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DONELAN, CLEARY, WOOD & MASER, P.C.

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December 29, 1994

New Recordation No.

19139
RECORDED
DEC 29 1994 11 05 AM
RECORDED

Dear Mr. Williams:

On behalf of General Electric Capital Corporation, I submit for filing and recording under 49 U.S.C. Section 11303(a) and the regulations promulgated thereunder, executed counterparts of a primary document, not previously recorded, entitled Mortgage--Security Agreement ("Mortgage"), dated as of December 29, 1994.

The parties to the enclosed Mortgage are:

General Electric Capital Corporation Suite 300 1415 West 22nd Street Oak Brook, Illinois 60521	--	SECURED PARTY
Alter Railcar Company, L.C. 2117 State Street Bettendorf, Iowa 52766	--	DEBTOR

The said Mortgage among other things, acts to create a security interest in the equipment listed in Schedule A thereto by the Debtor to the Secured Party.

The equipment covered by the instant Mortgage is as identified in Schedule A thereto, copy attached.

A short summary of the Mortgage to appear in the ICC Index is as follows:

"Covers 50 gondola cars ALTX new numbers and old numbers as listed in Schedule A".

Enclosed is a check in the amount of twenty-one dollars (\$21.00) in payment of the filing fee.

Countrywide - 1/1/1995

Interstate Commerce Commission
Washington, D.C. 20423

12/29/94

OFFICE OF THE SECRETARY

Allen H. Harrison, Jr.
Donelan, Cleary Wood & Maser, PC
1100 New York Ave., NW., Ste. 750
Washington, DC., 20005-3934

Sir:

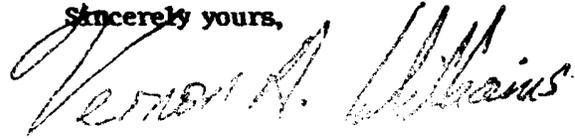
Dear

12/29/94

11:05AM

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of
19139.
the Interstate Commerce Act, 49 U.S.C. 11303, on _____ at _____, and
assigned recordation number(s).

Sincerely yours,

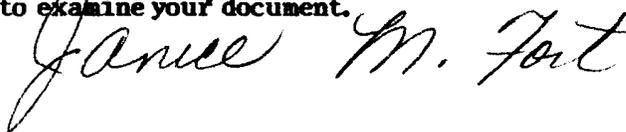


Vernon A. Williams
Secretary

(0100469024)
Enclosure(s)

21.00

\$ _____ The amount indicated at the left has been received in payment of a fee in connection with a document filed on the date shown. This receipt is issued for the amount paid and in no way indicates acknowledgment that the fee paid is correct. This is accepted subject to review of the document which has been assigned the transaction number corresponding to the one typed on this receipt. In the event of an error or any questions concerning this fee, you will receive a notification after the Commission has had an opportunity to examine your document.



Signature _____

19139

MORTGAGE--SECURITY AGREEMENT

DEC 28 1994

12/28/94

This Mortgage--Security Agreement (the "Agreement") is entered into as of _____ by and between General Electric Capital Corporation, a New York corporation with an address at 1415 West 22nd Street, Suite 300, Oak Brook, Illinois 60521 ("Secured Party"), and Alter Railcar Company, L.C., a limited liability company organized and existing under the laws of the State of Iowa, with its chief executive offices located at 2117 State Street, Bettendorf, Iowa 52722 ("Debtor").

In consideration of the promises herein contained and of certain other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Debtor and Secured Party hereby agree as follows:

1. **CREATION OF SECURITY INTEREST:** The Debtor, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, does hereby transfer, convey, warrant, mortgage, deliver, pledge, assign, and grant to the Secured Party, its successors and assigns, a lien on and continuing security interest in, all of the Debtor's rights, title and interest in and to the properties, rights, interests and privileges described in subsections (i) and (ii) immediately below (all of which properties are hereinafter collectively referred to as the "Collateral"). The foregoing lien and security interest is given in order to secure the payment and performance of any and all debts, obligations and liabilities of any kind, nature or description whatsoever (whether due or to become due) of Debtor to Secured Party under one or more promissory notes now or hereafter executed by Debtor in favor of Secured Party, (each a "Note", collectively the "Notes"), this Agreement, and/or any related documents (the Notes, this Agreement and all such related documents being hereinafter collectively referred to as the "Debt Documents"), and any renewals, extensions and modifications of such debts, obligations and liabilities (all of the foregoing being hereinafter referred to as the "Indebtedness").

(i) Equipment Collateral. Collateral includes certain all steel gondola railroad cars described on Schedule A hereto together with all accessories, equipment, parts and appurtenances appertaining or attached to 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 (collectively the "Equipment" or "Units of Equipment" and individually a "Unit of Equipment"), together with all the rents, issues, income, profits and avails therefrom and all insurance thereof, and to the extent the Equipment constitutes same, inventory of the Debtor, and proceeds of all of the foregoing.

(ii) Rental Collateral. Collateral also includes all right, title and interest of Debtor in and to each and every lease relating to the Equipment, including any amendments thereto (each such lease being an "Assigned Lease"), and all payments due and to become due under any Assigned Lease, whether as contractual obligation, damages or otherwise to the extent such payments are derived from the Equipment, and proceeds of all of the foregoing (the "Assigned Lease Proceeds").

Notwithstanding anything to the contrary contained herein, Debtor may not enter into any lease referred to in subsection (ii) above without the prior written consent of Secured Party.

2. REPRESENTATIONS, WARRANTIES AND COVENANTS OF DEBTOR: Debtor hereby represents, warrants and covenants that:

(a) Debtor is, and will remain, duly organized, existing and in good standing under the laws of the State set forth in the first paragraph of this Agreement, has its chief executive offices at the location set forth in such paragraph, and is, and will remain, duly qualified and licensed in every jurisdiction wherever necessary to carry on its business and operations;

(b) Debtor has adequate power and capacity to enter into, and to perform its obligations, under each of the Debt Documents;

(c) the Debt Documents have been duly authorized, executed and delivered by Debtor and constitute legal, valid and binding agreements enforceable under all applicable laws in accordance with their terms, except to the extent that the enforcement of remedies may be limited under applicable bankruptcy and insolvency laws;

(d) no approval, consent or withholding of objections is required from any governmental authority or instrumentality with respect to the entry into, or performance by, Debtor of any of the Debt Documents, except such as may have already been obtained;

(e) the entry into, and performance by, Debtor of the Debt Documents will not (i) violate any of the organizational documents of Debtor or any judgment, order, law or regulation applicable to Debtor, or (ii) result in any breach of, constitute a default under, or result in the creation of any lien, claim or encumbrance on any of Debtor's property (except for liens in favor of Secured Party) pursuant to, any indenture mortgage, deed of trust, bank loan, credit agreement, or other agreement or instrument to which Debtor is a party;

(f) there are no suits or proceedings pending or threatened in court or before any commission, board or other administrative agency against or affecting Debtor which could, in the aggregate, have a material adverse effect on Debtor, its business or operations, or its ability to perform its obligations under the Debt Documents;

(g) all financial statements delivered to Secured Party in connection with the Indebtedness have been prepared in accordance with generally accepted accounting principles, and since the date of the most recent financial statement, there has been no material adverse change;

(h) the Collateral is not, and will not be, used by Debtor for personal, family or household purposes;

(i) the Collateral is, and will remain, in good condition and repair and Debtor will not be negligent in the care and use thereof;

(j) Debtor is, and will remain, the sole and lawful owner, and in possession of, the Collateral, subject, however, to the rights of the lessee under any Assigned Lease and has the sole right and lawful authority to grant the security interest described in this Agreement; and

(k) the Collateral is, and will remain, free and clear of all liens, claims and encumbrances of every kind, nature and description (except for any

claims of the lessee under any Assigned Lease, and liens in favor of Secured Party).

(1) except for (1) the filing of this Security Agreement with the Interstate Commerce Commission pursuant to 49 U.S.C. 11303 and (2) the filing of financing statements (and continuation statements at periodic intervals) with respect to the security interest granted, leasehold or other interests created by such documents under the Uniform Commercial Code, no further action, including any filing or recording of any document (including any financing statement in respect thereof under Article 9 of the Uniform Commercial Code of any applicable jurisdiction), is necessary in order to establish and perfect Lessor's title to and interest in the Collateral as against any third parties in any applicable jurisdictions in the United States.

3. SPECIAL PROVISIONS REGARDING COLLATERAL:

(a) Until the occurrence of an Event of Default, Debtor may exercise all of the Debtor's rights, powers and privileges and remedies under the Assigned Leases, including, without limitation, the right to receive any and all monies due or to become due under the Assigned Leases. Debtor hereby irrevocably grants to Secured Party the power of attorney to take, upon the occurrence of an Event of Default, any action in the name of Debtor (or otherwise) with respect to any Unit and in furtherance of collections of any income or proceeds relating to any Unit.

(b) Secured Party, its successors and assigns, and their respective agents, shall have the right to examine and inspect any of the Collateral at any time during normal business hours. Upon any request from Secured Party, Debtor shall provide Secured Party with notice of the then current location of the Collateral, and will assist Secured Party in locating and gaining access thereto.

(c) Debtor shall (i) use the Collateral only in its trade or business, (ii) maintain all of the Collateral in good condition and working order, and in accordance with the provisions of Section __, below (iii) use and maintain the Collateral only in compliance with all applicable laws, and (iv) keep all of the Collateral free and clear of all liens, claims and encumbrances (except for the claims of the lessee under any Assigned Lease, and the liens in favor of Secured Party).

(d) Debtor shall not, without the prior written consent of Secured Party, (i) part with possession of any of the Collateral (except to Secured Party or for maintenance and repair), (ii) remove, or permit removal of any of the Collateral from the continental United States, or (iii) sell, rent, lease, mortgage, grant a security interest in or otherwise transfer or encumber (except for liens in favor of Secured Party) any of the Collateral.

(e) Debtor shall pay promptly when due all taxes, license fees, assessments and public and private charges levied or assessed on any of the Collateral, on the use thereof, or on this Agreement or any of the other Debt Documents. At its option, Secured Party may discharge taxes, liens, security interests or other encumbrances at any time levied or placed on the Collateral and may pay for the maintenance, insurance and preservation of the Collateral or to effect compliance with the terms of this Agreement or any of the other Debt Documents. Debtor shall reimburse Secured Party, on demand, for any and

all costs and expenses incurred by Secured Party in connection therewith and agrees that such reimbursement obligation shall be secured hereby.

(f) Debtor shall, at all times, keep accurate and complete records of the Collateral, and Secured Party, its successors and assigns, and their respective agents, shall have the right to examine, inspect, and make extracts from all of Debtor's books and records relating to the Collateral at any time during normal business hours.

(g) Any third person at any time and from time to time holding all or any portion of the Collateral shall be deemed to, and shall, hold the Collateral as the agent of, and as pledge holder for, Secured Party. At any time and from time to time, Secured Party may give notice to any third person holding all or any portion of the Collateral that such third person is holding the Collateral as the agent of, and as pledge holder for, the Secured Party.

4. USE AND MAINTENANCE:

(a) Debtor shall use the Equipment only in the manner for which it was designed and intended and so as to subject it only to ordinary wear and tear. Each unit of Equipment shall be used by Debtor to transport material to and from any destination in the United States as it may elect from time to time, to the extent consistent with its prudent and lawful business purposes. The Equipment will be operated solely in the United States so long as any Indebtedness remains outstanding) on railroad lines of railroads in the usual interchange of traffic. Debtor agrees that, at its own cost and expense, it will so long as any Indebtedness remains outstanding, (i) maintain, improve, service and repair each unit of Equipment (including any parts installed on or replacements made to any unit of Equipment and considered an accession thereto as hereinbelow provided), and comply with its own preventative maintenance schedule which will include testing, repair and overhaul of each unit, any requirements pertaining to warranties of the manufacturer or insurance policies maintained by Debtor and in all other respects in material compliance with the manufacturer's bulletins, directives and manuals, so that each unit of Equipment will remain (A) in good operating order and condition (ordinary wear and tear excepted), (B) eligible for railroad interchange in accordance with all applicable Interchange Rules, and otherwise in compliance with this Section, (C) in compliance with all of the insurance policies obtained and maintained by debtor or required hereunder, and (D) in compliance in all respects with prevailing industry standards; and (ii) maintain all records, logs and other materials required by the Association of American Railroads, the Federal Railroad Administration, the Interstate Commerce Commission or the United States Department of Transportation, or any other governmental authority having jurisdiction over the Equipment or Debtor (with respect to the Equipment), to be maintained in respect of such Equipment. In no event shall any unit of Equipment be maintained with less care or scheduled for maintenance on a basis less frequent than either the maintenance or maintenance scheduling basis employed by a Class I railroad for similar equipment. Without limiting the generality of any other provision of this Agreement, Debtor agrees to be solely liable for, and to pay when due, all tariffs, switching fees and demurrage charges, when and if any or all of the same shall become due and payable in connection with the Equipment so long as any Indebtedness remains outstanding hereunder.

(b) In addition, if any parts or accessories forming part of the Equipment shall from time to time become worn out, lost, destroyed, damaged beyond repair or otherwise permanently rendered unfit for use, Debtor, at its own expense, will within a reasonable time replace such parts or accessories, or cause the same to be replaced, by replacement parts or accessories which are free and clear of all liens, encumbrances or rights of others and have a value and utility at least equal to the parts or accessories replaced. Debtor shall not make any material alterations to the Equipment without the prior written consent of Secured Party, provided that modifications or additions to the Equipment shall be permitted so long as, with respect to such other modifications or additions only (i) the value and utility of the units are not impaired in Secured Party's judgment and (ii) such additions which are not readily removable without material damage or diminution are considered accessions to the Equipment and part of the Collateral hereunder, and (iii) such additions are free and clear of all liens and encumbrances other than the lien and security interest of Secured Party.

(c) Debtor shall comply with all orders, statutes, rules, regulations, directives and other laws and requirements of the United States of America, and any and all jurisdictions in which its operations involving any of the Equipment may extend, with the Interchange Rules and with all rules of the United States Department of Transportation, the Interstate Commerce Commission, the Federal Railroad Administration, the United States Environmental Protection Agency and any other legislative, executive, administrative, regulatory or judicial body, agency or commission (whether Federal, state, local or otherwise) exercising any power or jurisdiction over the Equipment or any of the parties to this Security Agreement or the related documents, to the extent that the foregoing affect the title, operation, possession or use of, or any other undertaking with respect to, the Equipment or are necessary to comply with applicable health, safety or environmental standards (all of the foregoing, the "Applicable Standards"). For the purposes hereof, "Interchange Rules" means all codes, rules, regulations, interpretations, laws and orders governing the hire, use, condition, repair and all other matters pertaining to the interchange of freight traffic reasonably interpreted within the rail industry as being applicable to the units of Equipment, as adopted and in effect from time to time by the Association of American Railroads, or any successor, and in the event that such Applicable Standards require any alteration, replacement or addition of or to any part of any unit of Equipment, Debtor will conform therewith at its own expense.

(d) Debtor will cause each unit of Equipment to be kept numbered with the railcar identification number set forth in Annex A attached hereto, or in the case of any Equipment not there listed, such identification number as shall be set forth in any amendment or supplement thereto extending this Agreement to cover such Equipment, and will keep and maintain such railcar identification number plainly, distinctly, permanently and conspicuously marked on each side of each unit of Equipment. Debtor will not place such unit of Equipment in operation until such railcar identification number shall have been marked on both sides of such unit of Equipment and will replace promptly any such railcar identification number which may be removed, obliterated, defaced or

destroyed. Debtor will not change the railcar identification number of any unit of Equipment unless and until (in each case, at Debtor's expense) (i) a statement of new number or numbers to be substituted therefor shall have been received by Secured Party and filed, recorded and deposited by Secured Party in all public offices where this Security Agreement shall have been filed, recorded or deposited and (ii) Secured Party shall have received an opinion of counsel to the effect that such statement has been so filed, recorded and deposited, such filing, recordation and deposit will protect Secured Party's interest in such units of Equipment, and no 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 units of Equipment.

5. **POWER OF ATTORNEY:** The Debtor does hereby irrevocably constitute and appoint the Secured Party, upon the occurrence and during the continuance of an Event of Default hereunder, its true and lawful attorney with full power of substitution for it and in its name, place and stead, to ask, demand, collect, receive, receipt for, sue for, compound and give acquittance for any and all Assigned Lease Proceeds hereof with full power to settle, adjust or compromise any claim thereunder as fully as the Debtor could itself do, and to endorse the name of the Debtor on all commercial paper given in payment or in part payment thereof, and in its discretion to file any claim or take any other action or proceedings, either its own name or in the name of the Debtor or otherwise, which the Secured Party may deem necessary or appropriate to protect and preserve the right, title and interest of the Secured Party in and to such Assigned Lease Proceeds and the security intended to be afforded hereby.

6. **INSURANCE:** The Equipment shall at all times be held at Debtor's risk, and Debtor shall keep it insured against loss or damage by fire and extended coverage perils, theft, burglary, and for risk of loss by collision, and where requested by Secured Party, against other risks as required thereby, for the full replacement value thereof, with companies, in amounts and under policies acceptable to Secured Party. Debtor shall, if Secured Party so requires, deliver to Secured Party policies or certificates of insurance evidencing such coverage. Each policy shall name Secured Party as loss payee thereunder, shall provide for coverage to Secured Party regardless of the breach by Debtor of any warranty or representation made therein, shall not be subject to co-insurance, and shall provide for thirty (30) days written notice to Secured Party of the cancellation or material modification thereof. Debtor hereby appoints Secured Party as its attorney in fact to make proof of loss, claim for insurance and adjustments with insurers, and to execute or endorse all documents, checks or drafts in connection with payments made as a result of any such insurance policies. Proceeds of insurance shall be applied, at the option of Secured Party, to repair or replace the Equipment or to reduce any of the Indebtedness secured hereby.

7. **REPORTS:**

(a) Debtor shall promptly notify Secured Party in the event of (i) any change in the name of Debtor, (ii) any relocation of its chief executive offices, (iii) any relocation of any of the Collateral, except as expressly permitted herein (iv) any of the Collateral being lost, stolen, missing, destroyed, materially damaged or worn out, or (v) any lien, claim or encumbrance attaching or being made against any of the Collateral (other than liens in favor of Secured Party).

(b) Debtor agrees to furnish its annual financial statements and such interim statements as Secured Party may require in form satisfactory to Secured Party. Any and all financial statements submitted and to be submitted to Secured Party have and will have been prepared on a basis of generally accepted accounting principles, and are and will be complete and correct and fairly present Debtor's financial condition as at the date thereof. Secured Party may at any reasonable time examine the books and records of Debtor and make copies thereof.

(c) Within thirty (30) days after the end of each of Debtor's fiscal quarters during the term of this Agreement, an appropriate officer of Debtor shall certify to Secured Party that: (i) during such quarter and through the date of such certification, to the knowledge of that officer no Event of Default as defined herein has occurred and remains uncured and (ii) as of the date of such certification to the knowledge of that officer no facts or circumstances exist which, with the passage of time or the giving of notice or both, and after giving effect to any applicable cure period, would constitute such an Event of Default.

8. FURTHER ASSURANCES:

(a) Debtor shall, upon request of Secured Party and at no expense to Secured Party, furnish to Secured Party such further information, execute and deliver to Secured Party such documents and instruments (including, without limitation, Uniform Commercial Code financing statements) and do such other acts and things, as Secured Party may at any time reasonably request relating to the perfection or protection of the security interest created by this Agreement or for the purpose of carrying out the intent of this Agreement. Without limiting the foregoing, Debtor shall cooperate and do all acts deemed necessary or advisable by Secured Party to continue in Secured Party a perfected first security interest in the Collateral and shall obtain and furnish to Secured Party any subordinations, releases, landlord, lessor, or mortgagee waivers, and similar documents as may be from time to time requested by, and which are in form and substance satisfactory to, Secured Party.

(b) Debtor hereby grants to Secured Party the power to sign Debtor's name and generally to act on behalf of Debtor to execute and file applications for title, transfers of title, financing statements, notices of lien and other documents pertaining to any or all of the Collateral. Debtor shall, if any certificate of title be required or permitted by law for any of the Collateral, obtain such certificate showing the lien hereof with respect to the Collateral and promptly deliver same to Secured Party.

(c) Debtor shall indemnify and defend the Secured Party, its successors and assigns, and their respective directors, officers and employees, from and against any and all claims, actions and suits (including, without limitation, related attorneys' fees) of any kind, nature or description whatsoever arising, directly or indirectly, in connection with any of the Collateral.

(d) Debtor shall, at its own expense, attach to and cause to be maintained on each Unit of Equipment a notice satisfactory to Secured Party disclosing Secured Party's interest in such Unit of Equipment. The following notice will initially be satisfactory if stenciled or contained in a placard attached to each side of each Unit in letters having a height of one inch or

more and continually legible:

**SUBJECT TO LEASE OR SECURITY INTEREST FILED WITH
U.S. INTERSTATE COMMERCE COMMISSION**

(e) Debtor will provide, or direct any manager of any Unit of Equipment to provide, to Lessor at all times with the pass key and other access information with respect to any register containing information relating to any Unit of Equipment, including without limitation the Uniform Machine Language Equipment Register or any other register maintained by AAR.

9. **EVENTS OF DEFAULT**, Debtor shall be in default under this Agreement and each of the other Debt Documents upon the occurrence of any of the following "Event(s) of Default":

(a) Debtor fails to pay any installment or other amount due or coming due under any of the Debt Documents within ten (10) days after its due date;

(b) any attempt by Debtor, without the prior written consent of Secured Party, to sell, rent, lease, mortgage, grant a security interest in, or otherwise transfer or encumber (except for liens in favor of Secured Party) any of the Collateral;

(c) Debtor fails to procure, or maintain in effect at all times, any of the insurance on the Collateral in accordance with Section _ of this Agreement;

(d) Debtor breaches any of its other obligations under any of the Debt Documents and fails to cure the same within thirty (30) days after written notice thereof;

(e) any warranty, representation or statement made by Debtor in any of the Debt Documents or otherwise in connection with any of the Indebtedness shall be false or misleading in any material respect;

(f) any of the Collateral being subjected to, or being threatened with, attachment, execution, levy, seizure or confiscation in any legal proceeding or otherwise;

(g) any default by Debtor under any other agreement between Debtor and Secured Party;

(h) any dissolution, termination of existence, merger, consolidation, change in controlling ownership, insolvency, or business failure of Debtor or any guarantor or other obligor for any of the Indebtedness (collectively "Guarantor"), or if Debtor or any Guarantor is a natural person, any death or incompetency of Debtor or such Guarantor;

(i) the appointment of a receiver for all or of any part of the property of Debtor or any Guarantor, or any assignment for the benefit of creditors by Debtor or any Guarantor; or

(j) the filing of a petition by Debtor or any Guarantor under any bankruptcy, insolvency or similar law, or the filing of any such petition against Debtor or any Guarantor if the same is not dismissed within thirty (30) days of such filing.

10. REMEDIES ON DEFAULT:

(a) Upon the occurrence of an Event of Default under this Agreement, the Secured Party, at its option, may declare any or all of the Indebtedness (including, without limitation, the Notes) to be immediately due and payable, without demand or notice to Debtor or any Guarantor. The obligations and liabilities accelerated thereby shall bear interest (both before and after any judgment) until paid in full at the lower of eighteen percent (18%) per annum or the maximum rate not prohibited by applicable law.

(b) Upon such declaration of default, Secured Party shall have all of the rights and remedies of a Secured Party under the Uniform Commercial Code, and under any other applicable law. Without limiting the foregoing, Secured Party shall have the right to (i) notify any account debtor of Debtor or any obligor on any instrument which constitutes part of the Collateral to make payment to the Secured Party, (ii) with or without legal process, enter any premises where the Collateral may be and take possession and/or remove said Collateral from said premises, (iii) sell the Collateral at public or private sale, in whole or in part, and have the right to bid and purchase at said sale, and/or (iv) lease or otherwise dispose of all or part of the Collateral, applying proceeds therefrom to the obligations then in default. If requested by Secured Party, Debtor shall promptly assemble the Collateral and make it available to Secured Party at a place to be designated by Secured Party which is reasonably convenient to both parties. Secured Party may also render any or all of the Collateral unusable at the Debtor's premises and may dispose of such Collateral on such premises without liability for rent or costs. Any notice which Secured Party is required to give to Debtor under the Uniform Commercial Code of the time and place of any public sale or the time after which any private sale or other intended disposition of the Collateral is to be made shall be deemed to constitute reasonable notice if such notice is given to the last known address of Debtor at least five (5) days prior to such action.

(c) Proceeds from any sale or lease or other disposition shall be applied: first, to all costs of repossession, storage, and disposition including without limitation attorneys', appraisers', and auctioneers' fees; second, to discharge the obligations then in default; third, to discharge any other Indebtedness of Debtor to Secured Party, whether as obligor, endorser, guarantor, surety or indemnitor; fourth, to expenses incurred in paying or settling liens and claims against the Collateral; and lastly, to Debtor, if there exists any surplus. Debtor shall remain fully liable for any deficiency.

d) In the event that any of the Debt Documents are placed in the hands of an attorney for collection of money due or to become due or to obtain performance of any provision hereof, Debtor agrees to pay all reasonable attorneys' fees incurred by Secured Party, and further agrees that payment of such fees is secured hereunder. Debtor and Secured Party agree that such fees to the extent not in excess of twenty percent (20%) of subject amount owing after default (if permitted by law, or such lesser sum as may otherwise be permitted by law) shall be deemed reasonable.

(e) Secured Party's rights and remedies hereunder or otherwise arising are cumulative and may be exercised singularly or concurrently. Neither the failure nor any delay on the part of the Secured Party to exercise any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any

single or partial exercise of any right, power or privilege preclude any other or further exercise thereof or the exercise of any other right, power or privilege. Secured Party shall not be deemed to have waived any of its rights hereunder or under any other agreement, instrument or paper signed by Debtor unless such waiver be in writing and signed by Secured Party. A waiver on any one occasion shall not be construed as a bar to or waiver of any right or remedy on any future occasion.

11. MISCELLANEOUS:

(a) This Agreement, the Notes and/or any of the other Debt Documents may be assigned, in whole or in part, by Secured Party without notice to Debtor, and Debtor hereby waives any defense, counterclaim or cross-complaint by Debtor against any assignee, agreeing that Secured Party shall be solely responsible therefor.

(b) All notices to be given in connection with this Agreement shall be in writing, shall be addressed to the parties at their respective addresses set forth hereinabove (unless and until a different address may be specified in a written notice to the other party), and shall be deemed given (i) on the date of receipt if delivered in hand or by facsimile transmission, (ii) on the next business day after being sent by express mail, and (iii) on the fourth business day after being sent by regular, registered or certified mail. As used herein, the term "business day" shall mean and include any day other than Saturdays, Sundays, or other days on which commercial banks in New York, New York are required or authorized to be closed.

(c) Secured Party may correct patent errors herein and fill in all blanks herein or in the Collateral Schedule consistent with the agreement of the parties.

(d) Time is of the essence hereof. This Agreement shall be binding, jointly and severally, upon all parties described as the "Debtor" and their respective heirs, executors, representatives, successors and assigns, and shall inure to the benefit of Secured Party, its successors and assigns.

(e) This Agreement and its Collateral Schedule constitute the entire agreement between the parties with respect to the subject matter hereof and supercede all prior understandings (whether written, verbal or implied) with respect thereto. This Agreement and its Collateral Schedule shall not be changed or terminated orally or by course of conduct, but only by a writing signed by both parties hereto. Section headings contained in this Agreement have been included for convenience only, and shall not affect the construction or interpretation hereof.

(f) This Agreement shall continue in full force and effect until all of the Indebtedness has been indefeasibly paid in full to Secured Party. This Agreement shall automatically be reinstated in the event that Secured Party is ever required to return or restore the payment of all or any portion of the Indebtedness (all as though such payment had never been made).

(g) DEBTOR HEREBY UNCONDITIONALLY WAIVES ITS RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF, DIRECTLY OR INDIRECTLY, THIS AGREEMENT, ANY OF THE OTHER DEBT DOCUMENTS, ANY OF THE INDEBTEDNESS SECURED HEREBY, ANY DEALINGS BETWEEN DEBTOR AND SECURED PARTY RELATING TO THE

SUBJECT MATTER OF THIS TRANSACTION OR ANY RELATED TRANSACTIONS, AND/OR THE RELATIONSHIP THAT IS BEING ESTABLISHED BETWEEN DEBTOR AND SECURED PARTY. THE SCOPE OF THIS WAIVER IS INTENDED TO BE ALL ENCOMPASSING OF ANY AND ALL DISPUTES THAT MAY BE FILED IN ANY COURT (INCLUDING, WITHOUT LIMITATION, CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW AND STATUTORY CLAIMS.) THIS WAIVER IS IRREVOCABLE, MEANING THAT IT MAY NOT BE MODIFIED EITHER ORALLY OR IN WRITING, AND THE WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS AGREEMENT, ANY OTHER DEBT DOCUMENTS, OR TO ANY OTHER DOCUMENTS OR AGREEMENTS RELATING TO THIS TRANSACTION OR ANY RELATED TRANSACTION. IN THE EVENT OF LITIGATION, THIS AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT.

IN WITNESS WHEREOF, Debtor and Secured Party, intending to be legally bound hereby, have duly executed this Agreement in one or more counterparts, each of which shall be deemed to be an original, as of the day and year first aforesaid.

SECURED PARTY:

General Electric Capital Corporation

By: AT Chaney

Title: Credit Analyst

DEBTOR:

Alter Railcar Company, L.C.

By: [Signature]

Title: Manager

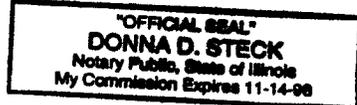
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STATE OF Illinois
COUNTY OF DePue) ss:

On this 28 day of December, 1994, before me, personally appeared G.T. Chaney, to me personally known, who being by me duly sworn, says that (s)he is the Region Credit Counselor of General Electric Capital Corporation, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and (s)he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

(SEAL)

Donna D. Steck
Signature of Notary Public



My Commission expires 11-14-98

STATE OF Texas
COUNTY OF Scott) ss:

On this 28 day of December, 1994, before me, personally appeared Thomas R. Peters, to me personally known, who being by me duly sworn, says that (s)he is the Manager of Alter Railcar Company, L.C., a limited liability company, that said instrument was signed on behalf of said corporation by authority of all its governors, and (s)he acknowledged that the execution of the foregoing instrument was the free act and deed of said company.

(SEAL)

Donna R. Grant
Signature of Notary Public



My Commission expires 8/31/98

SCHEDULE A

OLD CAR NUMBER

NEW CAR NUMBER

BO 370723
BO 370751
BO 370766
BO 371102
CSXT 482954
CSXT 482977
CSXT 483016
CSXT 709271
LN 176108
LN 176799
SBD 480463
SBD 480531
SBD 480379
BO 362506
CSXT 700795
CO 365046
CO 365708
CSXT 482598
CSXT 482681
BO 368301
BO 368328
BO 368391
CO 365439
CO 365943
CO 362661
CSXT 700784
CSXT 700803
CSXT 700812
CSXT 700815
CSXT 709262
CSXT 709264
CSXT 709270
BO 368157
CO 365126
CSXT 701361
BO 364047
BO 364404
BO 364448
BO 364490
BO 364401
CO 364516
CSXT 490061
BO 364479
LN 25916
SBD 490050
SBD 490615
SCL 132451
CSXT 490538
SBD 490523
SBD 490603

ALTX 541001
ALTX 541002
ALTX 541003
ALTX 541004
ALTX 541005
ALTX 541006
ALTX 541007
ALTX 541008
ALTX 541009
ALTX 541010
ALTX 541011
ALTX 541012
ALTX 541013
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ALTX 637005

CERTIFICATE OF AUTHORITY

Thomas R. Peters

Robert G. Ellis

_____ ("X") and _____ ("Y"), each hereby certifies that:

(i) X and Y are the sole managers of Alter Railcar Company, L.C. a limited liability company organized and existing under the laws of the state of Iowa (the "Company"); and

(ii) Pursuant to the Articles of Organization and/or any operating agreement of the Company, X and Y are each authorized and empowered in the name of the Company to:

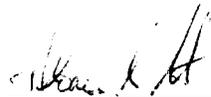
(a) borrow from General Electric Capital Corporation ("GE Capital") the sum of \$277,000, and from time to time such other sums of money as in the judgment of either governor the Company may require, and to execute on behalf of the Company and to deliver to GE Capital one or more promissory notes evidencing the amount or amounts borrowed; and

(b) pledge, mortgage, and hypothecate to GE Capital any or all of the assets of the Company to secure any such loan and any other indebtedness or obligations, now existing or hereafter arising, of this Company to GE Capital, and to execute in the name and on behalf of this Company, that certain Mortgage--Security Agreement, dated 1/29/94 between Company and GE Capital, and any other instruments and agreements relating thereto or deemed necessary or proper by GE Capital in respect of the collateral securing any indebtedness; and

(c) to do and perform all other acts and deeds that may be required or necessary to carry fully into effect the foregoing.

(iii) Any note, security agreement or other document or instrument executed by X or Y on behalf of the Company shall create a valid, binding and enforceable obligation of the Company.

Executed this 28 day of December, 1994.



(Name) - Manager

(Name) - Manager

ATTACHMENT SCHEDULE A

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