

RECORDATION NO. 21375 FILED

MAY 7 '98 11-00AM

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May 7, 1998

RECORDATION NO. 21375-A FILED

MAY 7 '98 11-00AM

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 April 28, 1998, a primary document as defined in the Board's Rules for the Recordation of Documents, and a Memorandum of Progress Payment Loan Agreement and Security Agreement, a secondary document related thereto.

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

Borrower: Southern Illinois Railcar Company
505 Buckeye Drive
Troy, Illinois 62294

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

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

sixty-five (65) gondola railcars bearing DEEX reporting marks and road numbers set forth on Exhibit A attached thereto

C. Counterparts - K. Bartman

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Mr. Vernon A. Williams
May 7, 1998
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Also enclosed is a check in the amount of \$52.00 payable to the order of the Surface Transportation Board covering the required recordation fee.

Kindly return stamped copies of the enclosed documents to the undersigned.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Robert W. Alvord".

Robert W. Alvord

RWA/bg
Enclosures

MAY 7 '98 11-00AM

MEMORANDUM OF
PROGRESS PAYMENT LOAN AGREEMENT AND SECURITY AGREEMENT

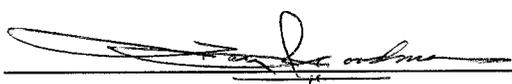
THIS MEMORANDUM OF PROGRESS PAYMENT LOAN AGREEMENT AND SECURITY AGREEMENT (the "Memorandum") dated as of April 28, 1998, is made by and between Charter Financial, Inc. a New York corporation, with an office at 153 East 53rd Street, New York, New York 10022 ("Charter"), and Southern Illinois Railcar Company, an Illinois corporation, with it chief executive office and principal place of business at 505 Buckeye Drive, Troy, Illinois 62294 (the "Borrower").

Borrower and Charter hereby state the following:

1. Borrower and Charter are parties to that certain Progress Payment Loan and Security Agreement dated as of April 28, 1998 (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 gondola railcars more specifically identified on Exhibit A attached hereto and made a part hereof (the "Railcars").
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 Railcars, to have and to hold all and every part of the Railcars 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:

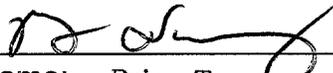


SOUTHERN ILLINOIS RAILCAR COMPANY

By: 
Name: Fred H. Pearson
Title: President

WITNESS:

CHARTER FINANCIAL, INC.

By: 
Name: Brian Twomey
Title: Vice President

SCHEDULE 1
LIST OF RAILROAD EQUIPMENT

65 Flat-bottom gondola railcars, manufactured by Ortner in 1979 and 1980, each having a capacity of 4000 cubic feet, bearing reporting marks as follows:

DEEX 9040, DEEX 9041, DEEX 9042, DEEX 9047, DEEX 9055, DEEX 9056, DEEX 9059, DEEX 9062, DEEX 9063, DEEX 9064, DEEX 9066, DEEX 9068, DEEX 9072, DEEX 9075, DEEX 9076, DEEX 9077, DEEX 9079, DEEX 9082, DEEX 9084, DEEX 9085, DEEX 9087, DEEX 9088, DEEX 9090, DEEX 9094, DEEX 9096, DEEX 9098, DEEX 9099, DEEX 9104, DEEX 9144, DEEX 9145, DEEX 9150, DEEX 9153, DEEX 9154, DEEX 9156, DEEX 9157, DEEX 9161, DEEX 9162, DEEX 9164, DEEX 9165, DEEX 9170, DEEX 9171, DEEX 9174, DEEX 9178, DEEX 9181, DEEX 9182, DEEX 9183, DEEX 9185, DEEX 9190, DEEX 9193, DEEX 9195, DEEX 9196, DEEX 9202, DEEX 9205, DEEX 9209, DEEX 9211, DEEX 9212, DEEX 9249, DEEX 9250, DEEX 9253, DEEX 9254, DEEX 9255, DEEX 9256, DEEX 9257, DEEX 9262, DEEX 9263

STATE OF ILLINOIS)
)
) SS:
COUNTY OF MADISON)

On this 28th day of April, 1998, before me, a Notary Public of the County and State aforesaid, personally appeared FRED L. PARSONS, to me personally known, who being by me duly sworn, says that he is the PRESIDENT of Southern Illinois Railcar Company 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.



Janice A. Tweedy
Notary Public

My commission expires: February 23, 2000

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

On this 29th day of April, 1998 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.

Angela J. Ising
Notary Public

ANGELA J. ISING
Notary Public, State of New York
No. 4796548
Qualified in Rockland County
Certificate Filed in New York County
Commission Expires Sept. 30, 1998

My commission expires:

9/30/98