (5) EMD Locomotives, Model NW-2, S/N's 849, 850, 4846, 8961 and 7810.

Three (3) EMD Locomotives, Model GP-9, S/N's 19981, 19982 and 22080.

Two (2) EMD Locomotives, Model GP-30, S/N 27466 and 27734.

Sincerely,
ORIX Credit Alliance, Inc.

Harry Cassady
Assistant Vice President

Counterparts - Ronald J. Smith

RECEIVED
SURFACE TRANSPORTATION
BOARD

JAN 9 2 35 PM '98

FINANCING STATEMENT — FOLLOW INSTRUCTIONS CAREFULLY

This Financing Statement is presented for filing pursuant to the Uniform Commercial Code and will remain effective, with certain exceptions, for 5 years from date of filing.

| | | | |
|--|--|-------------------------------------|---------------------|
| A. NAME & TEL. # OF CONTACT AT FILER (optional) | | B. FILING OFFICE ACCT. # (optional) | |
| C. RETURN COPY TO: (Name and Mailing Address) | | | |
| ORIX Credit Alliance, Inc. 400 N. Sam Houston Parkway East, Suite 700 Houston, Texas 77060 | | | |
| D. OPTIONAL DESIGNATION (if applicable): | | LESSOR/LESSEE | CONSIGNOR/CONSIGNEE |
| | | NON-UCC FILING | |

RECORDATION NO 21147 FILED

JAN 9 '98 2-34 PM

1. DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (1a or 1b)

| | | | |
|----------------------------------|---------------------------------------|--------------------|---|
| 1a. ENTITY'S NAME | | | |
| Locomotive Leasing Service, LTD. | | | |
| OR | 1b. INDIVIDUAL'S LAST NAME | | |
| | FIRST NAME | MIDDLE NAME | SUFFIX |
| 1c. MAILING ADDRESS | | CITY | STATE COUNTRY POSTAL CODE |
| 2351 9th Avenue | | Port Arthur | TX 77643 |
| 1d. S.S. OR TAX I.D.# | OPTIONAL ADD'NL INFO RE ENTITY DEBTOR | 1e. TYPE OF ENTITY | 1f. ENTITY'S STATE OR COUNTRY OF ORGANIZATION |
| | | | 1g. ENTITY'S ORGANIZATIONAL I.D.#, if any <input type="checkbox"/> NONE |

2. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (2a or 2b)

| | | | |
|-----------------------|---------------------------------------|--------------------|---|
| 2a. ENTITY'S NAME | | | |
| OR | 2b. INDIVIDUAL'S LAST NAME | | |
| | FIRST NAME | MIDDLE NAME | SUFFIX |
| 2c. MAILING ADDRESS | | CITY | STATE COUNTRY POSTAL CODE |
| 2d. S.S. OR TAX I.D.# | OPTIONAL ADD'NL INFO RE ENTITY DEBTOR | 2e. TYPE OF ENTITY | 2f. ENTITY'S STATE OR COUNTRY OF ORGANIZATION |
| | | | 2g. ENTITY'S ORGANIZATIONAL I.D.#, if any <input type="checkbox"/> NONE |

3. SECURED PARTY'S (ORIGINAL S/P OR ITS TOTAL ASSIGNEE) EXACT FULL LEGAL NAME - insert only one secured party name (3a or 3b)

| | | | |
|---|----------------------------|-------------|---------------------------|
| 3a. ENTITY'S NAME | | | |
| ORIX Credit Alliance, Inc. | | | |
| OR | 3b. INDIVIDUAL'S LAST NAME | | |
| | FIRST NAME | MIDDLE NAME | SUFFIX |
| 3c. MAILING ADDRESS | | CITY | STATE COUNTRY POSTAL CODE |
| 400 N. Sam Houston Pkwy East, Suite 700 | | Houston | TX 77060 |

4. This FINANCING STATEMENT covers the following types or items of property:

The property and/or the equipment and all other types of collateral as described in the attached entire agreement and in any schedule attached thereto. The attached security agreement and any schedule attached thereto are being submitted for filing as a financial statement.

Surface Transportation Board 07664

| | |
|---|---|
| 5. CHECK <input checked="" type="checkbox"/> This FINANCING STATEMENT is signed by the Secured Party instead of the Debtor to perfect a security interest | 7. If filed in Florida (check one) |
| BOX (a) in collateral already subject to a security interest in another jurisdiction when it was brought into this state, or when the [if applicable] debtor's location was changed to this state, or (b) in accordance with other statutory provisions [additional data may be required] | <input type="checkbox"/> Documentary stamp tax paid <input type="checkbox"/> Documentary stamp tax not applicable |
| 6. REQUIRED SIGNATURE(S) | 8. <input type="checkbox"/> This FINANCING STATEMENT is to be filed [for record] (or recorded) in the REAL ESTATE RECORDS Attach Addendum [if applicable] |
| ORIX Credit Alliance, Inc. | 9. Check to REQUEST SEARCH CERTIFICATE(S) on Debtor(s) [ADDITIONAL FEE] (optional) <input type="checkbox"/> All Debtors <input type="checkbox"/> Debtor 1 <input type="checkbox"/> Debtor 2 |

SECURITY AGREEMENT-MORTGAGE ON GOODS AND CHATTELS

THIS MORTGAGE made the 20 day of JANUARY 1997

RECORDATION NO 21147 FILED

by and between

LOCOMOTIVE LEASING SERVICE, LTD., A Texas Limited Liability Company

(Name of Mortgagor)

2351 9TH AVENUE PORT ARTHUR TEXAS 77643

JAN 9 '98

2-34 PM

(Address of Mortgagor)

ORIX CREDIT ALLIANCE, INC 400 N SAM HOUSTON PKWY EAST, STE. 700 HOUSTON TEXAS 77060

"Mortgagor", and

If Mortgagor named above is not ORIX Credit Alliance, Inc., Mortgagor acknowledges notice of the intended assignment hereof to ORIX Credit Alliance, Inc. (said assignee hereinafter called "Mortgagee") and upon such assignment, Mortgagor agrees not to assert against Mortgagee any defense, set-off, recoupment, claim or counterclaim which Mortgagor may have against the Mortgagee named above and any assignee hereof prior to Mortgagee, whether arising hereunder or otherwise.]

WITNESSETH:

1. To secure the prompt payment, with interest thereon, performance and fulfillment of any and all Mortgage Obligations (as hereinafter defined) of Mortgagor to Mortgagee, which is hereby confessed and acknowledged, Mortgagor hereby grants, assigns, transfers, bargains, conveys, confirms, pledges, mortgages and grants to Mortgagee a security interest in all and singular, the goods, chattels and property described in the annexed Schedule A and any and all documents, instruments, chattel paper, goods, general intangibles, inventory, machinery, contract rights, equipment, fixtures, accounts and insurance in which Mortgagor now or hereafter has any right or interest (all of the foregoing, together with all accessions, attachments, replacements, substitutions and accessories thereto now or hereafter belonging to Mortgagor, wherever located, and all proceeds, and any distribution thereof and any insurance thereon, products and rents therefrom collectively called "Collateral"), to have and to hold the same unto Mortgagee forever; provided, however, that if Mortgagor shall fully, timely and faithfully pay, perform and fulfill the Mortgage Obligations, time being of the essence hereof, then this Mortgage shall be void, but otherwise shall remain in full force and effect. Mortgagor grants Mortgagee a security interest in the Collateral to secure the Mortgage Obligations.

2. The term "Mortgage Obligations" as used herein shall mean and include any and all loans, advances, payments, extensions of credit, endorsements, guaranties, benefits and financial accommodations heretofore and/or hereafter made, granted or extended by Mortgagee or which Mortgagee has or will become obligated to make, grant or extend to or for the account of Mortgagor, and any and all interest, commissions, obligations, liabilities, indebtedness, charges and expenses heretofore and/or hereafter chargeable against Mortgagor by Mortgagee or owing by Mortgagor to Mortgagee or upon which Mortgagor may be and/or has become liable as endorser or guarantor, and any and all renewals or extensions of any of the foregoing, no matter how or when arising and whether under any present or future agreement or instrument between Mortgagor and Mortgagee or otherwise, including, without limitation, any and all obligations and/or indebtedness of any and every kind arising out of one or more conditional sale contracts, equipment lease agreements, notes, security agreements, trust receipts and/or bailment agreements and the amount due upon any notes or other obligations, given to or received by Mortgagee directly from Mortgagor or by way of assignment from any one or more third parties and whether or not presently contemplated by the parties, and for or on account of any of the foregoing, and the prompt performance and fulfillment by Mortgagor of all of the terms, conditions, promises, covenants, provisions and warranties contained in this Mortgage and in any note or notes secured hereby and in any present or future agreement or instrument between Mortgagor and Mortgagee.

3. Mortgagor covenants and warrants to Mortgagee and agrees that the Collateral described in the annexed Schedule A is in the possession of Mortgagor at its principal place of business (which is Mortgagor's address shown above), unless a different location is specifically shown on Schedule A for any one or more items, that all of the Mortgage Obligations are acknowledged and declared to be secured by this Mortgage and that Mortgagor will fully and faithfully pay, perform and fulfill all of the Mortgage Obligations, with late charges thereon from and after maturity of any unpaid installment of the Mortgage Obligations, whether by acceleration or otherwise, at the rate of 1 1/2% per day until the Mortgage Obligations are collected by the Mortgagee in full and if all or any portion of the Mortgage Obligations be referred to an attorney for collection, a reasonable sum (equal to 20% of the unpaid amount of such Mortgage Obligations) as attorneys' fees. Any interest rate, fee or charge ("rate") charged or to be charged or provided for in any way hereunder or under any document, note or instrument given in connection with any of the Mortgage Obligations shall not in any event or contingency exceed any maximum permitted by applicable law and any such rate shall be deemed hereby amended accordingly. Any sums collected with respect to any rate in excess of any maximum shall be applied to reduce the principal sum owing under the Mortgage Obligations. Mortgagor further covenants and agrees with and warrants to Mortgagee that:

(a) Mortgagor is the lawful owner of the Collateral and represents and warrants to Mortgagee that Mortgagor has paid all applicable sales, use or other taxes due in connection with the sale, purchase, ownership, possession or use of the Collateral and shall indemnify Mortgagee from and against any loss, cost or expense, including penalties, interest and other charges of any kind in connection with or arising from the sale, purchase, ownership, possession or use of the Collateral, and has the sole right and lawful authority to make this Mortgage; the Collateral and every part thereof is free and clear of all liens and encumbrances of every kind, nature and description (except any held by Mortgagee); and Mortgagor will warrant and defend the Collateral against all claims and demands of all persons and will not permit any circumstances to exist under which the Mortgagee may lose its lien on the Collateral.

(b) Mortgagor will keep the Collateral free and clear of all attachments, levies, taxes, liens and encumbrances of every kind; Mortgagor, at its own cost and expense, will maintain and keep the Collateral in good repair, will not waste nor abuse nor destroy the same or any part thereof and will not be negligent in the care and use thereof; and Mortgagor will not sell, assign, mortgage, lease, pledge or otherwise dispose of the Collateral without the prior written consent of Mortgagee. Mortgagee is hereby authorized to file one or more financing statements and/or a reproduction hereof as a financing statement. Mortgagor hereby irrevocably appoints Mortgagee as the true and lawful Attorney-in-Fact of Mortgagor, coupled with an interest, with full power in Mortgagor's name, place and stead to execute financing statements on Mortgagor's behalf and to do any and all other acts on Mortgagor's behalf necessary or helpful to perfect Mortgagee's security interest in the Collateral pursuant to the Uniform Commercial Code or other applicable law.

(c) Mortgagor will insure the Collateral in the name of the Mortgagee against loss or damage by fire and extended coverage perils, theft, burglary, pilferage, collision and also, where requested by Mortgagee, against other hazards, with companies, in amounts and under policies (each containing a standard breach of warranty clause) acceptable to Mortgagee, the proceeds to be payable to Mortgagee, and all premiums thereon shall be paid by Mortgagor and the policies assigned and delivered to Mortgagee. Mortgagee shall have the right, but not the obligation, to provide insurance for its interest and charge Mortgagee's cost for such insurance, together with its or its designee's customary charges or fees associated with its insurance. Mortgagor hereby irrevocably appoints Mortgagee as Mortgagor's Attorney-in-Fact to make claim for, receive payment of and execute and endorse all documents, checks or drafts received in payment for any loss or damage under any of said insurance policies and to execute any documents or statements referred to herein.

(d) Mortgagor will not remove the Collateral from within the 48 contiguous States of the United States or its present locations without the prior written consent of Mortgagee nor change its present business locations without at least thirty days prior written notice to Mortgagee and at all times will allow Mortgagee or its representatives free access to and right of inspection of the Collateral, which shall remain personalty and not become a part of any realty, and nothing shall prevent Mortgagee from removing same or so much thereof as Mortgagee, in its sole discretion may determine, from any premises to which it may be attached and/or upon which it may be located upon breach of this Mortgage; Mortgagor agreeing to deliver to Mortgagee appropriate waivers, satisfactory to Mortgagee, of owners and of mortgagees of any such premises.

(e) Mortgagor shall comply (so far as may be necessary to protect the Collateral and the lien of this Mortgage thereon) with all of the terms and conditions of leases covering the premises wherein the Collateral may be located and with any orders, ordinances, laws or statutes of any city, state or other entity having jurisdiction over the premises or the conduct of business thereon, and, where requested by Mortgagee, will correct any defects or execute any written instruments and do any other acts necessary to more fully effectuate the purposes and provisions of this instrument.

(f) Mortgagor will indemnify and save Mortgagee harmless from all losses, costs, damages, liabilities or expenses, including reasonable attorneys' fees, that Mortgagee may sustain or incur to obtain or enforce payment, performance or fulfillment of any of the Mortgage Obligations or in the enforcement or foreclosure of this Mortgage or in the prosecution or defense of any action or proceeding either against Mortgagor or against Mortgagee concerning any matter growing out of or connected with this Mortgage and/or any of the Mortgage Obligations and/or any of the Collateral.

(g) If Mortgagor is a corporation, the execution of this Mortgage has been duly consented to and authorized by all of the stockholders of Mortgagor and duly authorized by its Board of Directors. Mortgagor agrees to deliver to Mortgagee evidence thereof satisfactory to Mortgagee immediately upon request.

4. If Mortgagor shall default in the full, prompt and faithful performance of any of the terms, conditions and provisions of this Mortgage, Mortgagee may, at its option, without waiving its right to enforce this Mortgage according to its terms, immediately or at any time thereafter, and without notice to or demand upon Mortgagor, perform or cause the performance of such, for the account and at the sole cost and expense of Mortgagor, which (including reasonable attorneys' fees) shall be a lien on the Collateral, added to the amount of the Mortgage Obligations, without notice to Mortgagor, and shall be payable on demand with interest at the rate specified in Paragraph 3 hereof. This Mortgage may be assigned along with any and all Mortgage Obligations, without notice to Mortgagor, and upon such assignment Mortgagor agrees not to assert against any assignee hereof any defense, set-off, recoupment, claim, counterclaim or cross-claim which Mortgagor may have against Mortgagee, whether arising hereunder or otherwise, and such assignee shall be entitled to at least the same rights as Mortgagee. **MORTGAGOR AND MORTGAGEE HEREBY DESIGNATE AND APPOINT EDWIN M. BAUM, ESQ. AND C-A CREDIT CORP., BOTH OF NEW YORK, OR EITHER OF THEM AS THEIR TRUE AND LAWFUL ATTORNEY-IN-FACT AND AGENT FOR THEM AND IN THEIR NAME, PLACE AND STEAD TO ACCEPT SERVICE OF ANY PROCESS WITHIN THE STATE OF NEW YORK, THE PARTY SERVING SUCH PROCESS AGREEING TO NOTIFY THE OTHER PARTY(IES) AT THEIR ADDRESS AS SHOWN, OR THEIR LAST KNOWN ADDRESS, BY CERTIFIED MAIL, WITHIN THREE (3) DAYS OF SUCH SERVICE HAVING BEEN EFFECTED. MORTGAGOR AND MORTGAGEE HEREOF AGREE TO THE EXCLUSIVE VENUE AND JURISDICTION OF ANY COURT IN THE STATE AND COUNTY OF NEW YORK FOR ALL ACTIONS, PROCEEDINGS, CLAIMS, COUNTERCLAIMS OR CROSSCLAIMS ARISING DIRECTLY OR INDIRECTLY IN CONNECTION WITH, OUT OF, OR IN ANY WAY RELATED TO THIS MORTGAGE, WITH THE SOLE EXCEPTIONS THAT AN ACTION TO RECOVER POSSESSION OF ALL OR PART OF THE COLLATERAL OR ANY OTHER ASSETS, AND THAT JUDGEMENTS MAY BE CONFERRED, ENTERED, OR ENFORCED IN ANY JURISDICTION WHERE THE MORTGAGOR OR THE COLLATERAL AND/OR ANY OTHER ASSETS OF THE MORTGAGOR MAY BE LOCATED. MORTGAGOR AND MORTGAGEE EACH WAIVE ANY RIGHT THEY OR ANY OF THEM MAY HAVE TO TRANSFER OR CHANGE THE VENUE OF ANY LITIGATION BROUGHT IN ACCORDANCE HERewith.** At Mortgagee's request Mortgagor will furnish current financial statements satisfactory to Mortgagee in form, preparation and content.

5. If Mortgagor shall default in the prompt payment, performance or fulfillment of any of the Mortgage Obligations, or if Mortgagor shall cease doing business, or become insolvent, or make an assignment for the benefit of creditors, or if proceedings under any Bankruptcy Act or for the appointment of a receiver, trustee, liquidator or custodian for Mortgagor or any of Mortgagor's property shall be commenced by or against Mortgagor, or if Mortgagor shall fail to punctually and faithfully fulfill, observe or perform any of the terms, conditions, promises, covenants, provisions and warranties contained in this Mortgage or in any present or future agreement or instrument made by Mortgagor and then held by Mortgagee, or if any of the warranties, covenants or representations made to Mortgagee be or become untrue or incorrect in any adverse respect, or if there shall be a change in the management, operations, ownership of stock or control of Mortgagor, or if Mortgagee at any time deems the security afforded by this Mortgage unsafe, inadequate or at any risk, then in any such event the indebtedness under all Mortgage Obligations shall at once, at the option of Mortgagee, and to the extent permitted by applicable law, become immediately due and payable without notice to Mortgagor, and in such event it shall be lawful for Mortgagee to take possession of the Collateral, at any time, wherever it may be, and to enter any premises, with or without process of law, and search for, take possession of, remove, or keep and store the Collateral on said premises until sold, without liability for trespass nor charge for storage, and to sell the Collateral or any part thereof and all of Mortgagor's equity of redemption therein at public or private sale, for cash or on credit, and on such terms as Mortgagee may in its sole discretion elect, in such county and at such places as Mortgagee may elect and without having the Collateral at the place of sale; Mortgagee may bid or become the purchaser at any such sale and Mortgagor waives any and all rights of redemption from any such sale. Any public sale will be deemed commercially reasonable if notice thereof shall be mailed to Mortgagor at least 10 days before such sale and advertised in at least one newspaper of general circulation in the area of the sale at least twice prior to the date of sale and if upon terms of 25% cash down with the balance payable within 24 hours; and any private sale shall be deemed commercially reasonable if notice thereof shall be mailed to Mortgagor at least 14 days before the sale date stated therein and credit given for the full price stated, less reasonable attorneys' fees. In light of Mortgagor's obligations to maintain the Collateral, Mortgagee shall not be required to refurbish, repair or otherwise incur any expenses in preparing Collateral for sale but may sell its interest therein on an "as-is", "where-is" basis. The proceeds of any public sale shall be applied first to pay all costs, expenses and charges for pursuing searching, taking, removing, keeping, advertising and selling the Collateral, including reasonable attorneys' fees (deemed to be 20% of the unpaid Mortgage Obligations) and second to the payment, partly or entirely, of any of the Mortgage Obligations as Mortgagee may in its sole discretion elect, returning the overplus, if any, to Mortgagor, who shall remain liable to Mortgagee for any deficiency plus late charges thereon as provided above. Mortgagor hereby irrevocably consents to the appointment of a receiver for the Collateral and/or all other property of Mortgagor, and of the rents, issues and profits thereof. Such receivership may continue until such deficiency is satisfied in full. Mortgagor expressly waives any right to notice or hearing in any action to recover

possession of any or all of the Collateral. In any action in the nature of replevin or sequestration, Mortgagor agrees that if it contests such action it will post a bond written by a national insurance company authorized to execute such bonds in the jurisdiction of such proceedings, such bond to be no less than the value of the subject matter of such replevin or the unpaid balance then owing to Mortgagee, whichever be less. Mortgagor hereby irrevocably authorizes any attorney of any court of record to appear for and confess one or more judgments against Mortgagor (except in any jurisdiction where such action is not permitted by law) for all unpaid balances due under the Mortgage Obligations, any other monies due hereunder, plus reasonable attorneys' fees and any deficiency, without stay of execution, and waive the issue of process, all right of appeal and relief from any and all appraisal, stay or exemption laws then in force. Any notices relating hereto shall be in writing and effective when delivered in person to an officer of the party to whom addressed or mailed by certified mail to such party at its address specified herein or at such other address as may hereafter be specified by like notice by either party to the other. Reasonable notification hereunder shall be any notification given or sent at least five (5) days prior to the event for which such notification is sent. **MORTGAGOR AND MORTGAGEE HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE ANY AND ALL RIGHT TO A TRIAL BY JURY OF ANY AND ALL CLAIMS, DEFENSES, COUNTERCLAIMS, CROSSCLAIMS AND SET-OFF OR RECOURTMENT CLAIMS ARISING DIRECTLY OR INDIRECTLY BETWEEN OR AMONG THEM AND/OR INVOLVING ANY PERSON OR ENTITY CLAIMING ANY RIGHTS ACQUIRED BY, THROUGH OR UNDER ANY PARTY AND FURTHER WAIVES ANY AND ALL RIGHT TO CLAIM OR RECOVER ANY PUNITIVE OR CONSEQUENTIAL DAMAGES OR ANY DAMAGES OTHER THAN, OR IN ADDITION TO, ACTUAL DAMAGES.**

6. Mortgagee may at any time, with or without exercising any of the rights or remedies aforesaid and without prior notice or demand to Mortgagor, appropriate and apply toward the payment of the Mortgage Obligations any and all balances, sums, property, credits, deposits, accounts, reserves, collections, drafts, notes or checks coming into Mortgagee's possession and belonging or owing to Mortgagor, and for such purposes, endorse the name of Mortgagor on any such Instrument made payable to Mortgagee for deposit, negotiation, discount or collection. Such applications may be made, or any monies paid to Mortgagee may be applied, without notice to Mortgagor, partly or entirely to such of the Mortgage Obligations as Mortgagee in its sole discretion may elect. In its sole discretion Mortgagee may apply and/or change applications of any sums paid and/or to be paid by or for Mortgagor, under any circumstances, to any obligations of Mortgagor to Mortgagee, presently existing or otherwise. The interest rates which may be provided for in any Instrument evidencing one or more Mortgage Obligations shall in no event, circumstance or contingency, exceed any maximum permitted by applicable law.

7. If, after default by Mortgagor under the Mortgage Obligations, Mortgagee fails to demand full payment, performance or fulfillment or otherwise proceed, such failure shall not be deemed a waiver of the right of Mortgagee subsequently to make demand for immediate payment, performance and fulfillment of the Mortgage Obligations, or to take immediate possession of the Collateral, or to foreclose this Mortgage at any time or to proceed otherwise; and the acceptance by Mortgagee of any payment subsequent to such default shall not be deemed a waiver of any of Mortgagee's rights. No delay or failure on the part of Mortgagee in exercising any right, privilege, remedy or option hereunder shall operate as a waiver of such or of any other right, privilege, remedy or option, and no waiver whatever shall be valid unless in writing, signed by an officer of Mortgagee and then only to the extent therein set forth. This Mortgage cannot be changed or terminated orally. The books and records of Mortgagee containing entries with respect to the Mortgage Obligations shall be admissible in evidence in any action or proceeding, shall be binding upon the Mortgagor for the purpose of establishing the items therein set forth and shall constitute prima facie proof thereof. Mortgagee shall have the right to enforce any one or more remedies available to it successively, alternately or concurrently. Only a writing, signed by an officer of Mortgagee, shall be effective, but only to the extent therein specifically set forth, to change, modify or terminate any Mortgage Obligation, this Mortgage or any other agreement between Mortgagor and Mortgagee.

8. All of the rights, remedies, options, privileges and elections given to the original Mortgagee hereunder shall inure to the benefit of Mortgagee, any transferee or holder of this Mortgage, and their respective successors and assigns; and all the terms, conditions, promises, covenants, provisions and warranties of this Mortgage shall inure to the benefit of and shall bind the representatives, successors and assigns of the respective parties. Any and all security interests granted to Mortgagee shall attach to any and all proceeds and products. Each person signing this Mortgage warrants full authority to sign for the party named and said person, individually, together with the party named, shall be jointly and severally liable for the unpaid balance of the Mortgage Obligations in the event of the breach of the above provisions and/or in the event Mortgagor fails to pay its obligations in full to Mortgagee immediately upon the sale, transfer, assignment or conversion of any of the Collateral and agrees that upon the request of Mortgagee, after any default, to segregate and hold all or any part of the Collateral in a fiduciary capacity and to adequately maintain, service and insure said property and to protect same from use and/or abuse, all without charge to Mortgagee, such fiduciary duty to terminate only upon the actual delivery of the Collateral to Mortgagee. Mortgagor, recognizing that in the event of default no remedy at law would provide adequate relief to Mortgagee, agrees that Mortgagee shall be entitled to temporary and permanent injunctive relief without the necessity of proving actual damages.

9. Some of the Collateral may be in the hands of Mortgagor under one or more security agreements which are or may be held by Mortgagee and with respect to such Collateral, this Mortgage is only of any equity that Mortgagor may now or in the future have in such Collateral and Mortgagee by accepting this Mortgage shall not in any manner be considered as having waived any security interest arising independently of this Mortgage nor shall this Mortgage be construed as adversely affecting any rights of Mortgagee under any other security agreement nor as a waiver of any of the terms and provisions of any other security agreement, guaranty or endorsement, all of which shall remain and continue in full force and effect.

10. Intending that each and every provision of this Mortgage be fully effective and enforceable according to its terms, the parties agree that the validity, enforceability and effectiveness of each provision hereof and the obligations, rights and remedies of the Mortgagor and Mortgagee in any way related to or arising under this Mortgage or under one or more Mortgage obligation shall be governed by and construed in accordance with the laws of the State of New York (excluding its choice of law rules), if any one or more provisions hereof are in conflict with any statute or law and thus not valid or enforceable, then each such provision shall be deemed null and void but only to the extent of such conflict and without invalidating or affecting the remaining provisions hereof. This contract shall be binding upon the heirs, administrators, legal representatives and successors of the Mortgagor.

11. **MORTGAGOR DOES HEREBY WAIVE, FOREGO AND AGREE NOT TO ASSERT ANY AND ALL RIGHTS, CLAIMS AND DEFENSES, IF ANY, UNDER THE FEDERAL FAIR CREDIT REPORTING ACT AND/OR UNDER ANY COMPARABLE STATE LAWS THAT MAY INURE TO THE BENEFIT OF MORTGAGOR IN CONNECTION WITH THIS MORTGAGE. MORTGAGOR HEREBY RATIFIES AND APPROVES THE OBTAINING BY MORTGAGEE OF ANY CREDIT REPORT RELATING TO MORTGAGOR AND HEREBY AGREES THAT MORTGAGEE MAY HEREAFTER OBTAIN SUCH CREDIT REPORTS AS MORTGAGEE IN ITS SOLE DISCRETION MAY DETERMINE.**

IN WITNESS WHEREOF, Mortgagor has caused these presents to be duly executed, the day and year first above written.

LOCOMOTIVE LEASING SERVICE, LTD., A Texas Limited Liability Company

ATTEST/WITNESS: (Mortgagor) *[Signature]* (Secretary/Witness) *[Signature]* (Title) *[Signature]*
STATE OF Texas } s.s.
COUNTY OF Jefferson }
By *[Signature]* Manager
being duly sworn, deposes and says:

They are Managers of Locomotive Leasing Service, Ltd., A Texas Limited Liability Company (hereinafter called "Mortgagor") described in and which executed the foregoing Mortgage.
2. Mortgagee is the sole owner and in possession of the goods, chattels and property mentioned and described in the foregoing Mortgage. Said goods, chattels and property are free of all liens and encumbrances of any kind, nature and description (except for any held by the Mortgagee referred to below), and Mortgagor has the sole right and lawful authority to mortgage the same.
3. Mortgagor is solvent and justly indebted to the mortgagee named in the foregoing Mortgage (hereinafter called "Mortgagee") in the amount of the aggregate sum of the Mortgage Obligations outstanding on the date hereof, and there are no claims, off-sets or defenses against same.
4. There are no judgments against Mortgagor, and no attachment or execution is now outstanding against any of Mortgagor's property, no receiver of Mortgagor has ever been appointed or applied for. There are no proceedings in bankruptcy pending affecting Mortgagor, nor have there ever been any such proceedings affecting Mortgagor, and no assignment for the benefit of creditors has been made by Mortgagor.
5. Deponent makes this affidavit realizing that Mortgagee is being induced thereby to extend credit to and/or accept Mortgagor as a credit risk in reliance upon the truth of the statements contained herein, and this affidavit is made to induce Mortgagee to do so.

Sworn to before me this _____ day of _____, 19____
NOTARY PUBLIC (Notarial Seal)
State of _____, County of _____, SS:
I, _____, a Notary Public duly qualified in and for said County and state, do hereby certify that on this _____ day of _____, 19____ in (Place) _____ in said County, before me personally appeared _____ to me personally well known

(For Individual) as and to be the identical person named and described in and party to and who executed in his own proper handwriting and whose name is subscribed to the within and foregoing and annexed instrument of writing bearing date as therein indicated, and produced and delivered the same before me and who, upon being first duly sworn by me, stated that he knows the contents of said instrument and acknowledged that he signed, sealed, executed and delivered the same as and to be his free, lawful and voluntary act and deed for the uses, purposes and consideration therein mentioned and contained.
(For Partnership) as known as and to be member of the partnership of _____ and the identical person described in and party to and who executed in said partnership name the within, foregoing and annexed instrument of writing bearing date as therein indicated, and produced and delivered the same before me, who, upon being first duly sworn by me, stated that he knows the contents of said instrument and duly acknowledged to me that he signed, sealed and delivered the same in said partnership name as and for and to be his and said partnership's free, lawful and voluntary act and deed for the uses, purposes and consideration therein mentioned.
(For Corporation) to be the identical person who signed the within and foregoing instrument of writing in his own proper handwriting and well known to me to be and who acknowledged himself to be the Managers of Locomotive Leasing Service, Ltd., A Texas Limited Liability Company who, being by me first duly sworn, did say that he is such officer of the aforesaid corporation, named in the within, foregoing and annexed instrument of writing; and being authorized so to do, executed said foregoing instrument; that he was duly authorized to execute said instrument for and in the name of said corporation and make this acknowledgment; that he knows the contents of said instrument; that he resides at _____ that he knows the seal of said corporation; that the seal affixed to said instrument is the corporate seal of said corporation; that the said instrument was signed, sealed and delivered on behalf of said corporation by authority of its Board of Directors, and said affiant acknowledged that he executed said instrument as his free, true and lawful act and deed and the free, true, lawful and corporate act and deed of said corporation, in pursuance of said authority by him in his said capacity and by said corporation voluntarily executed for the uses, purposes and consideration therein mentioned and contained, by signing the name of the corporation by himself as such officer.

Given under and witness my hand and official seal the day and year in this certificate first above written.
(Notarial Seal) T. RENE EDWARDS
MY COMMISSION EXPIRES November 4, 2000
[Signature]
NOTARY PUBLIC

SCHEDULE "A"

This schedule is attached to and becomes part of the Security Agreement-Mortgage on Goods and Chattels dated *JAN. 20, 1997* between the undersigned.

| QUANTITY | DESCRIPTION OF EQUIPMENT | YEAR & MODEL | SERIAL NUMBER |
|-----------|---|--------------|------------------------------------|
| Three (3) | EMD Locomotives equipped with EMD 567BC 1500 HP Diesel Engines, EMD D-12 Generator, 4-750 HP EMD D-57 Traction Motors, Neoprene Insulation and all standard equipment | GP-7 | 4476 4466 4472 |
| Three (3) | EMD Locomotives with 1G-567BC 1500 HP Diesel Engines | GP-7 | 4470 4471 4475 |
| Five (5) | EMD Locomotives | NW-2 | 849 850 4846 8961 7810 |
| Four (4) | EMD Locomotives | GP-7 | 16898 18170 16896 16897 |
| Three (3) | EMD Locomotives | GP-9 | 19981 19982 22080 |
| Two (2) | EMD Locomotives | GP-30 | 27466 27734 |

This schedule is hereby verified correct and undersigned Purchaser(s), Mortgagor(s), or Lessee(s) acknowledges receipt of a copy.

SECURED PARTY/SELLER/MORTGAGEE/LESSOR:
ORIX Credit Alliance, Inc.

DEBTOR/PURCHASER/MORTGAGOR/LESSEE:
Locomotive Leasing Service, Ltd., A Texas
Limited Liability Company

BY: _____

BY: *[Signature]*

BY: *[Signature]*

SCHEDULE "A"

This schedule is attached to and becomes part of the Security Agreement-Mortgage on Goods and Chattels dated *JAN 20, 1997* between the undersigned.

| QUANTITY | DESCRIPTION OF EQUIPMENT | YEAR & MODEL | SERIAL NUMBER |
|--------------------|--|--------------------|--|
| One (1) | Caterpillar Crawler Tractor equipped with W/U Blade, Tilt Cylinder, Erops, Heat & Air, Salt U/C, Winch | D9N | 1JD02881 31094 |
| One (1) | Caterpillar Crawler Tractor equipped with Caterpillar Winch, Erops, Blade Lift Cylinders | D9N | 1JD00672 |
| Three (3) | Caterpillar Crawler Tractors each equipped with Balderson #9 Coal Dozer, Erops, Air Conditioning, Rear Counterweights | D9N | 1JD01945 1JD01831 1JD01823 |
| One (1) | Caterpillar Crawler Tractor equipped with Semi-U Dozer Blade, Open ROPS Canopy | D8N | 9TC03558 |
| One (1) | Caterpillar Crawler Tractor | D4H-LGP | 9DB04795 |
| One (1) | Caterpillar Crawler Tractor | D4C-LGP | 2CJ0554 ^{MCO} ₇₋₂₁₋₉₇ ^{SJ} |
| One (1) | Caterpillar Wheel Loader | 980B | 89P4207 |
| One (1) | Caterpillar Wheel Loader | 980C | 63X9038 |
| Two (2) | Caterpillar Loader Backhoes | 416 | 5PC15828 5PC16547 |

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| QUANTITY | DESCRIPTION OF EQUIPMENT | YEAR & MODEL | SERIAL NUMBER |
|--------------------|--|-----------------|---|
| One (1) | Caterpillar Loader Backhoe | 416B | 8SG03657 |
| Two (2) | Case Loader Backhoes | 580 Super K | JJG0031999 JJG0031997 |
| One (1) | Case Uni-Loader equipped with 63" Dirt Bucket with bolt-on edge | 1840 | JAF0186098 |
| One (1) | Balderson Coal Blade | BD9U-19 | 145620 |
| One (1) | Hyster Vibratory Compactor | C615B | A1135C1832J |
| One (1) | Hyster Winch | W12E | AW12EP4N1039C657 ^{meo SJ} ₂₁₉₇ |
| One (1) | Grove Hydraulic Rough Terrain Crane | RT65S | 42594 |
| One (1) | Grove Hydraulic Rough Terrain Crane equipped with 70' Main Boom and 23' Lattice Swing Away Jib | RT528C | 71626 |
| Two (2) | Grove Hydraulic Rough Terrain Cranes | RT58C | 68486 49415 |
| One (1) | Freightliner Truck Tractor equipped with SEI Dump Bed | 12064ST | 1FUYYCYB5HH317006 95-042 |

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BY: _____

BY: [Signature]

BY: [Signature]

SCHEDULE "A"

This schedule is attached to and becomes part of the Security Agreement-Mortgage on Goods and Chattels dated *JAN 20, 1997* between the undersigned.

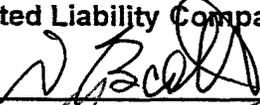
| QUANTITY | DESCRIPTION OF EQUIPMENT | YEAR & MODEL | SERIAL NUMBER |
|----------|--|-------------------|--|
| One (1) | Freightliner Truck Tractor equipped with SEI Dump Bed | 12064ST | 1FUYYCYB0HP313256 95-043 |
| One (1) | Freightliner Truck Tractor | FLD12064SD | 1FUYFXYB2NP477052 |
| Two (2) | Mack Truck Tractors | CH613 | |
| One (1) | International Fuel/Lube Truck | S1900 | 1HSLRUGN0EHA53926 |
| One (1) | Trojan 50 Ton Lowboy Trailer | | 1220250095 |
| One (1) | Trojan Jeep 5th Wheel Trailer | | T-12-282-50-167 |
| One (1) | Trojan Trailer Flip Extension | | T-12-283-50-168 |
| Two (2) | Clement "Rockstar" 1/2 Round End Dump Trailers | | 1C9BB32B1VM110469 1C9BB32BXVM110468 |
| One (1) | Custom Built Welding Trailer, 11' Tandem Axle | | |
| One (1) | Chevrolet Pickup | Crewcab C30 | 1GCGR33N7JJ128194 |
| One (1) | Chevrolet Pickup | Custom Deluxe C30 | 1GBJC33M9GS117980 |
| Two (2) | Chevrolet Pickups | S10 | 1GCCS1445TK121674 1GCCS1442TK121521 |

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BY: _____

BY:  _____

BY:  _____

SCHEDULE "A"

This schedule is attached to and becomes part of the Security Agreement-Mortgage on Goods and Chattels dated *JAN 20, 1997* between the undersigned.

| QUANTITY | DESCRIPTION OF EQUIPMENT | YEAR & MODEL | SERIAL NUMBER |
|----------|--|--------------|---------------|
| One (1) | Chevrolet Water Truck | C60 | CCE617V113023 |
| One (1) | ARDCO All Terrain Vehicle | 4460 | 5775 |
| One (1) | Lincoln Portable Welder | SA250 | A0101N5 |
| One (1) | Lincoln Portable Welder | SA250 | A964077 |
| One (1) | O & K Track Mounted Conveyor, 54" x 131' long track mounted ship loader or stacking conveyor | BH1400/40 | |
| Two (2) | Mack Manufacturing Pig Iron Buckets | MHDSCH-450 | |

All together with all attachments and accessories.

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DEBTOR/PURCHASER/MORTGAGOR/LESSEE:
Locomotive Leasing Service, Ltd., A Texas
Limited Liability Company

BY: _____

BY: *N. B. Scott*

BY: *William Hood*