

First Union National Banks
Small Business
Banking Division

301 South College Street
Charlotte, North Carolina 28288-1120
800 282-1410
FAX: 800 214-6990

123 South Broad Street
Philadelphia, PA 19109
800 282-1410
FAX: 888 888-1516

✓ 1500 South Dale Mabry Hwy.
Tampa, Florida 33629
800 282-1410
FAX: 813 276-6046

**FIRST
UNION**

AUG 31 2 08 PM '98

RECORDATION NO. 21608 FILED

AUG 31 '98 2-08 PM

August , 1998

Secretary Vernon A. Williams
Surface Transportation Board
1925 K Street, NW, Suite 700
Washington, DC 20423

RE: Recordation of Memorandums of Lease Agreements dated August , 1998.

Dear Mr. Secretary:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301 (a) are Two (2) original Memoranda of Security Agreement, dated August 18th, 1998. Each is a primary document as defined in the Board's Rules for the Recordation of Documents.

A description of the railroad equipment covered is set forth on Schedule I attached hereto. Also enclosed is a check in the amount of \$26.00 payable to the order of the Surface Transportation Board covering the combined recordation fees.

Please return one(1) stamped original to me in the enclosed Business Reply Mail envelope. If you have any questions regarding these documents or this matter, please do not hesitate to contact me at (813) 258-7066.

Sincerely,

Rita Canter

MEMORANDUM OF SECURITY AGREEMENT

THIS MEMORANDUM OF SECURITY AGREEMENT (the "Memorandum") is made and entered into on Aug. 18, 1998 by and between FIRST UNION NATIONAL BANK, a national bank organized under the laws of the United States, as the lender (the "Lender"), and Fadale & Associates, Inc. a Florida corporation, as debtor (the "Debtor").

WITNESSETH:

1. The undersigned have entered into that certain Security Agreement (the "Security Agreement") dated as of Aug. 18, 1998, by which the Debtor has granted a security interest to the Lender in order to secure the Debtor's performance of certain obligations described in the Security Agreement, including the payment of indebtedness under that certain Loan Agreement (the "Loan Agreement"), dated as of Aug. 18, 1998 between the Lender and the Debtor.

2. The grant of the security interest by the Debtor to the Lender pursuant to the Security Agreement relates to that railroad rolling stock bearing road numbers as listed on Exhibit A attached hereto.

IN WITNESS WHEREOF, the parties hereto have caused this Memorandum to be duly executed by their respective officers duly authorized as of the date and year first above written and desire to have this Memorandum recorded with the Surface Transportation Board pursuant to Section 13301 of Title 49 of the United States Code.

LENDER:

FIRST UNION NATIONAL BANK

By: Kevin Cannon
Name: Kevin Cannon
Title: Bank Officer

DEBTOR:

Fadale & Associates, Inc.

By: Garry Fadale
Name: Garry Fadale
Title: President

Exhibit A

(Description of Equipment)

Number of Cars

9

Type/Description of Cars

C30-7 Locomotives

Reporting Marks: CR0500, CR0504, CR0505, CR0513, CR0516, CR0517, CR0518, CR0519, CR0522

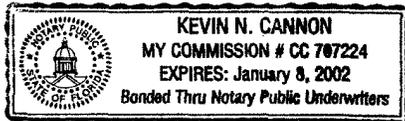
Running Numbers: 0500/0504/0505/0513/0516/0517/0518/0519/0522

STATE OF FLORIDA

COUNTY OF St. Johns

I, Kevin N. Cannon, a Notary Public in and for said state and county, do hereby certify that Garry Fadale personally appeared before me this day and acknowledged his/her due execution of the foregoing Memorandum of Security Agreement.

WITNESS my hand and official stamp or seal, this 18 day of August, 1998.



Kevin N. Cannon
Notary Public

My Commission Expires: 1-8-2002

[NOTARY SEAL]

STATE OF FLORIDA

COUNTY OF St. Johns

I, Minna Strickland, a Notary Public in and for said state and county, do hereby certify that Kevin N. Cannon personally appeared before me this day and acknowledged his/her due execution of the foregoing Memorandum of Security Agreement.

WITNESS my hand and official stamp or seal, this 15th day of August, 1998.

Minna M. Strickland
Notary Public

My Commission Expires: 4-29-2001

Minna M. Strickland

[NOTARY SEAL]

