

Atorney Corporate Express

Country

RECORDATION NO. 21218 FILED

**ORRICK, HERRINGTON
& SUTCLIFFE LLP**

FEB 11 '98

10-54 AM

Direct Dial
(212) 506-5383

February 11, 1998

RECORDATION NO. 21218-A FILED

FEB 11 '98

10-54 AM

FEB 11 10 54 AM '98

RECEIVED
SURFACE TRANSPORTATION
BOARD

Secretary
Surface Transportation Board
Suite 700
1925 K Street NW
Washington, DC 20423

Dear Mr. Secretary:

I have enclosed one fully executed and acknowledged original of each of the documents described below, to be recorded pursuant to Section 11303 of Title 49 of the United States Code. In addition, a copy of each of the aforementioned documents is enclosed for your records.

Primary

The first document is a Rolling Stock Security Agreement dated as of February 6, 1998 and is a "primary document" as defined in the applicable regulations.

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

Debtor: Fun Trains, Inc.
3700 North 29th Avenue - Suite 202
Hollywood, Florida 33020

Secured Party: Capital Growth International LLC
660 Steamboat Road
Greenwich, Connecticut 06830

A →

The second document is a Collateral Assignment of Security Agreement dated as of February 6, 1998 and is a "secondary document" as defined in the applicable regulations. We request that this assignment be cross-indexed with that certain Rolling Stock Security Agreement previously filed with the Surface Transportation Board on September 10, 1997, recordation number 20861.

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

Assignor: Fun Trains, Inc.
3700 North 29th Avenue - Suite 202
Hollywood, Florida 33020

Assignee: Capital Growth International LLC
660 Steamboat Road
Greenwich, Connecticut 06830

**ORRICK, HERRINGTON
& SUTCLIFFE LLP**

The equipment covered by the documents consists of railcars and engines, more particularly described as follows:

Description	Car Numbers
One Domed Passenger Car (C1)	RRCX 9001 FFTX 9001
One Domed Passenger Car (C2)	RRCX 9002 FFTX 9002
One Domed Passenger Car (C3)	RRCX 9003 FFTX 9003
One Domed Passenger Car (C4)	FT 9004
One Lounge/Entertainment Car (E1)	RRCX 9011 FFTX 9011
One Lounge/Entertainment Car (E2)	RRCX 9012 FFTX 9012
One Lounge/Entertainment Car (E3)	RRCX 9013 FFTX 9013
One Lounge/Entertainment Car (E4)	FT 9014
One Prototype Car FFTX 9008	RRIX 9008 FFTX 9008
Description: Florida Fun Train Cars	Car Numbers: Rader Nos.
One Domed Passenger Car FFTX 9005	RRIX 9005 FFTX 9005
One Domed Passenger Car FFTX 9006	RRIX 9006 FFTX 9006
One Domed Passenger Car FFTX 9007	RRIX 9007 FFTX 9007

A fee of forty-eight dollars (\$48.00) is enclosed. Please return the stamped originals to me at Orrick, Herrington & Sutcliffe LLP, 666 Fifth Avenue, New York, New York 10103.

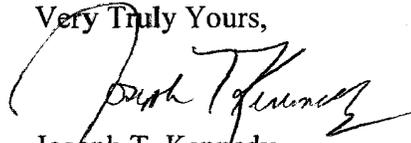
A short summary of the documents is as follows:

Rolling Stock Security Agreement between Fun Trains, Inc., 3700 North 29th Avenue – Suite 202, Hollywood, Florida 33020 and Capital Growth International LLC, 660 Steamboat Road, Greenwich, Connecticut 06830 dated as of February 6, 1998, covering railcars and engines.

KORRICK, HERRINGTON
& SUTCLIFFE LLP

Collateral Assignment of Security Agreement between Fun Trains, Inc., 3700 North 29th Avenue, Suite 202, Hollywood, Florida 33020 and Capital Growth International LLC, 660 Steamboat Road, Greenwich, Connecticut 06830 dated as of February 6, 1998, pursuant to which the Assignor grants to the Assignee a first priority security interest in, and assigns, transfers and conveys and sets over to the Assignee, all of the Assignor's right, title and interest in and to that certain agreement dated October 23, 1996, as amended, between Rader Rail Car II, Inc. and Assignor and that certain Security Agreement dated August 22, 1997 between Rader Rail Car II, Inc. and Assignor.

Very Truly Yours,



Joseph T. Kennedy

Enclosures

cc: Rubi Finkelstein, Esq.

RECORDATION NO. 21218-A FILED

FEB 11 '98

10-54 AM

RECORD & RETURN TO:
This Instrument was Prepared By:
Joseph T. Kennedy, Esquire
Orrick, Herrington & Sutcliffe LLP
666 Fifth Avenue
New York, New York 10103

COLLATERAL ASSIGNMENT OF SECURITY AGREEMENT

THIS **COLLATERAL ASSIGNMENT OF SECURITY AGREEMENT**, made and executed as of this 6th day of February, 1998, by FUN TRAINS, INC., a Florida corporation, whose address is 3700 North 29th Avenue, Suite 202, Hollywood, Florida 33020 (the "Assignor") to CAPITAL GROWTH INTERNATIONAL LLC, a Delaware limited liability company, whose address is: 660 Steamboat Road, Greenwich, Connecticut 06830, as agent for the benefit of the Holders (as defined below) ("Assignee").

RECITALS

1. FIRST AMERICAN RAILWAYS, INC. ("Borrower") currently has outstanding 10% Convertible Secured Notes in the original aggregate principal amount of approximately \$8,251,000 (the "Notes") originally issued on April 26, 1996 and May 9, 1996 in connection with a private placement of First American Railways, Inc., a Florida corporation and predecessor in interest to Borrower.

2. Pursuant to the Notes and the General Security Agreement dated April 26, 1996 (the "General Security Agreement") Borrower granted a lien to Capital Growth International LLC ("Capital Growth"), as agent for the several holders (the "Holders") of the Notes ("Agent") in all property then owned or thereafter acquired by Borrower, including, without limitation all Rolling Stock (as defined below) purchased for use in Borrower's business.

3. After the Loans were funded and prior to the date hereof, Borrower incorporated Assignor as a wholly owned subsidiary of Borrower, and all proceeds of the Notes were transferred by Borrower to Assignor to permit Assignor to purchase the property to be used in the business of Borrower and Assignor, including, without limitation, the Rolling Stock, as defined in the Rolling Stock Security Agreement of even date by Assignor, as debtor, in favor of Agent. Thus, Debtor has enjoyed the benefits of all proceeds of the Notes.

4. Concurrently herewith, Assignor is delivering to Agent and Holders the Continuing Guaranty (the "Guaranty") under which Assignor is guarantying all obligations of Borrower to Agent and Holders.

5. Pursuant to Section 3(l) of the General Security Agreement, Borrower has agreed, at its expense, to perform all acts and execute all documents requested by Assignee at any time to

evidence, perfect, maintain and enforce Assignee's first priority security interest in the Collateral, as defined in the General Security Agreement;

6. RADER RAIL CAR II, INC. (the "Debtor"), is indebted to Assignor, such indebtedness being evidenced by an agreement dated October 23, 1996, as amended (the "Contract"), secured by a Security Agreement (the "Security Agreement") from the Debtor to Assignor dated August 22, 1997 attached hereto as Exhibit A.

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the parties hereto agree as follows:

1. Assignor hereby grants to Assignee a first priority security interest in, and assigns, transfers conveys and sets over to the Assignee, all of Assignor's right, title and interest in and to the Contract and Security Agreement referred to above, including Assignor's right to payment of principal and interest under the Contract.

2. This Assignment shall secure the payment, performance and discharge of all Obligations, as defined in the Guaranty and any and all indebtedness, liabilities and obligations of Assignor under this Agreement and any other security agreement or collateral assignment agreement executed in connection with the Guaranty (the "Obligations").

3. Assignor warrants and represents: (i) that Assignor is the owner and holder of the Contract and Security Agreement; (ii) that Assignor has not previously assigned, waived or modified any of its rights under the Contract or the Security Agreement; (iii) that Assignor has taken all necessary corporate action to effectuate the assignment; (iv) that Assignor knows of no defense or matter by way of setoff that might affect the obligations evidenced by the Contract and Security Agreement; (v) that the Contract and Security Agreement are in full force and effect and are fully enforceable in accordance with their terms and are not in default; (vi) there exists no interest in the Contract senior to that of Assignee; and (vii) this Assignment will not be in violation of or cause a default of any agreement or contract to which Assignor or Debtor is a party.

4. Assignor hereby authorizes Assignee to collect any sums coming due and payable under the Contract and to take, at Assignee's option any and all action necessary and appropriate in Assignee's sole and absolute discretion to enforce payment of the Contract, including the right to avail itself of any remedy that may be available to enforce or foreclose the Security Agreement; provided, however, that in the event of a default under the Security Agreement or the Contract, and so long as Assignor is not in default hereunder, under the Contract or under any other instrument, security agreement, pledge collateral assignment or guaranty in connection with the obligations arising thereunder, Assignee will consult with Assignor regarding what action, if any should be taken to enforce the Contract and Security Agreement. Assignor agrees that Assignee is under no obligation to take any action whatsoever by virtue of this Assignment or the interest hereby assigned.

5. Assignor agrees that each and every agreement contained in the Contract and Security Agreement, together with any other documents executed in connection with such indebtedness, shall be read into and form a part hereof as if the same were set forth in full herein, and that all rights, remedies and powers granted to Assignee herein or in the Contract and Security Agreement or other documents given by Borrower or Assignor to Assignee shall be cumulative and may be exercised singly or concurrently.

6. After occurrence of an Event of Default, beyond any applicable cure period, and upon notice of the occurrence thereof given by Assignee to Debtor, Assignor authorizes and directs Debtor to pay any and all sums thereafter paid or coming due under the Contract or Security Agreement directly to Assignee until written notice is given to Debtor by Assignee of termination of

this Assignment, such payments to be payable to: Capital Growth International LLC and sent directly to Assignee at:

Capital Growth International LLC
660 Steamboat Road
Greenwich, Connecticut 06830
Attention: Michael S. Jacobs

7. This Assignment is made upon the express condition that, at such time as all indebtedness, obligations and liabilities of Borrower to Assignee mentioned herein and in any other security agreement, pledge, collateral assignment or guaranty shall have been paid, performed and discharged, Assignor shall have the right to the return of the Contract endorsed by Assignee to the order of Assignor and to the reassignment of the Security Agreement back to Assignor, all without warranty or recourse.

8. Assignor shall be in default under this Assignment upon the happening of any Event of Default, as defined in the Security Agreement of even date from Assignor, as debtor, to Assignee, as secured party. Upon the occurrence of any such Event of Default or at any time thereafter the Assignee may, at its option, declare all obligations secured hereby or any of them, notwithstanding any provisions thereof, immediately due and payable without demand or notice of any kind and the same thereupon shall immediately become due and payable without demand or notice and Assignee shall have and may exercise from time to time, any and all rights and remedies of a secured party under the Uniform Commercial Code and any and all rights and remedies available to it under any other applicable law, together with any and all rights and remedies available to it as a result of this Assignment or any other document executed in connection therewith.

9. Assignor shall promptly pay all costs of Assignee incurred in connection with the preparation of this instrument or any other instrument referred to herein and of collection of any and all obligations secured hereby, and enforcement of rights hereunder, including attorneys' fees and legal expenses (including those for appellate proceedings).

10. No waiver by Assignee of any default shall operate as a waiver of any right or other default or of the same default on a future occasion. No delay or omission on the part of the Assignee in exercising any right or remedy shall operate as a waiver thereof, and no single or partial release by Assignee of any right or remedy shall preclude any other or further exercise thereof or the exercise of any other right or remedy.

11. The provisions of this Assignment are cumulative and in addition to the provisions of the Guaranty and all other security agreements and collateral assignments executed in connection with the Guaranty, and Assignee shall have all the benefits, rights and remedies of and under the Guaranty and such agreements and any other document executed in connection with the obligations referred to herein. All rights of Assignee hereunder shall inure to the benefit of its successors and assigns; and all obligations of Assignor hereunder shall bind the successors and assigns of Assignor.

12. This Assignment has been delivered in the State of New York and shall be construed in accordance with the laws of New York, without regard to conflict of laws, rules or principles.

13. The Assignee may record this Assignment. Assignee may forward copies of this Assignment to Debtor.

14. Assignor agrees to pay any expenses incurred by Assignee in connection with the Contract or the Security Agreement or the enforcement of its rights hereunder or thereunder on demand. Assignor waives any claim it may at any time have against the Assignee on account of

any mistake or omission on the part of Assignee in connection with the any action taken by Assignee in connection with the Contract or the Security Agreement.

15. Assignor hereby appoints Assignee as Assignor's attorney-in-fact and gives and grants to Assignee as attorney-in-fact full power and authority, from time to time for Assignor and in Assignor's name, place and stead, and in Assignee's sole discretion, to endorse the above referenced Contract and Security Agreement.

IN WITNESS WHEREOF, the undersigned have caused these presents to be properly executed as of this 9 day of February, 1998.

Signed, sealed and delivered in the presence of:

ASSIGNOR
FUN TRAINS, INC.,

Print Name:

By: *Allen C. Harper*
Name: Allen C. Harper
Title: Chief Executive Officer

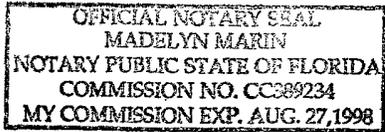
Print Name:
(As to Assignor)

STATE OF Florida
COUNTY OF Broward

The FOREGOING INSTRUMENT was acknowledged before me this ____ day of February, 1998 by Allen C. Harper as Chairman of FUN TRAINS, INC. a _____ corporation on behalf of the corporation. He/She is personally known to me or has produced _____ as identification.

My commission expires:

Madelyn Marin
Notary Public



Print Name: Madelyn Marin
Commission No.: _____

REGISTRATION NO. 2086 FILED

SEP 10 '97 10-38 AM

SURFACE TRANSPORTATION BOARD
SEP 10 10 38 AM '97

ROLLING STOCK SECURITY AGREEMENT

BETWEEN

RADER RAILCAR II, INC.

DEBTOR

AND

FUN TRAINS, INC.

AS LENDER

DATED AS OF AUGUST 22, 1997

Filed and recorded with the Surface Transportation Board pursuant to 49 U.S.C. 11301
on _____, 1997, at ___ m., Recordation No. _____

ROLLING STOCK SECURITY AGREEMENT

This ROLLING STOCK SECURITY AGREEMENT (this "Agreement") dated as of the 22nd day of August, 1997, between RADER RAILCAR II, INC. ("Debtor"), a Colorado corporation, having its principal office at 10525 E. 40th Avenue, Denver, Colorado 80239 and FUN TRAINS, INC. ("Lender").

As added security for Debtor's obligations under the Contract (as defined below), and in order to induce Lender to amend the Contract and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Debtor agrees with Lender as follows:

I. DEFINITIONS

A. Specific Terms. In addition to terms defined elsewhere in this Agreement or in any exhibit or amendment hereto or document incorporated herein, when used herein, the following terms shall have the following meanings:

The "Collateral" shall mean (i) the Rolling Stock, together with all parts thereof or therefor (including spare parts), attachments, accessories, accessions, equipment, appurtenances and additions that are appertaining, attached, affixed or related thereto and all substitutions, renewals or replacements thereof and all additions, improvements, accessions and accumulations thereto, all books and records (including computer records) in any way related thereto, and all proceeds thereof, (ii) all work in process, inventory, goods and materials, equipment, general intangibles, and contract rights, identified to or relating to Debtor's performance of the Contract; and (iii) the Specifications as defined in Section 1.23 of the Contract and the Plans as defined by Section 1.18 of the Contract. However, the "Collateral" shall not include any patents owned by Thomas G. Rader.

The "Collateral Location" shall mean the location, premises, land and property of Debtor located at 1011 14th Street, Fort Lupton, Colorado 80621.

The "Contract" shall mean the Railcar Construction Agreement by and between Debtor and Lender dated October 23, 1996, as it may be subsequently amended or modified.

The "Obligations" shall mean any and all indebtedness, liabilities and obligations of Debtor to Lender, including, without limitation, (i) any and all of Debtor's indebtedness, liabilities and obligations pursuant to the Contract; (ii) any and all indebtedness, liabilities and obligations of Debtor under this Agreement; and (iii) any and all costs of collection, attorneys' fees and expenses incurred by Lender upon the occurrence of an Event of Default under this Agreement, in collecting or enforcing

the terms of this Agreement, or in preserving, protecting or realizing on the Collateral hereunder or in representing Lender in connection with bankruptcy or insolvency proceedings.

The "Rolling Stock" shall mean the railcars, engines and other rolling stock or equipment described on Exhibit A attached hereto.

B. Other Terms. Except as otherwise defined herein, all capitalized terms used in this Agreement, which are defined in the Uniform Commercial Code as in effect in the State of Colorado ("UCC") shall have the meanings set forth in the UCC.

II. GRANTING CLAUSE

To secure payment and performance of the Obligations, Debtor hereby pledges, assigns, transfers and sets over to Lender, and grants to Lender a lien and security interest in and upon all of the Collateral.

III. REPRESENTATIONS AND WARRANTIES

Debtor hereby represents and warrants to Lender that:

A. The Railcars will be built in accordance with agreed upon specifications as provided for in the Contract.

B. Debtor is the sole and absolute owner of the Collateral free and clear of any and all liens, claims and encumbrances of every kind and nature except for the lien and encumbrance hereby granted and created and liens granted and permitted by the Contract; provided, however, Debtor has granted a security interest in certain equipment and inventory to a commercial bank in connection with a \$1 million revolving line of credit.

C. To the best of Debtor's knowledge, upon appropriate filings with the United States Surface Transportation Board and the Colorado Secretary of State, the security interest contemplated hereby will at all times constitute a valid, perfected security interest in favor of Lender.

D. To the best of Debtor's knowledge, no portion of the Collateral is in the possession of any party (other than Debtor) asserting any claim thereto or security interest therein. Exhibit A hereto contains a full and complete list and accurate description of the Rolling Stock.

IV. COVENANTS AND AGREEMENTS

Debtor hereby covenants and agrees with Lender that:

A. Operation. Debtor shall at all times during the term hereof maintain exclusive possession, control and use of the Collateral and shall completely assume all responsibility with respect thereto. Debtor shall further comply with all applicable federal and state inspection, licensing and registration requirements, and all other federal, state and local laws, regulations and other governmental requirements applicable to any portion of the Collateral or the use or operation thereof. Debtor shall not use the Collateral in any manner which is in violation of any provision of any insurance policy.

B. Location/Inspection. Unless otherwise authorized in writing by Lender, Guarantor shall cause all of the Collateral to at all times be located at the Collateral Location, and shall provide to Lender, from time to time, upon request of Lender, a list of the items of Collateral specifying the physical location and condition of each material item. Lender may examine and inspect the Collateral or any part thereof, wherever located, at any reasonable time or times.

C. Identification of Collateral. Debtor shall, at all times, cause the Collateral to be kept numbered with identification numbers as shall be set forth in this Agreement, or any amendment or supplement hereto. Debtor will not change the identification, number of any unit of Collateral unless and until a statement of a new number or numbers to be substituted therefore shall have been filed with Lender and filed, recorded and deposited, by Debtor and all public offices where this Agreement shall have been filed, recorded and deposited.

D. Liens. Debtor shall not create or permit to exist any lien, encumbrance or security interest (except as described in III.B., above) upon or with respect to any portion of the Collateral now owned or hereafter acquired, in favor of anyone other than Lender, and Debtor will defend the Collateral against all claims and demands of all persons at any time otherwise claiming the same or any interest therein. Debtor shall further perform any and all acts reasonably requested by Lender to establish, perfect, maintain and continue Lender's security interests and liens upon the Collateral, including, but not limited to: (i) executing financing statements, documents or certificates of title and any and all other instruments and documents (including, without limitation, any instruments to be filed with the Surface Transportation Board) when and as reasonably requested by Lender, and (ii) causing the owners and/or mortgagees of the real property on which any Collateral may be located to execute and deliver to Lender waivers or subordinations satisfactory to Lender with respect to any rights in such Collateral.

E. Alterations and Maintenance. Debtor shall pay or cause to be paid all obligations arising from the repair and maintenance of such Collateral, as well as all obligations with respect to the

premises where any portion of the Collateral is or may be located, except for any such obligations being contested by Debtor in good faith by appropriate proceedings being diligently conducted and for which adequate reserves in form and amount acceptable to Lender have been provided. Without limiting the foregoing, Debtor shall, at its sole cost and expense, make all repairs and replacements to each item of the Collateral as may be necessary to (A) keep and maintain such item in all respects in first-class mechanical condition and repair, and (B) comply with all applicable federal, state and local laws and other governmental requirements.

F. Taxes. Debtor shall pay promptly and in every case prior to becoming delinquent all taxes and assessments on or relating to the Collateral, or for its use or operation, or upon this Agreement or any of the Obligations, or with respect to the perfection of any security interest or other lien hereunder (except as otherwise required by law); provided, however, that Debtor shall not be required to pay any such tax or assessment the payment of which is being contested in good faith and by appropriate proceedings being diligently conducted and for which adequate reserves in form and amount acceptable to Lender have been provided, except that Debtor shall cause (i) to be paid all taxes and assessments upon the commencement of proceedings to foreclose upon any lien on the Collateral unless such foreclosure is stayed by the filing of an appropriate bond, and (ii) any arrest, seizure, levy, custody of or other detainer of any portion of the Collateral to be released within ten (10) days by filing an appropriate bond or undertaking or by securing such discharge or release by stipulation or otherwise, and Debtor shall execute and deliver to Lender, on demand, appropriate certificates attesting to the payment or deposit thereof.

G. Insurance. Debtor shall, at all times, keep all of the Collateral insured against loss, damage, theft and other risks, by maintaining policies in such amounts and with companies and under such policies and in such form, all as shall be acceptable to Lender. Debtor shall maintain single limit public liability and property damage insurance of not less than \$ _____ per occurrence, or such greater or lesser amount as Lender may from time to time request on notice to Debtor. Debtor shall cause such insurance policies to be written with loss payable clauses providing in effect that the proceeds of any property insurance policy paid on account of any loss shall be paid to Lender, which proceeds shall be disbursed by Lender to Debtor for repair, restoration or replacement of the damaged or lost property or applied by Lender as provided in Section IV.H below. Debtor shall maintain such other insurance as may be required by law. Debtor shall furnish Lender with a copy or certificate of each such policy or policies and, prior to any expiration or cancellation, each renewal or replacement thereof.

H. Event of Loss. Proceeds of insurance received by Debtor on account of any partial loss shall be used by Debtor for the purpose of making repairs to such Collateral, provided, however, that Debtor shall provide certification to Lender of the repairs made on completion of such repairs. So long as no Default or Event of Default under this Agreement has occurred and is continuing, all insurance proceeds received by Lender on account of any loss of or damage to any portion of the Collateral may, at the option of Debtor, either (i) be used and applied for the sole purpose of paying the cost of repair, restoration or replacement of the Collateral damaged or destroyed, and Debtor shall provide Lender with an appropriate certification by a qualified engineer that any such repair, restoration or replacement which exceeds \$50,000.00 in cost has been completed, or (ii) be applied to the payment of the Obligations in such order and manner as Lender may elect. If any Default or Event of Default under Article V of this Agreement has occurred and is continuing, unless Lender otherwise consents in writing all insurance proceeds received or held by Lender on account of any loss of or damage to any portion of the Collateral, after deducting therefrom the reasonable charges and expenses paid or incurred in connection with the collection and disbursement of said proceeds, shall be applied to the payment of the Obligations in such order and manner as Lender may elect unless otherwise consented to in writing by Lender.

I. Notice of Certain Events. Debtor shall give Lender immediate notice of any attachment, lien, judicial process, encumbrance or claim affecting, or any other event which may adversely impact, any Collateral and any casualty to or accident involving any portion of the Collateral, whether or not constituting an insurable loss provided for in Section IV.G or IV.H above.

J. Hazardous Cargo. Debtor shall not use the Collateral, or permit it to be used, for the transportation or storage of any substance which is categorized as or required to be labeled as, "Poison" or "Poisonous", "Explosive" or "Radioactive" (or any categories or labels substituted for such categories or labels as in effect on the day hereof) or under 49 C.F.R. 171 or other applicable Federal rules or regulations in effect from time to time regulating the transportation of hazardous materials.

K. General Indemnity. In addition to the payment of expenses pursuant to Section VI.H, Debtor hereby agrees to indemnify, pay and hold Lender and any obligee of the Obligations and the officers, directors, employees, agents and affiliates of Lender and any such obligee (collectively, the "Indemnitees") harmless from and against any and all other liabilities, obligations, losses, damages, penalties, actions, judgments, suits, claims, costs, expenses and disbursements of any kind or nature whatsoever (including, without limitation, reasonable attorneys' fees, costs, expenses and disbursements of such attorneys for such

Indemnitees in connection with any investigative, administrative or judicial proceeding commenced or threatened, whether or not such Indemnitees shall be designated a party thereto), that may be imposed on, incurred by or asserted against the Indemnitees, in any manner relating to or arising out of this Agreement, or any other agreement, document or instrument executed and delivered by Debtor in connection herewith (collectively, the "indemnified liabilities"); provided that Debtor shall have no obligation to an Indemnitee hereunder with respect to indemnified liabilities arising from the gross negligence or willful misconduct of that Indemnitee as determined by a court of competent jurisdiction in a final, non-appealable order. To the extent that the undertaking to indemnify, pay and hold harmless set forth in the preceding sentence may be unenforceable because it is violative of any law or public policy, Debtor shall contribute the maximum portion that it is permitted to pay and satisfy under applicable law to the payment and satisfaction of all indemnified liabilities incurred by the Indemnitees or any of them. The provisions of the undertakings and indemnification set out in this Section IV.K shall survive satisfaction and payment of, the Obligations and the termination of this Agreement.

L. Lender's Performance. Debtor will allow Lender, at its option, from time to time, to perform any agreement of Debtor hereunder which Debtor shall fail to perform and take any other action which Lender deems necessary for the maintenance or preservation of any portion of the Collateral or its interest therein (including, without limitation, the discharge of taxes, except as such taxes are being contested in good faith as permitted by Section IV.F above, or liens, encumbrances or claims of any kind upon or against any of the Collateral or the procurement of insurance or the payment of warehousing charges, landlord's bills or other charges), and Debtor agrees to forthwith reimburse Lender for all costs and expenses incurred by Lender in connection with the foregoing, together with interest thereon at a rate per annum equal to the lesser of 18% per annum or the highest rate allowed by law from the date incurred until reimbursed by Debtor. Lender may for the foregoing purposes act in its own name or that of Debtor and may also so act for the purposes of adjusting, settling or, upon the occurrence and continuation of an Event of Default, canceling any policy of insurance on the Collateral or endorsing any draft received in connection therewith in payment of a loss or otherwise, for all of which purposes Debtor hereby grants to Lender its power of attorney, which is coupled with an interest and irrevocable during the term of this Agreement. In the event Lender, in its sole discretion, undertakes any action under this Section IV.L at any time or from time to time, Lender shall be under no obligation to undertake any such action on any subsequent occasion, and Lender shall not be required to provide Debtor or any other Person with any notice in order for Lender to take any action hereunder or Notice of Lender's intent not to take any action hereunder at any time or from time to time.

V. DEFAULTS AND REMEDIES

Upon the occurrence of any one of the following defaults, which are herein referred to as Events of Default:

A. Debtor shall fail to make any payment or perform any of the Obligations as and when the same shall become due within any applicable grace period whether by reason of demand, maturity, acceleration or otherwise; or

B. Any representation, warranty, certification or statement of Debtor made in this Agreement, in the Contract or in any certificate, financial statement, other agreement, instrument or statement furnished or made or delivered pursuant hereto or thereto or in connection herewith or therewith, is false or misleading in any material respect as of the date when made, effected, affirmed or reaffirmed; or

C. Debtor shall fail to perform or observe any term, covenant or provision contained in this Agreement or in the Contract, unless such failure is timely cured as provided therein;

then in such event:

(i) Lender shall have the right to take immediate possession of all or any part of the Collateral covered hereby, and, for that purpose Lender may reasonably require Debtor to assemble the Collateral at a time and location specified by Lender, may pursue the Collateral wherever it may be found, and may enter upon any of the premises of Debtor with or without force or process of law, wherever the Collateral may be or is expected or supposed to be, and search for the same, and, if found, take possession of and remove and sell, transfer, assign and dispose of said Collateral, or any part thereof;

(ii) Lender may exercise any one or more of the rights and remedies accruing to a secured party under the UCC, as defined herein, or the Uniform Commercial Code of any other relevant state or states and any other applicable law upon default by a debtor; and

(iii) Lender may exercise any one or more of the rights and remedies accruing to Lender under the Contract, the common law, law of equity or pursuant to statute, rule or regulation.

Lender's remedies set forth herein shall not be exclusive, but shall be cumulative and may be exercised concurrently or consecutively, and shall be in addition to all other remedies Lender may have under this Agreement, the Contract or otherwise. The security interest created by this Agreement is in addition to

and not in lieu of, any other security interest granted to Lender by Debtor, whether contained in the Contract or otherwise.

E. Foreclosure. Foreclosure on the Collateral covered hereby may be had at public or private sale or sales, disposing of such portion or portions of the Collateral at each such sale, for cash or on credit, on such terms, at such place or places, and with or without the Collateral being present at such sale, all as Lender in its sole and absolute discretion shall determine from time to time. In the case of public sale, notice thereof shall be deemed and held to be adequate and reasonable if such notice shall appear three (3) times in a newspaper of general circulation in the city or county wherein the sale is to be held, the first such publication being at least ten (10) days before such sale and the last such publication being not more than three (3) days before such sale. In the case of a private sale, notice thereof shall be deemed and held to be adequate and reasonable if such notice shall be mailed to Debtor at its last known address at least ten (10) days before such sale at which private sale Lender may be the purchaser. The enumeration of these methods of notice shall not be deemed or construed to render unreasonable any other method of notice which would otherwise be reasonable under the circumstances.

F. Application of Proceeds and Deficiency. Lender may apply the net proceeds of any sale, lease or other disposition of the Collateral, after deducting all costs and expenses of every kind incurred therein or incidental to the retaking, holding, preparing for sale, selling, leasing or the like of the Collateral on Debtor's premises, or elsewhere, or in any way related to Lender's rights thereunder (including, without limitation, attorneys' fees and expenses, court costs, bonds and other legal expenses, insurance, security guard and alarm expenses incurred in connection with the holding of the Collateral, advertisements of sale of the Collateral, and rental and utilities expense on the premises or elsewhere in connection with storage and sale of the Collateral) to the payment, in whole or in part, of the Obligations of Debtor to Lender, whether due or not due, absolute or contingent, and only after payment of the foregoing amounts and payments by Lender of any other amounts required by any existing or future provision of law (including Section 9-504(1)(c) of the UCC or any comparable statutory provision of any jurisdiction in which any of the Collateral may at the time be located) need Lender account to Debtor for the surplus, if any. Debtor shall remain liable to Lender for the payment of any deficiency, with interest.

G. Lender's Care of Collateral. Lender shall be deemed to have exercised reasonable care in the custody and preservation of any portion of the Collateral in its possession if it takes such action for that purpose as Debtor requests in writing, but failure of Lender to comply with any such request shall not of itself be deemed a failure to exercise reasonable care, and no failure of Lender to preserve or protect any rights with respect to such

portion of the Collateral against prior parties, or to do any act with respect to the preservation of such portion of the Collateral not so requested by Debtor, shall be deemed a failure to exercise reasonable care in the custody or preservation of such Collateral.

VI. MISCELLANEOUS

A. Amendments: Waivers: Remedies Cumulative. No delay or failure on the part of Lender in the exercise of, and no course of dealing with respect to, any right hereunder shall operate as a waiver thereof and no single or partial exercise by Lender of any right shall preclude other or further exercise thereof or the exercise of any other right hereunder, under the Contract or any of the other related documents or applicable law. A waiver by Lender of any right or remedy hereunder on any one occasion shall not be construed as a bar to any right or remedy which Lender would have on any future occasion. Each and every right granted to Lender hereunder, under the Contract or any other instrument, document or agreement, or at law or in equity, shall be deemed cumulative and may be exercised from time to time. Neither this Agreement, nor any provision hereof, may be waived, modified, supplemented, amended, rescinded, discharged or terminated except by a writing duly signed by Lender, and then only to the extent therein set forth.

B. Durable Power of Attorney. Debtor hereby makes, constitutes and appoints Lender the true and lawful agent and attorney-in-fact of Debtor with full power of substitution to do any and all things necessary and take such action in the name and on behalf of Debtor to carry out the intent of this Agreement, including, without limitation, the grant of the security interest granted under this Agreement, to perfect and protect the security interest granted to Lender in respect to the Collateral and Lender's rights created under this Agreement and to act on behalf of Debtor for the purposes set forth in Section IV.L., which power of attorney is irrevocable during the term of this Agreement. Debtor agrees that neither Lender nor any of his employees, agents, designees or attorneys-in-fact will be liable for any acts or omissions to act, or for any error of judgment or mistake of fact or law in respect to the exercise of the power of attorney granted under this Section or the exercise of any power of attorney provided for under this Agreement. This power of attorney shall not be affected by the subsequent dissolution of Debtor and shall in all respects constitute a durable power of attorney.

C. Notices. All notices, requests and other communications to any party hereunder shall be in writing (including prepaid overnight courier, telex, facsimile transmission or similar writing) and shall be given to such party at its address set forth below, or at such other address as such party may hereafter specify for the purpose of notice to Lender and Debtor. Each such notice, request or other communication shall be effective if given

by mail, prepaid overnight courier or any other means, when received at the address specified in this Section or when delivery at such address is refused.

If to Debtor:

Rader Railcar II, Inc.
10525 E. 40th Ave.
Denver, CO 80239

Attention: Mr. Thomas G. Rader
Fax: (303) 375-1845

With a copy to:

John L. Wright
Senior V.P. and General
Counsel
Rader Railcar II, Inc.
10525 E. 40th Avenue
Denver, CO 80239

If to Lender:

Fun Trains, Inc.
3700 N. 29th Ave.
Suite 202
Hollywood, FL 33020
Attention: Mr. Raymond Monteleone
Fax: (954) 920-3414

D. Applicable Law and Severability. It is the intention of the parties hereto that this Agreement is entered into pursuant to the provisions of the UCC. Any applicable provisions of the UCC, not specifically included herein, shall be deemed a part of this Agreement in the same manner as if set forth herein at length; and any provisions of this Agreement that might in any manner be in conflict with any provision of the UCC shall be deemed to be modified so as not to be inconsistent with the UCC, and to that extent the provisions hereof shall be severable and the invalidity of one shall not invalidate another. In all respects this Agreement and all transactions, assignments and transfers hereunder, and all the rights of the parties shall be governed as to the validity, construction, enforcement and in all other respects by the laws of the State of Colorado as applied to agreements made, executed and performed within the State of Colorado. To the extent any provision of this Agreement is not enforceable under applicable law, such provision shall be deemed null and void and shall have no effect on the remaining portions of this Agreement. The headings of the paragraphs hereof shall not be considered in the construction or interpretation of this Agreement.

E. Successors and Assigns. This Agreement shall be binding upon Debtor and its successors and permitted assigns, and shall inure to the benefit of Lender and his successors and assigns. Debtor may not assign or delegate any of its rights or obligations under this Agreement without the prior written consent of Lender.

F. Other Obligations. Nothing contained in this Agreement shall be deemed or held to impair or limit in any way the enforcement of the terms of any instrument evidencing any indebtedness, liability or other obligation of Debtor to Lender.

G. Duration of Security Interest. This Agreement shall continue in full force and effect, and the security interest granted hereby and the representations, warranties, covenants, agreements, and liabilities of Debtor hereunder and all the terms, conditions, and provisions hereof relating thereto shall continue to be fully operative until Debtor shall pay or cause to be paid or otherwise discharge all of the Obligations of Debtor to Lender. Debtor expressly agrees that to the extent any payments to Lender, are subsequently in whole or in part invalidated, declared to be void or voidable, set aside and are required to be repaid to a trustee, custodian, receiver, or any other party under any bankruptcy act, state or federal law, common law or equitable cause, then to the extent of such payment or repayment, the obligation or part thereof intended to be satisfied by any such payments with all applicable portions of this Agreement (if this Agreement shall have terminated) shall be revived and continued in full force and effect as if such payments had not been made.

H. Costs, Expenses and Taxes. Debtor agrees to pay all reasonable fees and out-of-pocket expenses of Lender (including, but not limited to, fees and expenses of counsel and auditors) in connection with the enforcement of this Agreement.

I. Further Assurances. Debtor agrees to do such further acts and things and to execute and deliver to Lender such additional agreements, instruments and documents as Lender may reasonably require or deem advisable to carry into effect the purposes of this Agreement, or to confirm unto Lender its rights, powers and remedies under this Agreement.

J. Jurisdiction: Waiver: Acknowledgment. (i) DEBTOR ACKNOWLEDGES THAT THIS AGREEMENT IS BEING ACCEPTED BY LENDER IN PARTIAL CONSIDERATION OF LENDER'S RIGHT AND OPTION, IN ITS SOLE DISCRETION, TO ENFORCE THIS AGREEMENT IN EITHER THE STATE OF COLORADO OR IN ANY OTHER JURISDICTION WHERE DEBTOR OR ANY COLLATERAL MAY BE LOCATED. IF SO ELECTED BY LENDER, DEBTOR CONSENTS TO JURISDICTION IN THE STATE OF COLORADO AND VENUE IN ANY STATE OR FEDERAL COURT IN THE STATE OF COLORADO FOR SUCH PURPOSES, AND DEBTOR WAIVES ANY AND ALL RIGHTS TO CONTEST SAID JURISDICTION AND VENUE. DEBTOR WAIVES ANY RIGHTS TO COMMENCE ANY ACTION AGAINST LENDER IN ANY JURISDICTION EXCEPT IN THE STATE OF COLORADO (ii) LENDER AND DEBTOR HEREBY EACH EXPRESSLY WAIVE ANY AND ALL RIGHTS TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT BY EITHER OF THE PARTIES AGAINST THE OTHER PARTY WITH RESPECT TO ANY MATTER WHATSOEVER RELATING TO, ARISING OUT OF OR IN ANY WAY CONNECTED WITH THE CONTRACT. THIS AGREEMENT, AND/OR ANY OF THE TRANSACTIONS WHICH ARE THE SUBJECT OF THE CONTRACT OR THIS AGREEMENT. (iii) DEBTOR ACKNOWLEDGES THAT IT HAS READ THIS AGREEMENT, UNDERSTANDS ITS TERMS AND CONDITIONS AND CONSENTS AND AGREES TO ALL OF THEM.

IN WITNESS WHEREOF, this Agreement has been executed as of the day and year first above written.

FUN TRAINS, INC.

By: *Raymond Monteleone*
Raymond Monteleone
President

STATE OF FLORIDA)
) SS:
COUNTY OF BROWARD)

On this 29th day of August, 1997, before me personally came Raymond Monteleone to me personally known, who, being by me duly sworn, did depose and say that he is President of Fun Trains, Inc., a Florida corporation, that the foregoing instrument was signed on behalf of said corporation by authority of its Board of Directors and said Raymond Monteleone acknowledged said instrument to be the free act and deed of said corporation.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal at my office in said County and State the day and year last above written.

Patricia Loomis
NOTARY PUBLIC, State of Florida
Print Name: PATRICIA LOOMIS

My Commission Expires: 11/11/00

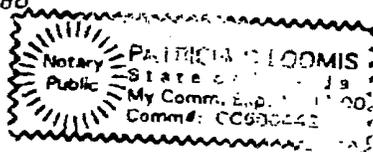


EXHIBIT "A"

The railcars are those which are being constructed and manufactured by Debtor for Lender pursuant to a Railcar Construction Agreement dated October 23, 1996 ("Contract") as defined in the Contract and are summarized below:

The "Railcars" include the following:

- (a) Seven (7) full dome cars (designated Domed or C Passenger cars and designated C-1 through C-7 in the Contract). These are single-level cars with dome glass windows the full length of the car, with an approximate 80-passenger capacity and food service capability as agreed to pursuant to the Specifications. The number designations for these cars are as follows:

<u>Contract No.</u>	<u>Florida Fun Train Cars</u>	<u>Rader Nos.</u>
C-1	FFTX 9001	RRIX 9001
C-2	FFTX 9002	RRIX 9002
C-3	FFTX 9003	RRIX 9003
C-4	FFTX 9004	RRIX 9004
C-5	FFTX 9005	RRIX 9005
C-6	FFTX 9006	RRIX 9006
C-7	FFTX 9007	RRIX 9007

- (b) Four (4) bi-level cars including:
- (1) a bar car (designated the Bar Car or E-1 in the Contract), with a number designation of FFTX 9011 (Rader No. RRIX 9011);
 - (2) an electronic game car (designated Electronic Game or E-2 in the Contract) with a number designation of FFTX 9012 (Rader No. RRIX 9012);
 - (3) a lounge car (designated Lounge or E-3 in the Contract) with a number designation of FFTX 9013 (Rader No. RRIX 9013); and
 - (4) a multi-media car (designated Multi-media or E-4 in the Contract) with a number designation of FFTX 9014 (Rader No. RRIX 9014).

- (c) The prototype car has a number designation of FFTX 9008 (Rader No. RRIX 9008).

FFTX 9008

RRIX 9008

COLORADO UCC-1

Approved by Central Indexing System Board
Total Fee \$16 (\$15 Filing + \$1 Surcharge)

1ST DEBTOR

SSN/FED Tax ID . 513-42-7282

Check One: Business
 Personal

Name (Last, first) . RADER, THOMAS G.
Street . 30786 SNOWBIRD LANE
City, State, Zip . EVERGREEN, CO 80439

2ND DEBTOR

Additional debtor(s) on attachment

SSN/FED Tax ID .

Check One: Business
 Personal

Name (Last, first) .
Street .
City, State, Zip .

1ST SECURED PARTY

Additional secured party on attachment

Name (Last, first) . FUN TRAINS, INC.
Street . 3700 NORTH 29th AVE., SUITE 202
City, State, Zip . HOLLYWOOD, FL 33020

ASSIGNED PARTY

Additional assigned party on attachment

Name (Last, first) .
Street .
City, State, Zip .

RETURN COPY TO

Name . BARRY L. WILKIE, ESQ.
Street . 1625 BROADWAY, SUITE 1600
City, State, Zip . DENVER, CO 80202

COMPLETE DESCRIPTION OF COLLATERAL

Fold Here

(Description required only if collateral codes do not adequately describe collateral. Only first 250 characters will be entered into CS data base)

General Intangibles consisting of United States Patent No. 5,063,859 entitled "Double-Level Railroad Car Having a Flat Center Sill," issued November 12, 1991 and United States Patent No. Des. 315,536 entitled "Railway Passenger Car," issued March 18, 1991, along with all related drawings and other related intellectual property with regard to each of the foregoing patents.

FUN TRAINS, INC.

By:

Debtor Signature (Printed Name)
THOMAS G. RADER
Printed Name(s)
Title

Secured Party Signature(s) (Printed Name)
RAYMOND MONTELEONE
Printed Name(s)
PRESIDENT

Phone: (954) 920-0606; Fax: (954) 920-3414

Contact Phone & Fax

Form UCC-106

FILED COPY

For Filing Officer Use Only

COUNTY WHERE 1ST DEBTOR RESIDES

(Use 2 Digit Code From Instruction Page)

11

CHECK IF APPLICABLE

- This statement is to be filed in the real estate records ONLY.
- This statement is to be filed in UCC AND real estate records.
- The debtor is a transmitting utility.

EFS FILING?

Yes No

(If non EFS filing, fill in collateral codes only)
(If EFS filing, enter County Code and effective dates)
(If EFS filing and all years covered, leave dates blank)

Collateral Code	County Code	From Date	To Date
010			
		1997-08-15	
		\$ 15.00	
		SECRETARY OF STATE	
		87-24-97	18:14:37

EXHIBIT A

UCC-1 FINANCING STATEMENT
OF THOMAS G. RADER, AS DEBTOR AND
FUN TRANS, INC. AS SECURED PARTY

Investment Property consisting of 1,614,581 shares of common stock ("Securities") issued by First American Railways, Inc. ("Issuer") which is subject to a Securities Pledge and Escrow Agreement dated August 22, 1997, together with all rights, interest, benefits and property of any kind now and hereafter accruing thereto and arising in any manner with respect to and in connection with the Securities, including, but not limited (as such terms are defined in the Uniform Commercial Code as adopted in Colorado as of the date hereof), to, all money, instruments, accounts, general intangibles, chattel paper and mortgages, arising as dividends or arising from mergers, consolidations, recapitalizations, reorganizations, stock splits, spin-offs, redemptions or distributions of any kind (whether proportionately or disproportionately), all rights, interests and benefits pertaining to the Securities on account of any agreement or obligation of the Issuer with respect to the Securities, all rights to vote in respect of the Securities, rights arising in any dissolution, liquidation, redemption, reorganization, bankruptcy proceedings or otherwise, together with all rents, royalties, revenues, issues, profits, income and other proceeds of the foregoing Collateral.

Approved by Central Indexing System Board
Total Fee \$16 (\$15 Filing + \$1 Surcharges)

FILED COPY

1ST DEBTOR
SSN/FED Tax ID . 84-1352915

Check One: Business
 Personal

Name (Last, First) . RADER RAILCAR II, INC.
Street . 10525 E. 40th AVENUE
City, State, Zip . DENVER, CO 80239

For Filing Officer Use Only :

2ND DEBTOR Additional debtor(s) on attachment

SSN/FED Tax ID .

Check One: Business
 Personal

Name (Last, First) .
Street .
City, State, Zip .

COUNTY WHERE 1ST DEBTOR RESIDES
(Use 2 Digit Code From Instruction Page) 01

1ST SECURED PARTY Additional secured party on attachment

Name (Last, First) . FUN TRAINS, INC.
Street . 3700 N. 29th AVENUE, SUITE 202
City, State, Zip . HOLLYWOOD, FL 33020

CHECK IF APPLICABLE

- This statement is to be filed in the real estate records ONLY.
- This statement is to be filed in UCC AND real estate records.
- The debtor is a transmitting utility.

ASSIGNED PARTY Additional assigned party on attachment

Name (Last, First) .
Street .
City, State, Zip .

EFS FILING? Yes No
(If non EFS filing, fill in collateral codes only)
(If EFS filing, enter County Code and effective dates)
(If EFS filing and all years covered, leave dates blank)

Collateral Code	County Code	From Date	To Date
010			
030			
040			
550			
600			
	19972072566	0	
	\$ 15.00		
	SECRETARY OF STATE		
	08-26-97	09:14:59	

RETURN COPY TO

Name . BARRY L. WILKIE
Street . 1625 BROADWAY, SUITE 1600
City, State, Zip . DENVER, CO 80202

COMPLETE DESCRIPTION OF COLLATERAL

Fold Here

(Description required only if collateral codes do not adequately describe collateral. Only first 250 characters will be entered into CIS data base)

FOR A SPECIFIC, MORE DETAILED DESCRIPTION OF THE COLLATERAL, SEE EXHIBIT A, ATTACHED HERETO.

RADER RAILCAR II, INC.

FUN TRAINS, INC.

County Signatures (Optional)
THOMAS G. RADER
President Name(s)
PRESIDENT

Secured Party Signatures (Optional)
RAYMOND MONTELEONE
President Name(s)
PRESIDENT

PHONE: 954-920-0606; FAX: 954-920-3414

Contact Phone & FAX

EXHIBIT A

TO UCC-1 FINANCING STATEMENT
OF RADER RAILCAR II, INC. AS DEBTOR
AND FUN TRAINS, INC, AS SECURED PARTY

For purposes of this financing statement, the "Contract" shall mean the Railcar Construction Agreement by and between Debtor and Secured Party, dated October 23, 1996, as it may be subsequently amended or modified.

For purposes of this financing statement, the "Rolling Stock" shall mean the railcars, engines and other rolling stock or equipment which are being constructed and manufactured by Debtor for Secured Party pursuant to the Contract, as defined by the Contract, and summarized below:

- (a) Seven (7) full dome cars (designated Domed or C. Passenger cars and designated C-1 through C-7 in the Contract). These are single-level cars with dome glass windows the full length of the car, with an approximate 80 passenger capacity and food service capability as agreed to pursuant to the Specifications, and
- (b) Four (4) bi-level cars including:
 - (1) a bar car (designated the Bar Car or E-1 in the contract);
 - (2) an electronic game car (designated Electronic Game or E-2 in the Contract);
 - (3) a lounge car (designated Lounge or E-3 Car in the Contract); and
 - (4) a multi-media car (designated a Multi-media or E-4 Car in the Contract).

The Collateral, for purposes of this UCC-1 financing statement, shall mean (i) the Rolling Stock, together with all parts thereof or therefore (including spare parts), attachments, accessories, accessions, equipment, appurtenances and additions that are appertaining, attached, affixed or related thereto and all substitutions, renewals or replacements thereof and all additions, improvements, accessions and accumulations thereto, all books and records (including computer records) in any way related thereto, and all proceeds thereof; (ii) all work in process, inventory, goods and materials, equipment, general intangibles (including but not limited to patents, copyrights, trademarks, licenses and other intellectual property) and contract rights, identified to, specified in or relating to Debtor's performance of the Contract; and (iii) the Specifications as defined in Section 1.23 of the Contract and the Plans as defined by Section 1.18 of the Contract.

EXHIBIT A**TO UCC-1 FINANCING STATEMENT OF
RADER RAIL CAR II, INC. AS DEBTOR
AND FUN TRAINS, INC., AS SECURED PARTY**

The Collateral are the Railcars which are being constructed and manufactured by Debtor for Secured Creditor pursuant to a Railcar Construction Agreement dated October 23, 1996 ("Contract"), the work in process, and all goods and materials identified to performance of the Contract, including, but not limited to, any accessions, replacements or additions to the Railcars now or hereafter existing or arising, and all Plans and Specifications for the Railcars. The terms Railcars, Plans and Specifications are defined in the Contract and are summarized below:

The Railcars mean:

- (a) Seven (7) full dome cars (designated Domed or C Passenger cars and designated C-1 through C-7 in the Contract). These are single-level cars with dome glass windows the full length of the car, with an approximate 80 passenger capacity and food service capability as agreed to pursuant to the Specifications, and
- (b) Four (4) bi-level cars including:
 - (1) a bar car (designated the Bar Car or E-1 in the Contract);
 - (2) an electronic game car (designated Electronic Game or E-2 in the Contract);
 - (3) a lounge car (designated Lounge or E-3 Car in the Contract); and
 - (4) a multi media car (designated a Multi Media or E-4 Car in the Contract.)

The Specifications mean the descriptions of technical responsibilities of the Debtor and the specific technical and design requirements to construct the Railcars as defined in Section 1.23 of the Contract.

The Plans mean the arrangement drawings and plan documents as defined in Section 1.18 of the Contract.