0100358003

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

OF COUNSEL
URBAN A. LESTER

RECORDATION NO. 18966
SEP 7 1994 -12 05 PM
INTERSTATE COMMERCE COMMISSION

Counterparts - Original

September 7, 1994

RECEIVED
OFFICE OF THE
SECRETARY
SEP 7 12 02 PM '94
LICENSING BRANCH

Mr. Vernon A. Williams
Acting Secretary
Interstate Commerce Commission
Washington, D.C. 20423

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11303(a) are two copies of a Loan and Security Agreement, dated as of August 5, 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: Pioneer Railroad Equipment Co., Ltd.
1831 North Santa Fe Avenue
Chillicothe, Illinois 61523

Secured Party: FBS Leasing
First Bank Plaza
601 Second Avenue South
Minneapolis, Minnesota 55402

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

six (6) covered hopper cars bearing ALAB reporting marks and road numbers 630, 631, 632, 634, 635, 636.

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 one stamped copy of the enclosed document to the undersigned.

Very truly yours,

Robert W. Alvord

RWA/bg
Enclosures

Interstate Commerce Commission

Washington, D.C. 20423

9/7/94

OFFICE OF THE SECRETARY

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

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 9/7/94 at 12:05PM , and assigned recordation number(s). 18966 and 18967.

Sincerely yours,

Secretary
SIDNEY L. STRICKLAND, JR.

Enclosure(s)

RECORDATION NO. 18966
SEP 7 1994 -12 05 PM
INTERSTATE COMMERCE COMMISSION

LOAN AND SECURITY AGREEMENT

THIS LOAN AND SECURITY AGREEMENT as of the date set forth below, by and between **Pioneer Railroad Equipment Co., Ltd.** a Iowa corporation ("Borrower"), at 1831 North Santa Fe Avenue, Chillicothe, IL 61523 and **FBS Business Finance Corporation**, Leasing Division, a Delaware corporation ("Secured Party"), First Bank Place, 601 Second Avenue S., Minneapolis, Minnesota 55402.

In consideration of the mutual covenants hereinafter set forth in this Loan and Security Agreement (the "Agreement"), and intending to be legally bound, the Borrower and Secured Party hereto agree as follows:

1. The Loan

(a) Subject to the terms and conditions hereof, Secured Party agrees to make a term loan to Borrower in the principal amount of **$156,000.00** the ("Loan"). Secured Party shall advance funds to Borrower as Borrower may request on or after the date hereof and up to and including **September 30, 1994.**

The Loan shall be evidenced by a promissory note of Borrower, in substantially the form of Exhibit A attached hereto, with appropriate insertions, dated the date of the Loan (the "Note"). Interest under the Note shall be calculated from the date of the Note through the maturity thereof at the rate shown on the Note.

(b) The Note shall be payable in equal consecutive monthly installments of principal and interest in such amounts and on such dates as shown in the Note. Each monthly installment shall be applied first to accrued interest, then to principal and thereafter to any late charge or other costs then due.

(c) If any installment is received by Secured Party more than ten (10) days after its due date, Borrower agrees to pay a late charge of five percent (5%) of such payment but not in excess of the maximum late charge permitted by law.

(d) Interest and fees shall be calculated on the basis of a 30 day month and a 360 day year. If any payment hereunder or on the Note becomes due and payable on a day other than a Business Day, the maturity thereof shall be extended to the next succeeding Business Day. The term "Business Day" means any day other than a Saturday, Sunday or other day on which commercial banks in Minneapolis, Minnesota are authorized or required by law to close. All payments by Borrower on the Note and all fees, expenses and other obligation under this Agreement payable to Secured Party shall be made without setoff or counterclaim in lawful money of the United States of America, received no later than 3:00 p.m. (Minneapolis time) on the dates called for under this Agreement, at the Secured Party's main office.

(e) Borrower further promises to pay interest at a rate equal to the lesser of 18% per annum or the highest rate permitted by law from and after the maturity of the then outstanding amount of principal, whether such maturity is caused by default, acceleration or otherwise, and, to the extent permitted by law, to pay interest on overdue interest at a rate equal to the lesser of 18% per annum or the highest rate permitted by law, until such amounts are paid.

(f) Upon the terms and subject to the conditions set forth in this Subsection (d), the Borrower, at its option, and upon three (3) Business Days written notice to Secured Party, may prepay the Note in whole or in part;

(i) Any partial prepayment shall be applied on the unpaid installments of the Note being prepaid in the inverse order of the maturity of said installments. Each prepayment under this

Section shall be made with accrued interest on the principal prepaid. Each prepayment shall be accompanied by a prepayment fee equal to one percent (1%) of the principal amount prepaid.

(ii) For purposes of this Section, the terms "Government Yield" means, as of the date of determination, the yield (converted as necessary to the equivalent semi-annual compound rate) on U.S. Treasury securities (as published by the Federal Reserve Bank of New York) having a maturity date closest to the scheduled maturity of the Note. "U.S. Treasury securities" means actively traded U.S. Treasury bonds, bills and notes and, if more than one issue of U.S. Treasury securities is scheduled to mature at or about the time of the scheduled maturity of the Note, then to the extent possible the issue having a coupon rate or stated interest rate closest to the rate of interest on the Note (the "Note Rate") will be chosen as the basis for the Government Yield.

(iii) If at the time of any prepayment made within the first (30) thirty months of the Note term (including a prepayment occurring as a result of acceleration of the Note) the Government Yield is less than the Note Rate, the Borrower will be required to pay, in addition to the prepayment fee described in Section (d)(i) above, a prepayment penalty calculated as follows: a new monthly payment (Payment I) will be derived that will amortize the amount so prepaid at the Note Rate over the number of whole months then remaining to the scheduled maturity of the Note. A second monthly payment (Payment 2) will be derived that will amortize the amount so prepaid at the Government Yield over the number of whole months then remaining to the scheduled maturity of the Note. The prepayment penalty shall be the present value of the date of prepayment (using the Government Yield as the discount factor) of a stream of hypothetical equal monthly payments in number equal to the number of whole months remaining to the scheduled maturity of the Note, with the amount of each hypothetical monthly payment equal to the difference between Payment I and Payment 2 and with the first payment payable thirty (30) days from the date of prepayment.

2. Security

(a) As security for the payment of the Loan, the Note and all other notes of Borrower concurrently herewith, heretofore or hereafter delivered to or purchased or otherwise acquired by Secured Party and also to secure any other indebtedness or liability of Borrower to Secured Party hereunder and under any other agreement, whether direct or indirect, absolute or contingent, due or to become due, now existing or hereafter arising, joint or several, howsoever created, arising or evidenced (all hereinafter called "Secured Obligations"), Borrower hereby, assigns, grants and conveys to Secured Party a security interest in: (i) the Equipment described on Exhibit B-1 attached hereto, and all attachments, accessories, additions, replacements and substitutions thereto, whether now owned or hereafter acquired (the "Equipment"), (ii) all general intangibles, documents, instruments, chattel paper, accounts and securities in any way related to the ownership, possession, use or leasing of the Equipment, including, but not limited to the Railcar Usage Agreement and Assignment described on Exhibit B-2 hereto; and, (iii) and all proceeds therefor (all of the foregoing, in the aggregate, called the "Collateral").

(b) All items of Equipment shall remain personal property and shall not be in any way allowed to become part of or to be affixed to any real property without first assuring to Secured Party's reasonable satisfaction that Secured Party's security interest in the Collateral is prior and senior to any interest or lien then held or thereafter acquired by any mortgagee of such real property or the owner or purchaser of any interest therein. Borrower's chief executive office is located at the address shown on the first page hereof. Borrower will notify Secured Party in writing of any change in location of Borrower's chief executive office.

3. Representations and Warranties. Borrower represents and warrants that:

(a) Borrower has or will acquire title to the Collateral, free and clear of all liens, security interests and encumbrances, except for the security interest granted herein. There is no encumbrance or security interest with respect to all or any part of the Collateral which is superior to Secured Party's

security interest. All costs of keeping the Collateral free of all encumbrances and security interest prohibited by this Agreement and of removing same if they should arise shall be borne and paid by Borrower; and

(b) By consummation of this transaction, Borrower is not in violation of any local, state or federal statute or any rule or regulation issued by any local, state or federal regulatory agency, all as may apply to Borrower, nor will consummation of this transaction cause any breach, default or violation of any judgment, decree, loan, mortgage, agreement, indenture or any other instrument applicable to Borrower or of Borrower's articles of incorporation or bylaws; and

(c) Borrower has delivered to Secured Party the balance sheets of Borrower and the related statements of income and retained earnings of Borrower for its most recent fiscal year end and for the most recent fiscal quarter. Such balance sheets and statements fairly present the financial condition of Borrower as of such dates and the results of the operations of Borrower for the period ended on such dates, all in accordance with generally accepted accounting principles consistently applied. Since the end of the latest fiscal quarter, there has been no material adverse change in such condition or operations; and

(d) Upon appropriate filings with the ICC, the security interest contemplated hereby will at all times constitute a valid, perfected and enforceable first priority security interest in favor of Secured Party, subject to no other security interest, mortgage, lien or encumbrance; and

(e) Borrower has filed all applicable tax returns required to be filed by it, and has paid or made provisions for the payment of all taxes which have become due pursuant to said returns or pursuant to any assessment received by Borrower except such taxes, if any, as are being contested in good faith and as to which adequate reserves have been provided in accordance with generally accepted accounting principles, and warrants that such returns properly reflect the United States income and tax liability of Borrower for the period covered thereby; and

(f) Borrower is duly organized, validly existing and in good standing under the laws of the State of Iowa and has the corporate power and authority to own and operate its property, to conduct the business in which it is currently engaged, and to make, deliver and perform this Agreement and the Notes and to borrow hereunder, and has taken all necessary corporate action and obtained any necessary governmental consent or authorization to authorize borrowings on the terms and conditions of this Agreement and the Notes and to authorize the execution, delivery and performance of this Agreement and the Notes, which have been or will be duly executed and delivered, and which accordingly constitute or will constitute legal, valid and binding obligations of Borrower enforceable against Borrower in accordance with their respective terms; and

(g) No litigation, investigation or proceeding of or before any arbitrator or governmental authority is pending or, to the knowledge of Borrower, threatened by or against Borrower or against its properties or revenues with respect to this Agreement or the Notes or any of the transactions contemplated thereby, or which could have a material adverse effect on the business, operations, property or financial or other condition of Borrower; and

(h) Borrower is not in default under any agreement, instrument or undertaking in any respect which could be materially adverse to, and no agreement, instrument, undertaking, law, rule or regulation, or determination of a court or other governmental authority, materially adversely affects, or insofar as Borrower may reasonably foresee may so affect, (i) the business, operations, property or financial or other condition of Borrower or (ii) Borrower's ability to perform its obligations under this Agreement or the Notes; and

(i) No reportable event, as defined in Title IV of the Employee Retirement Income Security Act of 1984, as amended ("ERISA") has occurred and is continuing with respect to any employee benefit plan or other plan maintained for employees of Borrower and covered by ERISA.

4. Affirmative Covenants. Borrower hereby agrees that, so long as any Secured Obligations remain outstanding and unpaid, Borrower shall:

(a) pay and perform all of the Secured Obligations according to their terms; and

(b) on demand of Secured Party and at Borrower's sole expense, (i) execute any written agreement or do any other acts reasonably necessary to effectuate the purposes and provisions of this Agreement, (ii) execute any instrument or statement required by law or otherwise in order to perfect, continue or terminate the security interest of Secured Party in the Collateral, and (iii) pay all costs of filing in connection with perfecting, continuing or terminating said security interest; and

(c) retain possession of the Collateral and not sell, exchange, assign, loan, deliver, lease without the prior written permission of Secured Party, mortgage or otherwise dispose of the Collateral. Secured Party consents to the Borrower's lease of the Collateral to Alabama Railroad Co., under the Railcar Usage Agreement, dated August 5, 1994 and to the assignment of that Agreement to Alabama & Florida Railway Co., dated August 5, 1994, and Secured Party consents to the assignment or partial assignment of said Agreement to any other common carrier railroad that is a subsidiary or affiliate of Borrower, provided that each sublease or assignment permitted by this paragraph shall (a) be expressly subject and subordinate to all of the provisions of this Loan and Security Agreement, (b) shall expressly require the Collateral subject thereto to be returned as directed by the Secured Party upon notice to such assignee or sublessee that an Event of Default shall have occurred and be continuing and (c) shall expressly prohibit any further sublease or assignment of the Collateral. Borrower shall, within fifteen days after the execution of any such sublease, deliver a conformed copy thereof to the Secured Party. Secured Party further acknowledges and consents to the use of the Collateral upon the railroad system of North America, pursuant to the rules and regulations of the Interstate Commerce Commission and the Association of American Railroads; and

(d) keep the Collateral free and clear of all liens, charges and encumbrances; and

(e) pay, when due, all license fees, assessments and sales, use, property, excise and other taxes now or hereafter imposed by any governmental body or agency in connection with the Collateral or this transaction, and keep the Collateral free from all liens arising therefrom, except such fees, assessments, taxes or liens as are being contested by Borrower in good faith and as to which adequate reserves have been provided in accordance with generally accepted accounting principles; and

(f) at its own expense, for Collateral, maintain (1) actual cash value all risk insurance on the Equipment naming Secured Party as Loss Payee and (2) single limit public liability and property damage insurance of not less than $1,000,000 per occurrence, or such greater or lesser amount as Secured Party may from time to time request on notice to Borrower. Policies shall be obtained from responsible insurers authorized to do business in Illinois. Each such policy of insurance shall provide that the insurance company shall give Secured Party thirty (30) days prior written notice of the effective date of any alteration or cancellation of such policy; and

(g) keep the Collateral, at Borrower's own cost and expense, in good repair and condition and in compliance with all applicable laws, regulations and rules (including, but not limited to, those set forth in Section 4.(n)) and available, together with the records relative thereto, for inspection by Secured Party; and

(h) immediately notify Secured Party in writing of any change in or discontinuance of Borrower's place or places of business or of any change in Borrower's name; and

(i) indemnify and save harmless Secured Party, its successors and assigns, employees, officers, directors and agents from and against any and all claims or suits for any loss, damage or injury sustained by any person whatsoever by reason of the sale, financing, use or disposition of the Collateral, and in this connection, Borrower shall pay the costs of all reasonable legal fees and all other reasonable expenses incurred by Secured Party; and

(j) furnish Secured Party, as soon as available, but in no event more than ninety (90) days after the end of each fiscal year of Borrower, a copy of the balance sheet of Borrower as at the end of such year and the related statements of operations, and such other financial information as Secured Party may from time to time request. Borrower warrants and represents that all such financial statements shall be complete and correct in all material respects and be prepared in reasonable detail and in accordance with generally accepted accounting principles applied consistently throughout the periods reflected therein; and

(k) at its own expense, upon written direction from Secured Party, do all further acts and execute, acknowledge and deliver all instruments and assurances reasonably necessary or proper to comply with or accomplish the covenants and agreements contained in this Agreement, and in the event that Borrower does not so perform, Borrower hereby authorizes Secured Party to do such acts as Secured Party, in its sole discretion, shall deem necessary to protect the interests created hereby and agrees to pay to Secured Party on demand all reasonable costs and expenses associated with Secured Party's actions in connection herewith; and

(l) obtain execution, acknowledgment and delivery to Secured Party of such instruments, mortgages, deeds of trust, security agreements, guaranty agreements, statements, assignments, financing statements and lien documents in a form acceptable to Secured Party as may be reasonably necessary to enforce, to grant to Secured Party and to perfect the security interests, liens and mortgages on the Collateral granted hereunder by Borrower to Secured Party; and

(m) continue to engage in business of the same general type as now conducted by it, and preserve, renew and keep in full force and effect its corporate existence and take all reasonable action to maintain all rights, privileges and franchises necessary or desirable in the normal conduct of its business and comply with all agreements, instruments, undertakings, laws, rules, regulations and determinations of any court binding upon Borrower except to the extent that the failure to comply therewith could not, in the aggregate, have a material adverse effect on the business, operations, property or financial or other condition of Borrower; and

(n) agrees to comply with all laws of the jurisdictions in which its operations involving the Equipment may extend, with the interchange rules of the Association of American Railroads (and qualify for interchange service in accordance with such interchange rules) and with all lawful rules of the United States Department of Transportation, the Interstate Commerce Commission and any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Equipment, to the extent that such laws and rules affect the title, operation, maintenance or use of the Equipment, and in the event that such laws or rules require any alteration, replacement or addition of or to any Equipment, Borrower will conform therewith at its own expense; and

(o) shall not use the Equipment, 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) under 49 CFR 171 or other applicable Federal rules in effect from time to time regulating the transportation of hazardous materials; and

(p) will cause the Equipment to be kept numbered with the identification numbers as shall be set forth in any amendment or supplement hereto. Borrower will not change the identification number of any unit of Equipment unless and until (i) a statement of new number or numbers to be substituted therefor shall have been filed with Secured Party and filed, recorded and deposited by

Borrower in all public offices where this Loan and Security Agreement shall have been filed, recorded and deposited and (ii) Borrower shall have furnished Secured Party an opinion of counsel in form and substance reasonably satisfactory to Secured Party to the effect that such statement has been so filed, recorded and deposited, such filing, recordation and deposit will protect Secured Party's interests in such Equipment and that no other filing, recording, deposit or giving of notice with or to any other Federal, State or local government or agency thereof is necessary to protect the interests of Secured Party in such Equipment.

5. Default and Remedies

(a) The occurrence of any of the following events shall constitute a default by Borrower; (i) failure to pay when due any amounts payable under the Notes, this Agreement or the Secured Obligations; (ii) failure of Borrower to comply with any provisions or perform any of the obligations arising under this Agreement, or under any other documents and agreements relating hereto within five (5) days after receipt of written notice of such failure; (iii) any representations or warranties made or given by Borrower in connection with this Agreement or any other document or agreement related hereto were false or untrue when made; (iv) subjection of the Collateral to levy or execution or any other judicial process which is not or cannot be removed within sixty (60) days from said subjection or levy, substantial damage to, destruction, theft, or encumbrance to or of any portion of the Collateral; provided, that any default under Section 5.(a)(iv) occurring as a result of substantial damage to, destruction or theft of any railcar(s) will be deemed cured if the Borrower, within sixty (60) days of such event, pays off a pro-rata portion of the outstanding balance (as defined in paragraph 1.(f) of this Agreement), based on the number of railcars damaged, destroyed or stolen; or if Borrower adds a railcar(s) of like type, condition and value as substitute collateral (subject to paragraph 4. Affirmative Covenants. of this Agreement). Secured Party shall have the right to approve such substitute collateral; (v) Borrower shall admit in writing its inability, or fail generally, to pay its debts as they become due, or the commencement of any insolvency, bankruptcy or similar proceeding by or against Borrower or any guarantor of the Secured Obligations under the provisions of the United States Bankruptcy Code or any insolvency law or other statute or law providing for the modification or adjustment of the rights of creditors, including any assignment by Borrower for the benefit of creditors which proceeding, if filed against Borrower, has not been dismissed within sixty (60) days; (vi) the liquidation or dissolution of Borrower or the commencement of any acts relative thereto, or, without the prior written consent of Secured Party, any sale or other disposition of all or substantially all of the assets of Borrower including any merger or consolidation of Borrower unless Borrower is the surviving corporation; (vii) any default by Borrower of its obligations to Secured Party under any loan, indenture, agreement or undertaking; (viii) any judgment, writ or warrant of attachment or of any similar process against Borrower or its property shall remain unpaid for a period of sixty (60) days after said judgment became final and unappealable or all appeals are exhausted; (ix) Borrower ceases to do business; or (x) Secured Party in the exercise of reasonable discretion deems itself unsecured for any reason whatsoever.

(b) Whenever an event of default shall exist, Secured Party may, at its option, without demand or notice (Provided, however, that before exercising any of the remedies enumerated herein, Secured Party shall, in the event of a default under Section 5(a) (i), (vii) or (x), give Borrower a Notice of Default, and Borrower shall have five business days after receipt of said Notice to correct the default.), exercise any one or more of the following remedies: (i) declare all Secured Obligations immediately due and payable in full, without presentment or other notice or demand; (ii) secure peaceable repossession of the Collateral without judicial process or the removal of the same by Secured Party or its representative(s); (iii) require Borrower to assemble the Collateral and make it available to Secured Party at a place designated by Secured Party which is reasonably convenient to both parties; (iv) sell the Collateral at public or private sale, without advertisement or notice except that required by law, for the best price that Secured Party can obtain and upon such terms as Secured Party may deem advisable and be the purchaser at any such sale; (v) require Borrower to pay all expenses of such retaking, selling or the like, including Secured Party's reasonable attorneys' fees and legal expenses, incurred in the collection of any of the Secured Obligations and the

enforcement of any of Secured Party's rights (including, but not limited to, efforts to seek relief from the automatic stay imposed by 11 U.S.C. sec. 362 or other litigation in bankruptcy proceedings); (vi) exercise any other right or remedy which may be available to it under the Uniform Commercial Code or any other applicable law, equity or agreement or proceed by appropriate court action to enforce the terms of this Agreement or to recover damages for the breach of this Agreement; (vii) offset any indebtedness Secured Party, its participants, successors or assigns then owes to Borrower, whether or not then due, against any Secured Obligation, whether or not then due; or (viii) declare Secured Party's obligation to make Loans under this Agreement to be terminated, whereupon said obligation shall immediately be terminated. Upon the occurrence of a default described in Section 5(a)(v), all Secured Obligations shall be immediately due and payable without demand or notice thereof and Secured Party's obligation to make Loans under this Agreement shall be terminated without demand or notice thereof. Borrower agrees that Secured Party's exercise of any remedy shall obligate Borrower, and Borrower agrees that it will take such action and pay such amounts as are required by Secured Party. Borrower shall be liable for any deficiency remaining after sale of the Collateral and application of the net proceeds to the Secured Obligations. If such proceeds exceed the amount due and owing Secured Party for such Secured Obligations, Secured Party agrees to pay over the surplus to Borrower. If any notification of intended disposition of any of the Collateral is required by law, such notification shall be deemed reasonably and properly given if mailed at least twenty (20) days before such disposition, postage prepaid, addressed to Borrower at the address set forth below. Secured Party's duty of care with respect to Collateral in its possession (as imposed by law) shall be deemed fulfilled if Secured Party exercises reasonable care in physically safekeeping such Collateral or, in the case of Collateral in the custody or possession of a bailee or other third person, exercises reasonable care in selection of the bailee or other third person, and Secured Collateral or, in the case of Collateral in the custody or possession selection of the bailee or other third person, and Secured Party need not otherwise preserve, protect, insure or care for any Collateral. Secured Party shall not be obligated to preserve any rights Borrower may have against prior parties, to realize on the Collateral at all or in any particular manner or order, or to apply any cash proceeds of Collateral in any particular order of application.

(c) Borrower agrees to pay reasonable attorneys' fees whenever an attorney is used to collect on or enforce this Agreement or to enforce, defend, declare or adjudicate any of Secured Party's rights or interests hereunder or with respect to any Collateral, whether by suit, negotiation or otherwise and regardless of the forum excluding inquiries not involving Borrowers default or nonperformance, including, but not limited to, credit checks, auditors' letters, and inquiries from brokers, stock exchanges, and regulatory agencies.

(d) All rights and remedies of Secured Party pursuant to the provisions of this Agreement are cumulative, and may, to the extent permitted by law, be exercised concurrently or separately, and the exercise or partial exercise of any right or remedy shall not be deemed to be an election of such right or remedy or to preclude any other or further or future exercise of any other right or remedy. No failure on the part of Secured Party to exercise, and no delay in exercising, any right or remedy hereunder shall operate as a waiver thereof or of any similar or other right or remedy in the future.

6. Miscellaneous.

(a) This agreement and all of the provisions hereof shall inure to the benefit of the parties hereto and their respective legal representatives, successors and assigns; provided, however, that Borrower may not assign this Agreement or any provision thereof without the prior written consent of Secured Party.

(b) Notices, requests or other communications required under this Agreement to be sent to either party shall be in writing and shall be by mail, postage prepaid. Provided, however, that any required notice of default as defined in 5.(a) (b) shall be by certified mail, return receipt requested. All notices will be addressed as follows:

If to Secured Party: FBS Business Finance Corporation
First Bank Place, 601 Second Avenue S.
Minneapolis, MN 55402
Attention: Deborah Eckert

If to Borrower: Pioneer Railroad Equipment Co., Ltd.
1831 North Santa Fe Avenue
Chillicothe, IL 61523
Attention: Allen Brown

(c) This Agreement may not be amended, modified, changed, discharged or waived in any respect except by an instrument in writing signed by the party against whom said amendment, modification, change, discharge or waiver is sought to be enforced.

(d) Notwithstanding a termination of this Agreement, all representations, warranties, covenants, agreements and obligations contained in this Agreement or made in writing by Borrower in connection herewith shall remain in full force and effect to the extent required for their full observance and performance.

(e) If any provision of this Agreement shall be invalid, illegal or unenforceable in any respect, then such provision shall be deemed null and void without invalidating the remaining provisions hereof.

(f) This Agreement shall be governed by, and construed and interpreted in accordance with, the internal law, and not the law of conflicts, of the State of Minnesota.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the 5 day of August, 1994.

BORROWER:

PIONEER RAILROAD EQUIPMENT CO., LTD.

By: Gary L. Brenkman
Its: CEO

By: J. Michael Lee
Its: Treasurer

SECURED PARTY:

FBS BUSINESS FINANCE CORPORATION

By Deborah J. Eckert
Its: Assistant Vice President

By: _____
Its: _____

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EXHIBIT A

PROMISSORY NOTE

$ _____ _____, 19 ____

FOR VALUE RECEIVED, the undersigned _____, a _____, corporation (the "Borrower") hereby promises to pay to the order of FBS Business Finance Corporation, Leasing Division, a Delaware corporation, (the "Secured Party"), at its main office at First Bank Place, 601 Second Avenue S., Minneapolis, Minnesota 55402 in lawful money of the United States of America, the principal sum of _____ DOLLARS ($ _____), together with interest on the unpaid principal balance from time to time outstanding (computed on the basis of a 30 day month and a year of 360 days), at the rate of _____% per annum.

The principal hereof and interest accrued hereon shall be paid together in _____, (____) equal consecutive monthly installments, each in the amount of _____ DOLLARS ($_____), with the first such installment payable _____, 19 ___, and thereafter on the same day of each succeeding month until _____, 19 ____, and a final installment of _____ DOLLARS ($_____), on _____, 19 ____, when the entire remaining balance hereof and all accrued and unpaid interest shall be paid in full. If any installment is more than ten (10) days late, Borrower agrees to pay a late charge of five percent (5%) of such payment but not in excess of the maximum late charge permitted by law. Each monthly installment shall be applied first to the accrued interest, then to principal and thereafter to any late charges or other costs then due.

This note is the Note referred to in the Loan and Security Agreement dated as of _____, 19 ___ by and between the Borrower and the Secured Party. The Borrower, the Secured Party and the holders hereof are entitled to all of the benefits provided for or referred to in the Loan and Security Agreement. The maturity of this Note is subject to acceleration upon the terms provided in said Loan and Security Agreement.

The undersigned hereby waives presentment, demand, protest, notice of dishonor and diligence in collecting, and agrees to pay all costs of collection, including reasonable attorneys' fees, in the event payment of this Promissory Note is not made in accordance with its terms.

THIS PROMISSORY NOTE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE INTERNAL LAW, BUT NOT THE LAW OF CONFLICTS, OF THE STATE OF MINNESOTA.

_____

By: _____
Its: _____

By: _____
Its: _____

EQUIPMENT DESCRIPTION

(6) 5250 Cu. Ft. Covered Hopper Cars

Car Numbers:

ALAB635
ALAB630
ALAB631
ALAB632
ALAB636
ALAB634

RAILCAR USAGE AGREEMENT

THIS RAILCAR USAGE AGREEMENT ("Agreement") is entered into this 5 day of August, 1994, by and between PIONEER RAILROAD EQUIPMENT CO., LTD., as Lessor, whose address is 1831 N. Santa Fe Ave., Chillicothe, Illinois 61523 (herein also "PREL"), and ALABAMA RAILROAD CO., as Lessee, whose address is 1831 N. Santa Fe Ave., Chillicothe, Illinois 61523 (herein also "ALAB"); WITNESSETH THAT:

WHEREAS PREL is empowered to lease certain railcars hereinafter described (the "Cars"); and

WHEREAS ALAB is desirous of leasing said Cars for the purpose of reducing its car hire expenses and protecting the loading requirements of its customers;

THE PARTIES HEREBY AGREE AS FOLLOWS:

1. **DELIVERY**. Pioneer Railroad Equipment Co., Ltd. (PREL) and ALAB hereby acknowledge that the Cars have been delivered to and accepted by ALAB and that further deliveries of Cars are not required pursuant to this Agreement. The costs and expenses of moving the Cars to ALAB's railroad tracks shall be borne by PREL.

2. **TAXES**. PREL shall be responsible for the payment and filing of all property and ad valorem taxes levied or imposed upon the Cars. PREL further agrees to assume responsibility for and to pay any applicable state sales, use or similar taxes resulting from the lease or use of the cars.

3. **RECORD-KEEPING**. PREL shall, on behalf of ALAB, perform all record-keeping functions related to the use of the Cars by ALAB and other railroads in accordance with the AAR Interchange Rules and AAR Code of Car Service and Code of Car Hire Rules - Freight. Correspondence from railroads using such Cars shall be addressed to ALAB at PREL's address as set forth in the preamble to this Agreement. All record-keeping performed by PREL hereunder and a record of all payments, charges and correspondence related to the Cars shall be maintained by PREL in a form suitable for reasonable inspection by ALAB from time to time during PREL's regular business hours.

4. **COMMODITY**. It is understood that the aforesaid Cars are to be used in general commodities services only, and shall not, under any circumstances, be used for shipment of any other hazardous or special commodity, without the prior written consent of PREL.

5. **PRIORITY LOADING**. The Cars will have priority, as defined in Section 14, for loading at all facilities owned and controlled by the Alabama Railroad with the exception of Cars supplied by CSX Transportation, Inc. ("CSX"), per the terms of the agreement between ALAB and CSX.

10. RENEWAL. This Agreement shall automatically renew for additional one (1) year periods, upon the same terms and conditions contained herein, unless, more than sixty (60) days prior to the expiration date of this Agreement, or any renewal thereof, either of the parties gives written notice to the other of non-renewal.

11. Number of Cars	**Type of Car and Car Numbers**
Six (6)	5250 CU. FT. Covered Hopper Cars Formerly Marked "ELTX" #628; #630; #631; #632; #634; #620; Now Marked "ALAB" #635; #630; #631; #632; #634 and #636.

12. PLACE OF DELIVERY. PREL and ALAB hereby acknowledge that, unless otherwise agreed by the parties, the Cars will be delivered to ALAB at Flomaton, Alabama. The costs and expenses of moving the Cars to ALAB's railroad tracks shall be borne by PREL.

13. COMPENSATION. A. (i) PREL and ALAB agree that the Cars will be free of all car hire charges while on ALAB's railroad tracks. PREL shall collect all car hire (including time and mileage) payments made by other railroad companies for their use and handling of the Cars ("Car Hire Payments"). PREL shall retain 100% of all mileage payments collected. If, in any calendar year, Utilization (as hereinafter defined) is 85% or less, PREL shall retain 100% of per diem payments ("Per Diem Payments") collected with respect to such period. If in any such year, Utilization is greater than 85%, PREL shall retain 100% of Per Diem Payments collected with respect to such period up to the 85% Utilization level; thereafter, PREL shall share all Per Diem Payments collected with ALAB on the following basis: 50% to PREL and 50% to ALAB. PREL shall pay to ALAB amounts due hereunder within 90 days after the end of each calendar year, based upon PREL's collection and receipt of Per Diem Payments. The compensation to which PREL is entitled pursuant to this Section 13 shall be computed pursuant to the UMLER Hourly and Mileage Car Hire Rate Table (the "Car Hire Table") in effect as of the date hereof.

(ii) In addition, PREL will be entitled to all Car Hire Payments which relate to the use of the Cars prior to their initial loading by ALAB. PREL will also be entitled to all Car Hire Payments earned, but not collected, due to offset by a railroad for non-payment of any amount due to such railroad by ALAB.

(iii) ALAB will not grant or allow any reclaim, pay any empty mileage charges, or permit any other reduction in Car Hire Payments without PREL's prior written consent. PREL shall have the absolute authority in its sole discretion to negotiate and enter into or refuse to enter into any bilateral agreement with any railroad with respect to storage charges, mileage charges, car hire rates covering the Cars or any other matter affecting the amount of revenue which the Cars are able to earn. ALAB does not have the right to deprescribe the Cars.

16. INDEMNIFICATION. ALAB agrees to indemnify and hold PREL harmless from and against any loss, damage, claim, action, cause of action, liability, penalty, fine, judgment, cost or expense of whatsoever nature, including, but not limited to, court costs and attorney fees and expenses (collectively "Loss"), which may result from, arise out of, or in any way be connected with the use, maintenance, operation, presence, movement, loading or unloading of the Cars, if the act or omission giving rise to such Loss occurs during the term of this Agreement, or any renewal thereof. This Section is intended to cover, but not be limited to, damage claims, FELA claims, derailments, crossing or other vehicular accidents, and any claim brought by any state, federal, or local governmental agency or instrumentality under any environmental protection statute, rule, regulation, ordinance, order or other mandate (including the Comprehensive Environmental Response Compensation and Liability Act).

17. WAIVER. PREL hereby waives the priority loading requirements of Sections 5 and 14; provided, however, that PREL may, at its option revoke this waiver, upon 60 days written notice to ALAB, and further provided that neither this waiver, nor any other waiver by PREL shall in any way impair PREL's right to avail itself of any other breach of this Agreement.

18. NOTICE. Any Notice required or permitted to hereunder shall be by personal delivery, or by certified mail, postage fully prepaid and return receipt requested, and shall be addressed to the respective parties at the addresses recited in the preamble hereinabove, or at such other address as the parties may from time to time give notice of. Such Notice shall be effective when received, refused, or returned by the postal service as undeliverable.

19. MISCELLANEOUS.

A. THIS AGREEMENT MAY BE ASSIGNED BY PREL BUT NOT BY ALAB.

B. THE CARS ARE DELIVERED "AS IS" AND " WITH ALL FAULTS". PREL DISCLAIMS ALL WARRANTIES, BOTH EXPRESSED AND IMPLIED, INCLUDING WITHOUT LIMITATION, ALL WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, INFRINGEMENT OR INTERFERENCE. IN NO EVENT SHALL PREL BE LIABLE FOR ANY CONSEQUENTIAL, INCIDENTAL, INDIRECT OR SPECIAL DAMAGES OF ANY NATURE WHATSOEVER, INCLUDING BUT NOT LIMITED TO LOSS OF REVENUES, PROFITS OR USE.

C. THIS AGREEMENT REPRESENTS THE ENTIRE AGREEMENT BETWEEN PREL AND ALAB WITH RESPECT TO THE CARS IDENTIFIED HEREON AND MAY NOT BE MODIFIED OR AMENDED EXCEPT BY A WRITING SIGNED BY BOTH PARTIES.

D. THIS AGREEMENT SHALL BE CONSTRUED AND ENFORCED UNDER THE LAWS OF THE STATE OF ILLINOIS.

Dated this 5 day of August, 1994.

PIONEER RAILROAD EQUIPMENT CO., LTD.

ATTEST: _____ Secretary

By _____ President

ALABAMA RAILROAD CO.

ATTEST: _____ Secretary

By _____ Treasurer

STATE OF ILLINOIS)
) SS
COUNTY OF Peoria)

The undersigned authority, a Notary Public in and for said County and State, hereby certifies that Guy L. Brenkman and Daniel A. LaKemper, of Pioneer Railroad Equipment Co., Ltd., and J. Michael Carr and Daniel A. LaKemper of Alabama Railroad Co., signed the foregoing instrument and, being known to me, acknowledged before me this day that, being informed of the contents of said instrument, they signed as such officers and with full authority, executed the same voluntarily for and as the act of said corporations.

Given under my hand and official seal this 25 day of August, 1994.

_____
Notary Public

OFFICIAL SEAL
KEVIN L. WILLIAMS
NOTARY PUBLIC, STATE OF ILLINOIS
MY COMMISSION EXPIRES 3-29-98

ASSIGNMENT

FOR AND IN CONSIDERATION OF THE SUM OF $1.00, AND OTHER GOOD AND VALUABLE CONSIDERATION, the receipt and sufficiency of which is hereby acknowledged, ALABAMA RAILROAD CO., an Iowa corporation (hereinafter "ALAB") hereby assigns, transfers and sets over to ALABAMA & FLORIDA RAILWAY CO., a ILLINOIS corporation (hereinafter "AFRC"), all right, title and interest held by ALAB in and to the following described contracts:

The Railcar Usage Agreement dated August 5, 1994, between Pioneer Railroad Equipment Co., Ltd. and ALAB (hereinafter the "Agreement").

THE PARTIES HEREBY FURTHER AGREE:

1. That AFRC shall carry out and perform all of the duties and obligations of ALAB under said Agreement, as though the were its own.

2. So long as AFRC is not in default under the Agreement, AFRC shall have the right to use ALAB's reporting marks on said cars, for the fee of $20.00 per car, per year.

3. ALAB expressly disclaims any warranty, expressed or implied, as to the Agreement herein assigned, or the Cars to which said Agreement relates.

4. The following clause shall be construed to be a part of Section 5, "with the exception of cars supplied by Union Pacific Railroad Company/Missouri Pacific Railroad Company."

5. AFRC shall indemnify and hold harmless, ALAB, of and from all manner of actions, causes of action, suits, demands, claims, liabilities, fines, penalties, judgments, losses, damages, costs and expenses of whatsoever nature (including, but not limited to, court costs and expenses and attorneys' fees), arising out of or in any way connected with the Agreement, the Cars covered by the Agreement, or in any way concerning the lease, use, possession, existence, operation, maintenance, repair, modification, or disposal of the Cars.

6. This Assignment shall be binding upon and inure to the benefit of the parties, and their respective successors and assigns. No modification or amendment of this Assignment shall be of any force or effect unless made in writing and signed by the parties.

7. AFRC's rights thereunder to possession, use and enjoyment of the Cars shall be subject and subordinate to the rights of FBS Business Finance Corporation and its assigns in accordance with the provisions of Section 21 of the Agreement.

The effective date of this Assignment shall be the 5 day of August, 1994.

ALABAMA RAILROAD CO.

By Guy L. Brenkman

Its CEO

STATE OF ILLINOIS

COUNTY OF [redacted] PEORIA

I, the undersigned authority, a Notary Public in and for said County and State, hereby certify that GUY L. BRENKMAN, who is know to me to be the CEO of ALABAMA RAILROAD CO., signed the foregoing instrument and acknowledged before me that, being informed of the contents of said instrument, he/she, as such officer and with full authority, executed the same voluntarily for and as the act of said corporation.

Given under my hand and official seal this 30 day of August, 1994.

OFFICIAL SEAL
KEVIN L. WILLIAMS
NOTARY PUBLIC, STATE OF ILLINOIS
MY COMMISSION EXPIRES 3-29-98

Kevin L Williams
Notary Public

Acceptance by AFRC:

The undersigned, ALABAMA & FLORIDA RAILWAY CO., hereby accepts the above and foregoing ASSIGNMENT on the date first above written.

By [signature]

Its Secretary

STATE OF Illinois

COUNTY OF Peoria

On this 5 day of AUGUST, 19 94, before me personally came GUY L. BRENEMAN, to me known, who, being by me duly sworn, did depose and say that he/she is the PRESIDENT - CEO of PIONEER RAILROAD EQUIP, a IOWA corporation, and he/she acknowledged to me that he/she executed the foregoing document on behalf of said corporation by order of its Board of Directors and that such document was the free act and deed of said corporation.

Witness my hand and official seal.

OFFICIAL SEAL
KEVIN L. WILLIAMS
NOTARY PUBLIC, STATE OF ILLINOIS
MY COMMISSION EXPIRES 3-29-98

Kevin L. Williams
Notary Public in and for said State

My commission expires:

March 29, 1998

STATE OF Illinois

COUNTY OF Peoria

On this 5 day of AUG, 1994, before me personally came MICHAEL CAR, to me known, who, being by me duly sworn, did depose and say that he/she is the TREASURER of ALABAMA RAILROAD CO., a IOWA corporation, and he/she acknowledged to me that he/she executed the foregoing document on behalf of said corporation by order of its Board of Directors and that such document was the free act and deed of said corporation.

Witness my hand and official seal.

OFFICIAL SEAL
KEVIN L. WILLIAMS
NOTARY PUBLIC, STATE OF ILLINOIS
MY COMMISSION EXPIRES 3-29-98

Kevin L. Williams
Notary Public in and for said State

My commission expires:

March 29, 1998

STATE OF Minnesota

COUNTY OF Hennepin

On this 5th day of August, 1994, before me personally came Deborah J. Eckert, to me known, who, being by me duly sworn, did depose and say that he/she is the Assistant Vice President of FBS Business Finance Corporation, a Delaware corporation, and he/she acknowledged to me that he/she executed the foregoing document on behalf of said corporation by order of its Board of Directors and that such document was the free act and deed of said corporation.

Witness my hand and official seal.

JODY A. ROBECK
NOTARY PUBLIC — MINNESOTA
HENNEPIN COUNTY
My commission expires 2-19-98

Jody A Robeck
Notary Public in and for said State

My commission expires:

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