ALVORD AND ALVORD
ATTORNEYS AT LAW
918 SIXTEENTH STREET, N.W.
SUITE 200
WASHINGTON, D.C.
20006-2973

(202) 393-2266
FAX (202) 393-2156

ELIAS C. ALVORD (1942)
ELLSWORTH C. ALVORD (1964)

OF COUNSEL
URBAN A. LESTER

February 18, 1994

RECORDATION NO. 18714 FILED 1425

FEB 22 1994 -12 50 PM

INTERSTATE COMMERCE COMMISSION

Mr. Sidney L. Strickland, Jr.
Secretary
Interstate Commerce Commission
Washington, DC 20423

Dear Mr. Strickland:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11303(a) are two (2) duly executed copies of a Chattel Mortgage and Security Agreement-B, dated as of February 14, 1994, a primary document as defined in the Commission's Rules for the Recordation of Documents under 49 C.F.R. Section 1177.

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

Debtor: Residual Based Finance Corporation
Three First National Plaza, Suite 1240
Chicago, Illinois 60602

Secured Party: National Westminster Bank USA
175 Water Street
New York, New York 10038

A description of the railroad equipment covered by the enclosed document is: seven (7) 2,000 horsepower GP38-2 locomotives manufactured by General Motors Corporation (Electro-Motive Division) and numbered ATSF2374 through ATSF 2380, inclusive, formerly ATSF3565 through ATSF3571, inclusive, and prior thereto TP&W2005 through TP&W2011, inclusive.

Also enclosed is a check in the amount of $18.00 payable to the order of the Interstate Commerce Commission covering the required recordation fee.

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

Very truly yours,

Robert W. Alvord

RECORDATION NO. 18714 FILED 1425
FEB 22 1994 -12 50 PM
INTERSTATE COMMERCE COMMISSION

CHATTEL MORTGAGE AND SECURITY AGREEMENT - B

THIS CHATTEL MORTGAGE AND SECURITY AGREEMENT - B (this "Agreement") dated as of February 14, 1994 between **RESIDUAL BASED FINANCE CORPORATION**, an Illinois corporation with its principal place of business and chief executive office located at Three First National Plaza, Suite 1240, Chicago, Illinois 60602 ("Debtor"), and **NATIONAL WESTMINSTER BANK USA**, a national banking association with its principal place of business located at 175 Water Street, New York, New York 10038 ("Bank").

NOW, THEREFORE, in consideration of any loan heretofore, now or hereafter made by Bank to Debtor, including without limitation any loan made under the Credit Agreement referred to below, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by Debtor, the parties hereto hereby agree as follows:

1. **Definitions**. In addition to terms defined elsewhere herein, when used herein the following terms shall have the following meanings:

"Collateral" shall have the meaning specified in Section 2 hereof.

"Credit Agreement" shall mean the Credit Agreement dated as of July 21, 1993, between Debtor and Bank, as the same may be amended, modified, extended or otherwise supplemented from time to time.

"Event of Default" shall have the meaning assigned to such term in the Credit Agreement, but shall also be deemed to have occurred if all or any material part of any Collateral (as hereinafter defined) shall be destroyed or materially damaged by fire or other casualty, whether or not there is insurance coverage for the damage or destruction, except to the extent that such Collateral is Railroad Equipment and Bank receives the amounts payable under the respective Lease by the respective Lessee as a result thereof, as required by this Agreement.

"Indebtedness" shall mean all of Debtor's liabilities, obligations, and indebtedness to Bank of any and every kind and nature, whether heretofore, now or hereafter owing, arising, due or payable and howsoever evidenced, created, incurred, acquired, or owing, whether primary, secondary, direct, contingent, fixed or otherwise (including obligations of performance) and whether arising or existing under written agreement, oral agreement or operation of law, including without limitation all of Debtor's indebtedness and obligations to Bank under the Credit Agreement, the promissory note issued thereunder and this Agreement.

"Leases" shall mean each of the leases described on Schedule 2 hereto, together with any future lease of the Railroad Equipment or any portion thereof, including without limitation the continuing right to receive and collect all rentals, insurance proceeds, condemnation awards and other payments, tenders and security now or hereafter payable or receivable by Debtor thereunder.

"Lessees" shall mean each of the lessees under the Leases.

"Permitted Liens" shall mean

(i) liens for taxes, assessments or charges which are not yet due or which are being Properly Contested,

(ii) deposits or pledges to secure obligations under workmen's compensation, social security or similar laws, or under unemployment insurance,

(iii) deposits or pledges to secure bids, tenders, contracts (other than contracts for borrowed money), leases, statutory obligations, surety and appeal bonds and other obligations of like nature arising in the ordinary course of business,

(iv) mechanics', workmen's, carriers', warehousemen's, materialmen's or other like liens arising in the ordinary course of business with respect to obligations which are not yet due, for which a bond satisfactory to the Bank in the full amount thereof has been posted, or which are being Properly Contested,

(v) mechanics' and workmen's liens on the Railroad Equipment leased by Debtor to others pursuant to any Lease to the extent the Lessee thereunder is obligated under the terms of such Lease to release or cause the release of such liens prior to the redelivery of such Railroad Equipment to Debtor,

(vi) legal or equitable encumbrances deemed to exist by reason of the existence of any litigation or other legal proceeding that is being Properly Contested (other than attachments prior to judgment, judgment liens or attachments in aid of execution on a judgment),

(vii) minor defects, easements, rights-of-way, restrictions and other similar encumbrances incurred in the ordinary course of business, and encumbrances consisting of zoning restrictions, licenses, restrictions on the use of property or minor imperfections in title which, in the aggregate, are not substantial, do not interfere with the ordinary conduct

of the business of the Borrower, and do not materially impair the value or use of the property affected thereby or the value of the liens granted to the Bank hereunder,

(viii) Liens securing the Debt of the Borrower to the Bank, and

(ix) Lessees' rights to the Railroad Equipment under the Leases.

For purposes of this definition, any debt or obligation of, any tax, assessment, charge, levy or claim against, and any litigation or other legal proceeding involving, the Debtor shall be deemed to be "Properly Contested" only if (a) it shall be contested diligently and in good faith by appropriate proceedings, (b) Debtor shall have assigned on its books adequate reserves with respect to any such debt, obligation, tax, assessment, charge, levy or claim so contested, (c) none of the Collateral shall be subject to encumbrance (other than Permitted Liens), loss or forfeiture by reason of such contest, and (d) such contest shall not endanger the validity or the priority of Bank's liens on the Collateral.

"Railroad Equipment" shall mean those railway cars described on Schedule 1 hereto, together with all accessories, equipment, parts and appurtenances appertaining or attached to any of such equipment, whether now owned or hereafter acquired, and all substitutions, renewals or replacements of and additions, improvements, accessions and accumulations to any and all of said equipment other than any of the foregoing which are owned by any Lessee as to which removal of the same would not materially impair the value or utility of the cars (individually, an "Item of Equipment"), together with all the rents, issues, income, profits and avails therefrom.

2. **Grant of Security**. To secure the payment and performance of the Indebtedness, Debtor hereby mortgages and grants to Bank a continuing security interest in, and hereby transfers and assigns to Bank, for security, all of the following: (i) the Leases and all proceeds thereof, and all books, records and documents at any time evidencing or relating to any of the foregoing; and (ii) the Railroad Equipment, together with all proceeds thereof. All of the foregoing property and interests in property described in clauses (i) and (ii) above is herein referred to, collectively, as the "Collateral".

The security interests granted hereunder secure all present and future indebtedness and obligations owing by Debtor to Bank, regardless of whether any such indebtedness or obligation is (a) not listed above, (b) not presently intended or contemplated by Debtor or Bank, (c) indirect, contingent or secondary, (d) unrelated to the Collateral or to any financing of the Collateral by Bank, (e) of a kind or class that is different from any indebtedness or obligation now owing by Debtor to Bank, or (f) evidenced by a note or other document that does not refer to this Agreement

or the security interests granted hereunder. Debtor hereby waives diligence, presentment, demand of payment, protest or notice with respect to any such indebtedness or obligations and any promissory notes or other instruments evidencing such indebtedness or obligations and all demands whatsoever.

(b) Debtor agrees that, without notice to or further assent by Debtor, the liability of any other Person for or upon any of the Indebtedness may, from time to time, in whole or in part, be renewed, extended, modified, accelerated, compromised or released by Bank, as Bank may deem advisable, and that any other collateral or liens securing any of the Indebtedness may, from time to time, in whole or in part, be exchanged, sold or surrendered by Bank, as Bank may deem advisable, all without impairing, abridging, affecting or diminishing this Agreement or the rights of Bank hereunder or with respect to the Collateral.

3. **Warranties and Representations and Agreements**. Debtor warrants and represents to, and agrees with, Bank as follows:

a. Debtor is duly organized and validly existing in good standing under the laws of the State of Illinois; Debtor has full power and authority to enter into and perform its obligations under this Agreement; the execution, delivery and performance of this Agreement have been duly authorized by all necessary action of Debtor's board of directors and will not violate Debtor's articles or certificate of incorporation, bylaws or other governing instrument.

b. This Agreement is the valid and binding obligation of Debtor, enforceable in accordance with its terms.

c. Debtor is the owner of the Collateral, and none of the Collateral is subject to any lien, security interest, encumbrance or claim in favor of any third part, except for Permitted Liens, and no financing statement or mortgage is on file in any public office covering any of the collateral, except financing statements relating to Permitted Liens and financing statements in favor of Bank.

d. Debtor's address in the preamble to this Agreement is Debtor's sole place of business and Debtor's chief executive office. The originals of all Leases and all of Debtor's records concerning the Collateral are maintained at such address.

e. Any part of the Collateral consisting of accounts or chattel paper does and will evidence bona fide sales or leases to the parties named in Debtor's books, and no defense to any account or chattel paper does or will exist.

f. Except to the extent that the Railroad Equipment may from time to time carry or be contaminated by any Regulated Substance (as hereinafter defined), none of the Collateral is, and Debtor will not permit any of the Collateral to be,

contaminated or the source of contamination of any other property, by any substance (a "Regulated Substance") that is now or hereafter regulated by or subject to any past, present, or future federal, state, local or foreign law, ordinance, rule, regulation or order that regulates or is intended to protect public health or the environment or that establishes liability for the investigation, removal or clean-up of, or damage caused by, any environmental contamination. Debtor will store, maintain and operate the Collateral in compliance with all such laws and regulations, but as to Railroad Equipment, only when it is not subject to a Lease. Debtor will indemnify Bank with respect to all losses, damages, liabilities and expenses (including attorneys' fees) incurred by Bank (i) by reason of any failure of Debtor to comply with Debtor's obligations under this paragraph or (ii) in connection with any clean-up obligation or any investigation relating thereto, resulting from the maintenance or operation of the Collateral, whether or not such obligation occurred by reason of Debtor's failure to comply with its obligations under this paragraph.

g. No consent of any Lessee, any account debtor or any other person or entity is required in connection with the execution, delivery and performance of this Agreement or the grant to Bank of security interests in the Collateral pursuant hereto, except consents which have obtained and copies of which have been delivered to Bank.

h. This Agreement creates in favor of Bank a valid first priority lien and first priority security interest in the Collateral (subject only to Permitted Liens), enforceable against Debtor and all third parties and superior in right to all other security interests, liens, encumbrances, or charges, existing or future, other than Permitted Liens.

i. The name of Debtor set forth in the preamble hereto is correct. Debtor is not currently doing, and has not at any time during the five years immediately preceding the date hereof done, business under any trade name or other assumed name, other than the name "Residco". During the five years immediately preceding the date hereof the Obligor has not had any name other than its present name. Debtor has not merged or consolidated with any other entity during the five years immediately preceding the date hereof.

j. None of the Lessees, and none of the account debtors on any receivables which constitute part of the Collateral, is a governmental entity.

4. **Agreements of Debtor**. Debtor agrees that:

a. Debtor will not cause or permit any lien, security interest or encumbrance to be placed on any Collateral, except for liens in favor of Bank and the Permitted Liens, and will not sell, lease, assign or transfer any Collateral or permit any Collateral to be transferred by operation of law, except that, so long as no Event of

Default as defined herein has occurred, Debtor may sell, lease or refinance inventory (including upon the occurrence of casualty or damage to, or destruction of, Railroad Equipment by a Lessee) in the ordinary course of Debtor's business, provided that in the case of any sale or refinancing the net proceeds of such sale or refinancing are in an amount sufficient, when added to any other funds of Debtor then available for such purpose, to pay in full the Loans made by Bank to Debtor under the Credit Agreement to acquire or refinance such inventory and are paid to Bank for application to such Loans to the extent required under the Credit Agreement. In connection with any such sale or refinancing, and upon payment in full of the Loans specified in the preceding sentence, Bank shall release its rights in such inventory as is sold or refinanced. A sale in the ordinary course of business does not include a transfer in partial or complete satisfaction of a debt.

b. Debtor will maintain all Leases (other than Leases delivered to the Bank pursuant hereto) and all records concerning the Collateral at Debtor's address appearing in the preamble to this Agreement or in a safe deposit box located in the City of Chicago, Illinois, and will keep all other Collateral (other than any Railroad Equipment being owned or operated by or on behalf of Debtor or any Lessee in the ordinary course of business) at the present location or locations of the Collateral.

c. Debtor will furnish Bank with such information regarding the Collateral as Bank shall from time to time reasonably request and will allow Bank at any reasonable time to inspect the Collateral (subject to the rights of Lessees) and Debtor's records regarding the Collateral.

d. Debtor will execute, file, record, or procure from third persons, such financing statements, chattel mortgages, assignments, subordination agreements and other documents, and take all such other action, as Bank may reasonably deem necessary to perfect, to continue perfection of, or to maintain the first priority of, Bank's security interest in the Collateral (subject to Permitted Liens), and Debtor will, upon Bank's request, deliver the Leases and/or documents evidencing the Collateral to Bank or its designee or place upon the Leases and/or documents evidencing the Collateral such notice of Bank's security interest as Bank may from time to time require.

e. Debtor will cause each Item of Equipment to be kept numbered with its road number as set forth in Schedule 1 hereto. The Debtor will not change, or permit any other party to change, the road number of any Item of Equipment except with the consent of the Bank and in accordance with a statement of any road numbers to be substituted therefor, which consent and statement previously shall have been filed, recorded or deposited in all public offices where this Chattel Mortgage and Security Agreement shall have been filed, recorded or deposited.

f. Bank may file a photocopy of this Agreement as a financing statement evidencing Bank's security interest in the Collateral.

g. Debtor will maintain all Collateral (other than Railroad Equipment while the same is subject to a Lease) in good condition and repair and maintain fire and extended coverage insurance covering all Collateral (other than Railroad Equipment while the same is subject to a Lease) in such amounts and against such risks as Bank shall reasonably require. Each insurance policy will provide that its proceeds will be payable to Bank to the extent of Bank's interest in the Collateral and that the policy will not be cancelled, and the coverage will not be reduced, without at least ten days' prior written notice by the insurer to Bank. Debtor will provide Bank with written evidence of such insurance coverage. Debtor agrees that Bank may act as agent for Debtor in obtaining, adjusting and settling such insurance and endorsing any draft evidencing proceeds thereof.

h. Debtor will pay, before they become delinquent, all taxes and assessments upon the Collateral or for its use or operation, except for Permitted Liens.

i. Debtor will immediately notify Bank in writing (i) of any change in Debtor's name, identity or corporate structure, (ii) if Debtor now has only one place of business, of any change in its location and of the locations of each additional place of business established by Debtor, (iii) if Debtor now or hereafter has more than one place of business, of any change in the location of Debtor's chief executive office, and (iv) if Debtor has neither a place of business nor a chief executive office, of any change in the location of Debtor's residence.

j. Bank may from time to time contact Debtor's account debtors as to the Collateral for the purpose of verifying the existence, amount and collectibility of, and other information regarding, any part of the Collateral at any time consisting of accounts, chattel paper, instruments or general intangibles; provided, however, that Bank shall not contact any Lessee unless an Event of Default or event which with the passage of time or the giving of notice or both would constitute an Event of Default shall have occurred and be continuing.

k. Debtor will perform and observe all of the material terms, covenants and conditions required to be performed and observed by it under the Leases and will do all things necessary to preserve and keep unimpaired all of its material rights under the Leases. Debtor will, promptly upon learning thereof, report to Bank all delays in performance, notices of default, claims made or disputes asserted by any Lessee or other obligor on any Lease or any receivable which constitutes part of the Collateral and any other matters materially affecting the enforceability or collectibility of any amounts owing under any Lease or any receivable.

l. Debtor will not, without the prior written consent of Bank, rescind or cancel any obligations of any Lessee under any Lease or terminate, amend, modify or surrender, or agree to any termination, amendment, modification or surrender of, any Lease.

m. Debtor will endeavor to collect or cause to be collected from each Lessee under a Lease, as and when due, any and all amounts owing under or on account of such Lease.

n. To the extent that it may lawfully do so, Debtor agrees that it will not at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any appraisement, valuation, stay, extension or redemption laws, or any law permitting it to direct the order in which the Collateral or any part thereof shall be sold, now or at any time hereafter in force, which may delay, prevent or otherwise affect the performance or enforcement of this Agreement or the Indebtedness, and Debtor hereby expressly waives all benefit or advantage of any such laws and covenants that it will not hinder, delay or impede the execution of any power granted or delegated to Bank in this Agreement, but will suffer and permit the execution of every such power as though no such laws were in force.

5. **Bank's Right to Perform**. If Debtor fails to perform any obligation of Debtor under this Agreement (other than an obligation under paragraph 3(f)), Bank may without giving notice to or obtaining the consent of Debtor, perform that obligation on behalf of Debtor. (This may include, for example, obtaining insurance coverage for Collateral or paying off liens on Collateral.) To the extent necessary, Debtor appoints Bank as Debtor's agent and attorney-in-fact with full power and authority to perform any such obligation after the occurrence of an Event of Default. Debtor will reimburse Bank on demand for any expense that Bank may incur in performing any such obligation and will pay to Bank interest thereon, from the date the expense was incurred by Bank, at an annual rate equal to the lesser of (a) five percent (5%) above the rate of interest announced from time to time by Bank as its "prime" interest rate, or (b) the highest rate to which Debtor could lawfully agree in writing. Bank is not required to perform an obligation that Debtor has failed to perform. If Bank does so, that will not be a waiver of Bank's right to declare the Indebtedness immediately due and payable by reason of Debtor's failure to perform.

6. **Remedies**. Bank shall have all the rights and remedies of a secured party under applicable laws. Without limiting those rights and remedies, upon the occurrence of an Event of Default:

a. (i) Without notice or demand to Debtor, Bank shall be entitled to notify account debtors and obligors on the Collateral, including without limitation Lessees, to make all payments directly to Bank, and Bank shall have the right to take all actions that Bank considers necessary or desirable to collect upon the Collateral,

including, without limitation, prosecuting actions against, or settling or compromising disputes and claims with, Lessees and other account debtors and obligors on the Collateral, (ii) without notice or demand to Debtor, Bank may receive, open, dispose of, and notify the postal authorities to change the address of, mail directed to Debtor, (iii) to endorse the name of Debtor on any checks, drafts or other orders or instruments for the payment of moneys payable to Debtor which shall be issued in respect of any Leases or any receivables which constitute part of the Collateral, (iv) Bank may require Debtor to forthwith account for and transmit to the Bank in the same form as received all proceeds of collection of the Collateral received by Debtor and, until so transmitted, to hold the same in trust for Bank and not commingle such proceeds with any other funds of Debtor, (v) upon demand by Bank, Debtor shall forthwith deliver to Bank, at such place as Bank shall designate, all proceeds of the Collateral and all books, records, agreements, Leases, documents and instruments which are part of or evidence or relate to the Collateral, and (vi) without notice or demand to Debtor, Bank may do all other acts and things necessary to carry out this Agreement. Bank shall not be obligated to do any of the acts hereinabove authorized, but in the event that Bank elects to do any such act, Bank shall not be responsible to Debtor except for its gross negligence or willful misconduct.

b. Upon demand by Bank, Debtor shall deliver the Collateral and proceeds of Collateral to Bank at such place as Bank shall designate.

(i) For the purpose of delivering possession of any Railroad Equipment to Bank as above required, Debtor shall, subject to the rights of the Lessees, at its own cost, expense and risk forthwith place such Railroad Equipment on the lines of any single railroad designated by Debtor, subject to the approval of Bank (which approval shall not be unreasonably withheld), in such reasonable storage place as Bank may designate or, in the absence of such designation of a storage place, as Debtor may select; provided that, in the event that Bank shall designate storage tracks which are then unavailable either because such tracks are then being used to store equipment owned by a third party pursuant to a contractual obligation of the Debtor to provide storage therefor or because the storage of the Railroad Equipment on such tracks would materially impair the ability of such railroad to meet its obligations to perform services as a common carrier to the public, then Debtor agrees, at its own cost, to so store the Railroad Equipment upon such other storage tracks as shall then be so available and nearest to such storage tracks designated by Bank.

(ii) The assembly, delivery, storage and transporting of the Railroad Equipment as hereinbefore provided are of the essence of this Agreement, and upon application to any court of equity having jurisdiction in the premises, Bank shall be entitled to a decree against

Debtor requiring specific performance of the covenants of Debtor so to assemble, deliver and store the Railroad Equipment.

(iii) Without in any way limiting the obligation of Debtor under the foregoing provisions of this Section 6, Debtor hereby irrevocably appoints Bank as the agent and attorney of Debtor, with full power and authority, at any time while Debtor is obligated to deliver possession of any Railroad Equipment to Bank, to demand and take possession of such Railroad Equipment in the name and on behalf of Debtor from whomsoever shall be at the time in possession of such Railroad Equipment.

c. Bank shall have the right, without notice or demand to Debtor but subject in each case to the rights of Lessees, in the name of Debtor or in the name of Bank or otherwise (i) to take possession of any or all of the Railroad Equipment (and, for that purpose, to enter, with the aid and assistance of any person, any premises where the Railroad Equipment, or any part thereof, is, or may be, placed or assembled), to remove any such Railroad Equipment, and to dispose of or store such Railroad Equipment in such premises at the expense of Debtor and (ii) to execute or indorse any instrument and do all the things necessary and proper to protect and preserve and realize upon the Railroad Equipment and the other rights contemplated hereby. Bank shall not be obligated to do any of the acts hereinabove authorized, but in the event that Bank elects to do any such act, Bank shall not be responsible to Debtor except for Bank's own gross negligence or willful misconduct.

d. Bank may dispose of the Collateral in any commercially reasonable manner. Any notification required to be given by Bank to Debtor regarding any sale or other disposition of Collateral shall be considered reasonable if mailed at least five days before such sale or other disposition.

e. Bank shall have the right (but no obligation) to continue or complete the manufacturing or processing of, or other operations in connection with, any part of the Collateral, and to hold, store, use, manage, control and sell any part of the Collateral and, for such purpose, to enter and remain upon or in any land or buildings that are possessed by Debtor or that Debtor has the right to possess. Debtor will reimburse Bank on demand for any expense that Bank incurs in connection therewith and will pay to Bank interest thereon, from the date the expense was incurred by Bank, at the rate specified in Section 5 hereof.

f. Bank may, from time to time at the expense of Debtor, make all such repairs, replacements, alterations, additions and improvements to and of the Railroad Equipment or any portion thereof as the Bank may deem proper.

g. Bank shall have the right to manage and control the Collateral and to carry on the business and exercise all rights and powers of Debtor respecting the Collateral, all as Bank shall deem best; and Bank shall be entitled to collect and receive all issues, rents, profits, fees, revenues and other income of the same and every part thereof.

h. All issues, rents, profits, fees, revenues and other income of the Collateral and all proceeds of any collection or disposition of the Collateral shall be applied first to Bank's costs of collection (including without limitation reasonable attorneys' fees and disbursements), and then to the Indebtedness, in such manner as Bank shall determine, and Debtor shall be liable for any deficiency remaining.

All rights and remedies of Bank shall be cumulative and may be exercised from time to time.

7. **Expenses**. Debtor shall pay on demand (and shall reimburse Bank on demand for any payments made by Bank in respect of) (i) all reasonable attorneys' fees, legal expenses and other expenses that Bank incurs in preparing and negotiating this Agreement and in protecting and enforcing its rights under this Agreement (including, without limitation, any reasonable fees and expenses incurred by Bank in trying to take possession of Collateral from Debtor, a trustee or receiver in bankruptcy or any other person), (ii) all costs and expenses relating to any filings or recordings with respect to the security interests granted hereunder (including all filing and recording fees, stamp taxes, recording taxes and intangible property taxes), (iii) all costs and expenses relating to the care and preservation of the Collateral, and (iv) all costs and expenses relating to the sale or other disposition of, or other realization upon, the Collateral. Any such costs and expenses so incurred by the Bank shall be secured hereby and be a part of the Obligations. Bank may apply any proceeds of disposition or collection of Collateral to the payment of the costs and expenses payable by Debtor hereunder.

8. **Amendments and Waivers**. No provision of this Agreement may be modified or waived except by a written agreement signed by Bank. Bank will continue to have all of its rights under this Agreement even if it does not fully and promptly exercise them on all occasions.

9. **Notices**. Any notice to Debtor or to Bank shall be in writing, shall be sent to the respective address of Debtor or Bank appearing in the preamble hereto, and shall be deemed to have been given (a) if mailed, with postage prepaid, five business days after being deposited in the mails and (b) if delivered personally, when delivered.

10. **Rights of Lessees**. This Agreement shall be subject to the right of each Lessee under its respective Lease to use and possess the Railroad Equipment subject thereto.

11. **Other**.

a. In this Agreement, "maturity" of any of the Indebtedness means the time when that Indebtedness has become due and payable, for whatever reason (including, for example, acceleration due to default or bankruptcy).

b. This Agreement shall be binding upon and inure to the benefit of Debtor and Bank and their respective successors and assigns, provided that Debtor may not assign its rights or obligations hereunder or any portion thereof without the prior written consent of Bank.

c. If any part of this Agreement is deemed invalid under the applicable laws or regulations of any jurisdiction, such provision shall, as to such jurisdiction, be inapplicable and deemed omitted to the extent so invalid, but the remainder hereof shall not be invalidated thereby and shall be given full force and effect so far as possible, and any such invalidity in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

d. All covenants, agreements, representations and warranties made herein by Debtor shall survive the execution and delivery of this Agreement.

e. **THIS AGREEMENT SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK, WITHOUT REFERENCE TO ITS PRINCIPLES OF CONFLICTS OF LAW.**

f. This Agreement may be executed in any number of counterparts and by different parties on separate counterparts, all of which when taken together shall constitute but one and the same agreement.

This Agreement is in addition to and not in limitation of the rights and security granted to the Bank under any other Chattel Mortgage and Security Agreement heretofore or at any time hereafter entered into by Debtor and Bank.

IN WITNESS WHEREOF, the parties hereto have entered into this Agreement on this 14th day of February, 1994 as of the day and year first written above.

RESIDUAL BASED FINANCE CORPORATION

By: _____
Its: President

[SEAL]
ATTEST:

_____
_____Secretary

NATIONAL WESTMINSTER BANK USA

By: _____
Its: Asst. Treasurer

[SEAL]
ATTEST:

_____
Assistant Secretary

State of Illinois)
) SS
County of Cook)

On this 15th day of February, 1994, before me personally appeared, Vincent A. Kolber, to me personally known, who being by me duly sworn, says that he is the President of Residual Based Finance Corporation, that the seal affixed to the foregoing instrument is the corporate seal of the corporation, that the instrument was signed and sealed on behalf of the 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 the corporation.

[SEAL]

OFFICIAL SEAL
VERONICA L. NACHTWEY
NOTARY PUBLIC, STATE OF ILLINOIS
MY COMMISSION EXPIRES 12-23-96

Veronica L. Nachtwey
Notary Public

My commission expires 12/23/96

State of New York)
) SS
County of New York)

On this 18th day of February, 1994, before me personally appeared, Wendy M. Gerber, to me personally known, who being by me duly sworn, says that (s)he is the AT of National Westminster Bank USA, that the seal affixed to the foregoing instrument is the corporate seal of the corporation, that the instrument was signed and sealed on behalf of the 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 the corporation.

[SEAL]

Notary Public

ANTHONY J. CANGELOSI
Notary Public, State of New York
No. 01CA0552210
Qualified in Kings County
Commission Expires January 31, 1996

My commission expires 1/31/96

Schedule 1

DESCRIPTION OF ITEMS OF EQUIPMENT

Description, Original Mark and Number
of Units of Equipment:

Seven (7) 2,000 Horsepower GP38-2 Locomotives manufactured by General Motors Corporation (Electro-Motive Division) and numbered ATSF2374 through ATSF2380, inclusive, formerly ATSF 3565 through 3571, inclusive, and prior thereto TP&W 2005 through 2011, inclusive.

Schedule 2

LEASES

Lease of Railroad Equipment dated as of September 15, 1978 between LaSalle National Trust, N. A., as successor to Exchange National Bank of Chicago, in its capacity as trustee (in such capacity, the "Trustee"), under a Trust Agreement dated as of September 15, 1978 between it and American Income Partners V-C Limited Partnership, a Massachusetts limited partnership ("Assignor"), as assignee of Michigan National Leasing Corporation, as lessor thereunder, and The Atchison, Topeka and Santa Fe Railway Company, successor-in-interest to Toledo, Peoria & Western Railroad Company (the "Lessee"), as amended by that certain Amendment Agreement dated as of May 1, 1984 (collectively, the "Lease"), which Lease has been filed under recordation no. 9747-B, with the Interstate Commerce Commission.

Lease dated as of September 15, 1978 between LaSalle National Trust, N.A., as successor to Exchange National Bank of Chicago, in its capacity as trustee (in such capacity, the "Trustee"), under a Trust Agreement dated as of September 15, 1978 between it and American Income Partners V-C Limited Partnership, a Massachusetts limited partnership ("Assignor"), as assignee of Michigan National Leasing Corporation, the original beneficiary thereunder, and General Electric Railcar Services Corporation, as successor to NAC Leasing Corporation (the "Lessee"), which Lease has been filed under recordation nos. 9747-E and 9750 (the "Lease") with the Interstate Commerce Commission.