

*Counterpart - [Signature]*

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RECORDATION NO. 22004 FILED

JAN 29 '99

11-30AM

RECORDATION NO. 22004 FILED

JAN 29 '99

11-30AM

January 29, 1999

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

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are two (2) copies of a Memorandum of Loan Agreement and Security Agreement, dated as of January 27, 1999, a primary document as defined in the Board's Rules for the Recordation of Documents.

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

Borrower: LLX Rail, Inc.  
1200 South State Street  
Chicago Heights, Illinois 60411

Secured Party: Charter Financial, Inc.  
153 East 53<sup>rd</sup> Street  
New York, New York 10022

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

One (1) locomotive                      MLS 15

Mr. Vernon A. Williams  
January 29, 1999  
Page 2

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

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

Very truly yours,

A handwritten signature in black ink, appearing to read "Robert W. Alvord", written in a cursive style.

Robert W. Alvord

RWA/bg  
Enclosures

SURFACE TRANSPORTATION BOARD  
WASHINGTON, D.C. 20423-0001

OFFICE OF THE SECRETARY

Robert W. Alvord  
Alvord and Alvord  
918 Sixteenth Street, NW., Ste. 200  
Washington, DC., 20006-2973

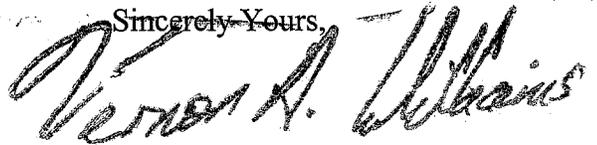
Dear Sir:

The enclosed documents (s) was recorded pursuant to the provisions of 49 U.S.C.

11301 and CFR 1177.3 (c), on 1/29/99 at 11:30 AM, and

assigned recordation numbers (s): 22004, 22005, 22005-A, 22006, 22006-A, 22006-B, 22006-C, 8759-J, 9026-I, 9777-E, 10361-G, 16132-C, 17953-D, 17954-D, 18066-P, 18190- B, 18436-B, and 20266-A.

Sincerely Yours,

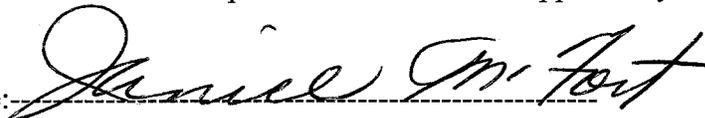


Vernon A. Williams

Enclosure(s) (18)  
468.00

\$\_\_\_\_\_ The amount indicated at the left has been received in payment of a fee in connection with a document filed on the date shown. This receipt is issued for the amount paid. In the event of an error or any questions concerning this fee, you will receive a notification after the Surface Transportation Board has an opportunity to examine your document.

Signature: \_\_\_\_\_



MEMORANDUM OF  
LOAN AGREEMENT AND SECURITY AGREEMENT

JAN 29 '99

11-30AM

THIS MEMORANDUM OF LOAN AGREEMENT AND SECURITY AGREEMENT (the "Memorandum") dated as of January 27, 1999 is made by and between Charter Financial, Inc. a New York corporation, with an office at 153 East 53<sup>rd</sup> Street, New York, New York 10022 ("Charter"), and LLX Rail, Inc. an Illinois corporation, with it chief executive office and principal place of business at 1200 South State Street, Chicago Heights, Illinois 60411 (the "Borrower").

Borrower and Charter hereby state the following:

1. Borrower and Charter are parties to that certain Loan and Security Agreement dated as of January 27, 1999 (the "Loan Agreement") (capitalized terms used herein and not otherwise defined shall have the meaning given in the Loan Agreement), whereby Charter loaned Borrower certain funds to facilitate the purchase or financing of the covered locomotive equipment more specifically identified on Exhibit A attached hereto and made a part hereof (the "Equipment").
2. Borrower's obligations under the Loan Agreement and other loan documents are evidenced by and payable in accordance with the Loan Agreement.
3. Pursuant to the terms of the Loan Agreement and to secure the payment and performance of any and all of Borrower's obligations to Charter, Borrower granted to Charter a continuing, first priority security interest in and to, and chattel mortgage lien on, all of the Borrower's right, title and interest in and to the Equipment, to have and to hold all and every part of the Equipment unto Charter, its successors and assigns, for its and their own use and benefit forever.

IN WITNESS WHEREOF, the parties have caused this Memorandum to be executed as of the date first above written.

WITNESS:

LLX RAIL, INC.

Christina A. Motto

By: BK Forney II  
Name: BK Forney II  
Title: Pres

WITNESS:

CHARTER FINANCIAL, INC.

Brian Twomey

By: Brian Twomey  
Name: Brian Twomey  
Title: Vice President

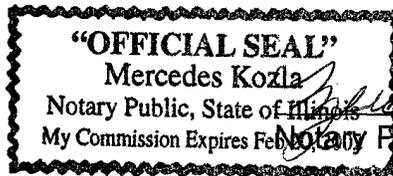
**SCHEDULE 1**  
**LIST OF RAILROAD EQUIPMENT**

- 1      MLS 15, 900 Horsepower 110 ton, 8 cylinder 567 CR engine, D15 main generator, 10 KW auxiliary generator, Air cooled air compressor, Friction bearing wheels, 6BL brake equipment, Vectran equipment boxes in place, components removed

STATE OF ILLINOIS )  
 )  
COUNTY OF ) SS:

On this 27 day of January, 1999, before me, a Notary Public of the County and State aforesaid, personally appeared Brian Twomey to me personally known, who being by me duly sworn, says that he is the Pres of LLX Rail, Inc., an Illinois corporation, that said instrument was signed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

AS WITNESS my hand and notarial seal.



My commission expires:

STATE OF NEW YORK )  
 )  
COUNTY OF NEW YORK ) SS:

On this 28th day of January, 1998<sup>9</sup> before me, a Notary Public of the County and State aforesaid, personally appeared Brian Twomey, to me personally known, who being by me duly sworn, says that (s)he is the Vice President of Charter Financial, Inc, a New York corporation, that said instrument was signed on behalf of said corporation by authority of its Board of Directors, and (s)he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

AS WITNESS my hand and notarial seal.

A handwritten signature in black ink, appearing to read "L. Baker", written over a horizontal line.

Notary Public

My commission expires:

LOUISA L. BAKER  
Notary Public, State of New York  
No. 31-495650  
Qualified in Westchester County  
Commission Expires September 5, 1999