

RECORDATION NO. 19562 FILED 1425

AUG 15 1995 9:00 AM

LAW OFFICES  
**MILES & STOCKBRIDGE**

A PROFESSIONAL CORPORATION

10 LIGHT STREET

BALTIMORE, MARYLAND 21202-1487

TELEPHONE 410-727-6464

FAX 410-385-3700

300 ACADEMY STREET  
CAMBRIDGE, MD 21613-1865

101 BAY STREET  
EASTON, MD 21601-2718

11350 RANDOM HILLS ROAD  
FAIRFAX, VA 22030-7429

30 WEST PATRICK STREET  
FREDERICK, MD 21701-6903

22 WEST JEFFERSON STREET  
ROCKVILLE, MD 20850-4286

600 WASHINGTON AVENUE  
TOWSON, MD 21204-3965

1450 G STREET, N.W.  
WASHINGTON, D.C. 20005-2001

JOHN A. STALFORT  
410-385-3424

August 11, 1995

0100736001

via DHL WORLDWIDE EXPRESS

Interstate Commerce Commission  
12th and Constitution Avenue, N.W.  
Washington, D.C. 20423  
Attention: Mrs. Janice Fort

Re: Our File No.: 258-155

Dear Mrs. Fort:

Enclosed for recordation as a primary document pursuant to the provisions of 49 U.S.C. §11303 are one original and one notarized copy of the following document:

Loan Agreement, Chattel Mortgage and Security Agreement dated August 7, 1995, by and between The First National Bank of Maryland (25 South Charles Street, Baltimore, Maryland 21201) and Southern Illinois Railcar Company (One Mark Twain Plaza, Suite 225, Edwardsville, Illinois 62025).

Also enclosed is a check in the amount of \$21.00 to cover the costs of recordation.

Once this document has been recorded, please return the same to: John A. Stalfort, Esquire, Miles & Stockbridge, A Professional Corporation, 10 Light Street, 9th Floor, Baltimore, Maryland 21202.

Thank you for your prompt attention to this matter. If you have any questions, please call me at (410) 385-3424.

Sincerely,



Michele E. Sperato,  
Secretary to John A. Stalfort

JAS:mes  
Enclosures

RECEIVED  
OFFICE OF THE  
SECRETARY  
AUG 15 8 56 AM '95  
LICENSING BRANCH

RECORDATION NO. **19562** FILED 1425

AUG 15 1995 - 9 00 AM

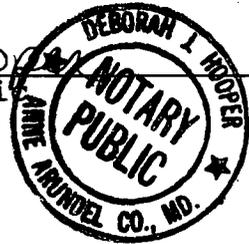
NOTARY PUBLIC COMMERCE COMMISSION

STATE OF MARYLAND, COUNTY OF ANNE ARUNDEL, TO WIT:

I HEREBY CERTIFY that the attached Loan Agreement, Chattel Mortgage and Security Agreement is a true and complete copy of said Loan Agreement, Chattel Mortgage and Security Agreement.

WITNESS my hand and seal this 11<sup>th</sup> day of August, 1995.

Deborah J. Hooper  
Notary Public



My Commission Expires: 7/27/98

RECORDATION NO. **19562** FILED 1425  
AUG 15 1995 - 9 00 AM  
ILLINOIS COMMERCE COMMISSION

---

---

**LOAN AGREEMENT, CHATTEL MORTGAGE AND SECURITY AGREEMENT**

by and between

**THE FIRST NATIONAL BANK OF MARYLAND**

and

**SOUTHERN ILLINOIS RAILCAR COMPANY**

Dated as of August 7, 1995

---

---

TABLE OF CONTENTS<sup>1</sup>

Recitals . . . . .

Article I. INTERPRETATION . . . . .

    1.1 Definitions . . . . .

    1.2 Other Definitional Provisions . . . . .

    1.3 Accounting Matters . . . . .

Article II. MAKING OF THE LOAN . . . . .

    2.1 The Loan . . . . .

    2.2 Loan Procedures . . . . .

    2.3 The Promissory Note . . . . .

    2.4 Interest Rate . . . . .

    2.5 Prepayment . . . . .

    2.6 Payments . . . . .

    2.7 Interest on Overdue Amounts . . . . .

    2.8 Evidence of Indebtedness . . . . .

    2.9 Indemnity . . . . .

Article III. CONDITIONS TO THE MAKING OF THE LOAN . . . . .

    3.1 Conditions Precedent . . . . .

Article IV. SECURITY . . . . .

    4.1 Collateral . . . . .

    4.2 The Bank as Agent . . . . .

    4.3 Perfecting Interest in Collateral . . . . .

    4.4 Disclaimer by the Bank . . . . .

    4.5 Release of Collateral . . . . .

Article V. USE AND MAINTENANCE . . . . .

    5.1 Use and Possession in Railroad Operations . . . . .

    5.2 Marking of Railcars . . . . .

    5.3 Prohibition against Certain Designations . . . . .

    5.4. Registration of Equipment Collateral . . . . .

    5.5 Rules, Laws and Regulations . . . . .

---

<sup>1</sup>This Table of Contents has been included in this document for convenience only and does not form a part of, or affect any construction or interpretation of, this Agreement.

<b>Article VI.</b>	<b>INSURANCE AND CASUALTY . . . . .</b>
6.1	Insurance . . . . .
6.2	Duty of Borrower to Notify Bank of a Casualty Occurrence . . . . .
6.3	Sum Payable As a Result of a Casualty Occurrence . . . . .

<b>Article VII.</b>	<b>REPRESENTATIONS AND WARRANTIES . . . . .</b>
7.1	Organization; Power; Qualification . . . . .
7.2	Authorization of and Compliance with this Loan Agreement, Other Loan Documents and Borrowing . . . . .
7.3	Litigation . . . . .
7.4	No Conflicting Agreements . . . . .
7.5	Taxes . . . . .
7.6	No Adverse Fact . . . . .
7.7	No Default, etc . . . . .
7.8	Financial Condition . . . . .
7.9	Full Disclosure . . . . .
7.10	Regulatory Approvals . . . . .
7.11	Collateral . . . . .
7.12	Principal Place of Business; Location of Books and Records . . . . .
7.13	Nature of Loan; Usury . . . . .
7.14	ERISA . . . . .
7.15	No Other Agreements . . . . .
7.16	Parsons Guaranty . . . . .
7.17	Recitals . . . . .

<b>Article VIII.</b>	<b>AFFIRMATIVE COVENANTS . . . . .</b>
8.1	Valid Existence . . . . .
8.2	Payment of Taxes and Claims . . . . .
8.3	Visits and Inspections . . . . .
8.4	Encumbrances . . . . .
8.5	Compliance with AAR Regulations, etc. . . . .
8.6	Preservation of Licenses . . . . .
8.7	Books and Records . . . . .
8.8	ERISA . . . . .
8.9	Environmental Covenants . . . . .
8.10	Taxes . . . . .

Article IX.	NEGATIVE COVENANTS . . . . .
9.1	Sale of Collateral . . . . .
9.2	Merger or Acquisition . . . . .
9.3	Line of Business . . . . .
9.4	ERISA Compliance . . . . .
Article X.	FINANCIAL INFORMATION; NOTICES . . . . .
10.1	Quarterly Financial Statements . . . . .
10.2	Year-End Financial Statements . . . . .
10.3	Additional Materials . . . . .
10.4	Notice of Defaults . . . . .
10.5	Notice of Litigation . . . . .
10.6	Governmental Regulation Generally . . . . .
Article XI.	DEFAULT . . . . .
11.1	Failure to Pay . . . . .
11.2	Breach of Representations and Warranties . . . . .
11.3	Failure to Comply with Covenants . . . . .
11.4	Bankruptcy . . . . .
11.5	Default Under Other Loan Documents . . . . .
11.6	Judgment; Attachment . . . . .
11.7	Mechanics Liens . . . . .
11.8	Prospects for Payment Impaired . . . . .
11.9	Default Under the Parsons Guaranty . . . . .
11.10	Bankruptcy of Guarantors . . . . .
11.11	Default Under 1992 Loan . . . . .
Article XII.	REMEDIES . . . . .
12.1	Acceleration . . . . .
12.2	Additional Rights and Remedies . . . . .
12.3	Power of Attorney . . . . .
12.4	Sale Notice, Expenses and Proceeds . . . . .
12.5	Right to Purchase Collateral . . . . .
12.6	Waiver by Borrower . . . . .
12.7	Disclosures . . . . .
12.8	Cumulative Rights . . . . .
Article XIII.	RETURN OF RAILCARS UPON DEFAULT . . . . .
13.1	Borrower's Duty to Return . . . . .
13.2	Specific Performance . . . . .
13.3	Bank Appointed Borrower's Agent . . . . .

Article XIV. MISCELLANEOUS . . . . .

14.1 Indemnity for Misrepresentations or Breaches of Covenants . . . . .

14.2 Regulatory Changes . . . . .

14.3 Liability of the Bank . . . . .

14.4 Notices . . . . .

14.5 Expenses . . . . .

14.6 Waivers; Amendments . . . . .

14.7 Binding Agreement; Assignment . . . . .

14.8 Severability of Provisions . . . . .

14.9 Number; Gender . . . . .

14.10 Headings . . . . .

14.11 Counterparts . . . . .

14.12 Survival of Agreement . . . . .

14.13 Entire Agreement . . . . .

14.14 Governing Law . . . . .

SCHEDULES AND EXHIBITS

Schedule 1	Description of Railcars
Schedule 3.1(a)	Certificate as to Corporate Information
Annex A	Board Resolutions
Annex B	Articles of Incorporation
Annex C	Bylaws
Schedule 3.1(f)	Opinion of Borrower's Counsel
Schedule 3.1(p)	Opinion of Guarantors' Counsel
Schedule 7.2	Required Consents and Governmental Approval
Schedule 7.3	Litigation
Schedule 10.1	Certificate as to Financial Statements
Exhibit A	Form of Promissory Note
Exhibit B	Form of Parsons Guaranty

## LOAN AGREEMENT, CHATTEL MORTGAGE AND SECURITY AGREEMENT

THIS LOAN AGREEMENT, CHATTEL MORTGAGE AND SECURITY AGREEMENT (this "Loan Agreement") dated as of August \_\_, 1995, is made by and between THE FIRST NATIONAL BANK OF MARYLAND, a national banking association (the "Bank"), and SOUTHERN ILLINOIS RAILCAR COMPANY, an Illinois corporation (the "Borrower").

### RECITALS

WHEREAS, the Borrower has applied to the Bank for a secured term loan facility in the maximum principal amount of \_\_\_\_\_, the proceeds of which will be used by the Borrower to finance a portion of the acquisition cost of 50 Pullman built boxcars described on Schedule 1 (each such railcar a "Railcar" and collectively, the "Railcars"); and

WHEREAS, in order to secure the prompt payment and performance of all of its obligations to the Bank, the Borrower proposes to grant to the Bank a continuing, first priority security interest in, and chattel mortgage lien on, the Railcars, all accessions, modifications and attachments thereto and all proceeds, including, rentals, insurance proceeds, casualty value payments, allowances, settlements and requisition compensation, thereof; and

WHEREAS, the Bank is willing to make such loan to the Borrower subject and pursuant to the terms and conditions set forth below.

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants and agreements hereinafter contained, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

### ARTICLE I

#### INTERPRETATION

Section 1.1. Definitions. For the purposes of this Loan Agreement:

"Applicable Law" means all material applicable provisions of all (a) constitutions, statutes, rules, regulations and orders of Governmental Authorities, (b) Governmental Approvals, and (c) orders, decisions, judgments and decrees of all courts and arbitrators; except that for purposes of determining the maximum interest rate payable hereunder, Applicable Law means the laws of the State of Maryland applicable to maximum permitted rates of interest.

"Borrower" means Southern Illinois Railcar Company, an Illinois corporation.

"Business Day" means any day other than a Saturday, Sunday or other day on which banking institutions in the States of Maryland and Illinois are authorized or obligated to remain closed.

"Casualty Occurrence" shall have the meaning set forth in Section 6.2.

"Casualty Value" shall have the meaning set forth in Section 2.5(b).

"Class 1 Railroad" means a corporation that is at the time of determination a railroad operator required under the Interstate Commerce Act to submit or have submitted on its behalf an R-1 Report periodically to the ICC or considered at any time by the ICC under applicable rules and regulations to be a railroad operator that is a "Class 1 Railroad".

"Code" means the Internal Revenue Code of 1986, as amended.

"Collateral" shall have the meaning set forth in Section 4.1.

"Commitment" means the commitment of the Bank to lend to the Borrower certain sums pursuant to Article II hereof, in no event to exceed \_\_\_\_\_ in the aggregate.

"Commonly Controlled Entity" shall have the meaning set forth in Section 7.14.

"Contamination" means the present, past and future uncontained presence, leak, discharge, emission, release, threatened release, suspected release or abandonment of Hazardous Substances that may require remediation, removal, abatement or cleanup under any of the Environmental Laws upon property (including, but not limited to, the improvements, facilities, soil, ground water, air or other elements on, or of, such property).

"Contract" means an indenture, agreement (other than this Loan Agreement), other contractual restriction, lease, instrument, certificate of incorporation or charter, or bylaw.

"Default" means any condition or event which with the giving of notice or lapse of time, or both, would, unless cured or waived, become an Event of Default.

"Default Date" shall have the meaning set forth in Section 2.7.

"Default Rate" shall have the meaning set forth in Section 2.7.

"Environmental Laws" means any and all environmental laws and regulations promulgated thereunder, including, but not limited to, the Comprehensive Environmental Response, Compensation and

Liability Act, 42 U.S.C. §9601 et seq., as amended ("CERCLA"); the Resource Conservation and Recovery Act, 42 U.S.C. §6901 et seq., as amended ("RCRA"); the Toxic Substances Control Act, 15 U.S.C. §2601 et seq., as amended; the Clean Air Act, 42 U.S.C. §7401 et seq., as amended; the Occupational Safety and Health Act, 29 U.S.C. §651 et seq., as amended; the Federal Water Pollution Control Act, 33 U.S.C. §1251 et seq., as amended; and any other law similar to those set forth in this definition.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

"Equipment Collateral" shall have the meaning set forth in Section 4.1(b).

"Event of Default" means any of the events specified in Article XI of this Loan Agreement.

"GAAP" means generally accepted accounting principles as in effect from time to time in the United States of America.

"Governmental Approval" means an authorization, consent, approval, license or exemption from, registration or filing with, or report or notice to, any Governmental Authority.

"Governmental Authority" means any international, federal, state or local regulatory, governmental or quasi-governmental entity or political subdivision thereof, including, without limitation, any department, commission, board, bureau, intermediary, agency or other governmental instrumentality.

"Guarantors" means, collectively, Fred L. Parsons and Eugena M. Parsons, and their respective personal representatives, heirs and legatees.

"Guaranty" means the Guaranty of even date herewith executed by Fred L. Parsons and Eugena M. Parsons in favor of the Bank, its successors and assigns, a copy of which is annexed hereto as Exhibit B.

"Hazardous Substances" means any hazardous substance as defined in CERCLA or other Applicable Laws, oil of any kind, petroleum products and their by-products, including, but not limited to, sludge or residue, asbestos containing materials, urea formaldehyde foam insulation, polychlorinated biphenyls, any and all other hazardous or toxic substances, hazardous waste as defined in RCRA and the Applicable Laws, medical waste, infectious waste, used tires, and all other pollutants, contaminants and other substances regulated or controlled by the Environmental Laws and any other substance the presence of which is prohibited by any of the Environmental Laws or that requires special handling in its collection, storage, treatment or disposal under the Environmental Laws.

"ICC" means the Interstate Commerce Commission or any successor agency thereto.

"Lien", as applied to the property or assets (or the income or profits therefrom) of any Person, means (in each case, whether the same is consensual or nonconsensual or arises by Contract, operation of law, legal process or otherwise) any mortgage, lien, pledge, attachment, levy, charge, or other security interest or encumbrance of any kind in respect of any property or assets of such Person, or upon the income or profits therefrom. For this purpose, the Borrower shall be deemed to own subject to a Lien any asset that it has acquired or holds subject to the interest of a vendor or lessor under any conditional sale agreement, capitalized lease or other title retention agreement relating to such asset.

"Liquidation Costs" shall have the meaning set forth in Section 12.4.

"Loan" shall have the meaning set forth in Section 2.1.

"Loan Agreement" means this Loan Agreement, Chattel Mortgage and Security Agreement, as amended from time to time, and after giving effect to all waivers and departures from the terms hereof that have been consented to, but only, in the case of each such amendment, waiver or consent, to the extent it complies with the provisions of Section 14.6 of this Loan Agreement.

"Loan Documents" means this Loan Agreement, the Promissory Note, the financing statements and all other instruments, documents or agreements relating to the Obligations, both now or hereafter executed and/or delivered by the Borrower to the Bank.

"Materially Adverse Effect" means (a) with respect to any Person, a materially adverse effect upon such Person's business, assets, liabilities, financial condition, results of operations or business prospects, and (b) with respect to this Loan Agreement, any Contract or any other obligation, a materially adverse effect, as to any party thereto, upon the binding nature, validity or enforceability thereof.

"Obligations" of the Borrower at any time to the Bank means all of the Borrower's liabilities, obligations and indebtedness at such time to the Bank of any kind whatsoever, howsoever evidenced and whether contingent or otherwise, including, without limitation, all of the Borrower's liabilities, obligations and indebtedness to the Bank under this Loan Agreement, the Promissory Note and the other Loan Documents.

"Payment Date" means (i) with respect to a Casualty Occurrence, on the next scheduled installment payment date under the Promissory Note following the happening of such event; and (ii) with respect to the sale of any Railcar, the date on which said Railcar is sold and title conveyed to the purchaser of the Railcar.

"Permitted Liens" means (i) liens for Taxes not yet due and payable or being contested in good faith by appropriate and diligent legal proceedings and for which adequate reserves have been set aside in accordance with GAAP; (ii) liens arising out of any judgments or awards against the Borrower that have been adequately insured against (in the Bank's sole judgment) or with respect to which a stay of execution has been obtained pending an appeal or a proceeding for review; (iii) liens on assets hereafter acquired (other than those comprising a portion of the Collateral) in favor of purchase money security lenders; and (iv) such other imperfections of title acceptable to the Bank in its sole judgment.

"Person" means an individual, corporation, partnership, trust, estate or unincorporated organization, or a Governmental Authority.

"Prime Rate" shall have the meaning set forth in the Promissory Note.

"Principal Portion" shall have the meaning set forth in Section 2.6(a)(2).

"Promissory Note" shall have the meaning set forth in Section 2.3.

"Regulatory Change" means (a) the enactment after the date hereof of any new Applicable Law, or the enactment or other effectuation of any change in any existing Applicable Law, (b) the adoption after the date hereof of any new, or the adoption or other effectuation of any change in any existing, interpretation, directive or request (whether or not having the force of law), or (c) any change in the administration or enforcement of any Applicable Law.

"Tax" or "Taxes" means any federal, state, local or foreign tax, assessment or other governmental charge or levy upon a Person or upon its assets, revenues, income or profits.

"UCC" means the Maryland Uniform Commercial Code.

#### Section 1.2. Other Definitional Provisions.

(a) Except as otherwise specified herein, all references herein (1) to any Person, other than the Borrower, shall be deemed to include such Person's heirs, personal representatives, successors and assigns, (2) to the Borrower shall be deemed to include the Borrower's successors and permitted assigns, and (3) to any Applicable Law shall be deemed references to such Applicable Law as the same may be amended or supplemented from time to time.

(b) The words "herein", "hereof" and "hereunder" and words of similar import, when used in this Loan Agreement, shall refer to this Loan Agreement as a whole and not to any provision of this Loan Agreement, and "Section", "subsection", "Schedule" and

respective references are to this Loan Agreement unless otherwise specified.

(c) Whenever the context so requires, the neuter gender includes the masculine and feminine, and the singular number includes the plural, and vice versa.

(d) All terms defined in this Loan Agreement shall have the defined meanings ascribed herein or, except as otherwise expressly stated therein, in any certificate, opinion or other document delivered pursuant hereto.

(e) A reference to any Contract shall include all permitted supplements and amendments thereto.

(f) When used herein, the word "or" is not exclusive and the words "include" and "including" are not limiting.

(g) All obligations set forth herein are continuing obligations.

(h) Any right provided herein may be exercised at any time and from time to time.

**Section 1.3. Accounting Matters.** Unless otherwise specified herein, all accounting determinations hereunder and all computations utilized by the Borrower in complying with the covenants contained herein shall be made, all accounting terms used herein shall be interpreted and all financial statements requested to be delivered hereunder shall be prepared, in accordance with GAAP.

## ARTICLE II

### MAKING OF THE LOAN

**Section 2.1. The Loan.** Subject to the fulfillment of the terms and conditions specified herein, the Bank agrees to extend to the Borrower a term loan in the maximum principal amount of \_\_\_\_\_ for each Railcar to be purchased, in no event to exceed \_\_\_\_\_ in the aggregate (the "Loan"). Time is of the essence.

### **Section 2.2. Loan Procedures.**

(a) **Loan Advances.** The Loan shall be advanced to the Borrower in one installment on the date to be specified by the Borrower, upon not less than three (3) Business Days, prior written notice to the Bank. The notice shall specify the date on which the Loan is to be made, the number of Railcars to be acquired and the amount of the loan proceeds to be advanced. Upon its receipt of such notice and provided that no Default or Event of Default has occurred hereunder and that the Borrower has complied with each of the provisions of Article III hereof, the Bank will advance to the

Borrower for each Railcar purchased, in no event to exceed in the aggregate. The Loan will be evidenced by the principal amount thereof being credited to an account which the Borrower maintains with the Bank.

(b) Transactions Between the Borrower and the Bank. In respect of any advance or other matters under or in connection with any of the transactions contemplated hereby, the Borrower hereby authorizes the Bank to accept, rely upon, act upon and comply with, any telephone, oral or written instructions, requests, confirmations and orders of any authorized employee or representative of the Borrower, until the Bank has been notified that such person is no longer authorized. The Borrower acknowledges that the transmission between the Borrower and the Bank of any such instructions, requests, confirmations and orders involves the possibility of errors, omissions, mistakes and discrepancies and agrees to adopt such internal measures and operational procedures to protect its interests. By reason thereof, the Borrower hereby assumes all risk of loss and responsibility for, releases and discharges the Bank, its officers, directors and employees, from any and all responsibility or liability for, and agrees to indemnify, reimburse on demand and hold the Bank, its officers, directors and employees, harmless from, any and all claims, actions, damages, losses, liabilities and expenses by reason of, arising out of or in any way connected with or related to (i) the Bank's acceptance, reliance and action upon, compliance with or observation of any such instructions, requests, confirmations or orders, and (ii) such errors, omissions, mistakes and discrepancies, except those caused by the Bank's own negligence or wilful misconduct.

Section 2.3. The Promissory Note. The Loan shall be evidenced by a promissory note payable by the Borrower to the order of the Bank, substantially in the form of Exhibit A annexed hereto (the "Promissory Note"). The Promissory Note shall be dated as of even date herewith and shall be payable at the times and in the manner provided therein. The Bank shall record, and, prior to any transfer of the Promissory Note, shall evidence on the schedules forming part thereof appropriate notations evidencing the date and the amount of each principal payment made by the Borrower with respect thereto. The Borrower hereby irrevocably authorizes the Bank to endorse the Promissory Note, and to attach and to make a part of the Promissory Note, such schedules as and when required.

Section 2.4. Interest Rate. Except as otherwise provided in Section 2.7 hereof, the unpaid principal balance of the Promissory Note shall bear interest at the rate equal to the Prime Rate plus one percent (1.0%) per annum, until paid in full.

Section 2.5. Prepayment.

(a) Optional Prepayment. The Borrower may, upon five (5) days' prior written notice to the Bank, prepay the Promissory Note in whole on any interest payment date by paying such pre-

payment together with all accrued but unpaid interest and other sums due hereunder, but without any prepayment premium.

(b) Mandatory Prepayments. In the event that one or more of the Railcars is sold, or sustains a Casualty Occurrence, the Borrower shall pay to the Bank, on the Payment Date, a sum equal to the product obtained by multiplying the outstanding principal balance of the Promissory Note by the fraction, the numerator of which is the number of Railcars sold, or sustaining a Casualty Occurrence, as the case may be, and the denominator of which is the number of Railcars securing the Borrower's Obligations hereunder immediately prior to the occurrence of such event (the "Casualty Value"). Concurrently with each such payment, the Borrower shall file, or cause to be filed, with the Bank a certificate setting forth by road number the number the Railcars sold, or having suffered a Casualty Occurrence, as the case may be, and the amount payable as to each. Any money received by the Bank pursuant to the provisions of this Section 2.5(b) shall be applied to prepay the remaining principal due under the Promissory Note, after payment of all accrued but unpaid interest and late charges, due with respect thereto.

#### Section 2.6. Payments.

(a) Form of Payment. All payments by the Borrower under the Promissory Note or any of the other Loan Documents and under any instrument delivered hereunder or thereunder shall be made in lawful money of the United States of America (in immediately available and freely transferable United States Dollars) to the Bank at its office at 25 South Charles Street, Baltimore, Maryland 21201, free and clear of and without deduction for any and all present and future Taxes, withholdings or other charges imposed on such payment. Should any such Taxes, withholdings or other charges be imposed on any such payment, the Borrower will pay them and remit to the Bank an amount equal to what should have been received had such a Tax, withholding or other charge not been imposed.

(b) Computation of Interest. All computations of interest shall be made by the Bank on the basis of a year of 360 days for the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable.

(c) Payment on Other Than a Business Day. Whenever any payment to be made under any other Loan Documents or under any instrument delivered thereunder shall be stated to be due on a day other than a Business Day such payment shall be made on the next succeeding Business Day, and such extension of time shall in such case be included in the computation of payment of interest.

Section 2.7. Interest on Overdue Amounts. In the event that any outstanding balance of principal, interest, fees or other

amounts due hereunder is not paid when due (whether by acceleration or otherwise) (a "Default Date") , the Borrower shall pay to the Bank, upon demand, interest on the entire principal amount then outstanding and, to the extent permitted by law, on such interest, fees and other amounts, from the Default Date until such past due principal, interest, fees or other amounts are paid in full, at a per annum rate equal to the Prime Rate plus three percent (the "Default Rate"), until paid in full.

Section 2.8. Evidence of Indebtedness. The Borrower's obligation to repay the Loan with interest thereon and all other sums due in connection therewith shall be evidenced by this Loan Agreement, the Promissory Note and the records of the Bank.

Section 2.9. Indemnity. The Borrower agrees to indemnify and hold the Bank harmless from and against the net cost to the Bank (as determined by the Bank, which determination shall be conclusive absent manifest error) of (i) any material adverse change in the basis of taxation by any government or taxing authority of payments of principal of or interest on the Note; and (ii) any reserve, capital, special deposit or similar requirements, taxes or other charges or any other requirements imposed or implemented by any government or governmental regulatory authority (whether or not having the force of law) after the date of this Loan Agreement on the Loan, the Promissory Note or any other agreement executed and/or delivered in connection herewith or any deposits or other funds acquired by the Bank to make the Loan, which requirements, taxes or charges have the effect of increasing the cost to the Bank of making and/or maintaining or continuing the Loan; provided, however, that the Bank shall use its efforts to minimize the effect of such events on the Borrower; and provided, further, that, if by the provisions of any Applicable Law, regulations or order, the payment or reimbursement of any such net cost cannot be legally made, then within thirty (30) days thereafter, the Borrower shall prepay the whole (but not a part) of the outstanding principal amount of the Loan, such prepayment to be accompanied by payment of all accrued but unpaid interest to the date of such prepayment and of all other amounts owing to the Bank pursuant to this Loan Agreement, the Promissory Note or any other agreement executed and/or delivered in connection herewith, whereupon the Bank's obligations to continue to make the Loan available shall forthwith terminate.

### ARTICLE III

#### CONDITIONS TO THE MAKING OF THE LOAN

Section 3.1. Conditions Precedent. The Bank's obligation to make the Loan shall be subject to its prior receipt of each of the following, in form and substance, and in the case of (a) and (b), certified, in a manner satisfactory to the Bank:

(a) A certificate of the Secretary or Assistant Secretary of the Borrower substantially in the form of Schedule 3.1(a) with respect to the officers of the Borrower authorized to execute and deliver this Loan Agreement and the other Loan Documents, to which shall be attached copies of the articles of incorporation, bylaws and resolutions referred to in such certificate.

(b) A good standing certificate with respect to the Borrower, issued as of a recent date by the Secretary of State of Illinois.

(c) Five (5) originally executed counterpart copies of this Loan Agreement.

(d) The Promissory Note, duly executed on behalf of the Borrower.

(e) (1) Copies of all insurance policies and endorsements thereto of the Borrower covering the Railcars showing that there exists adequate liability and casualty insurance coverage, including casualty insurance in an amount at all times equal to the greater of the full replacement cost of the Railcars or \$344,000; and (2) loss payable endorsements in favor of the Bank with respect to all casualty insurance.

(f) Four (4) originally signed copies of the opinion of Borrower's counsel, each dated the date hereof, in a form acceptable to the Bank.

(g) Copies of appropriate financing statements on Form UCC-1, duly executed by the Borrower and duly filed in such office or offices as may be necessary or, in the opinion of the Bank or its counsel, desirable to perfect the security interests granted hereunder.

(h) Certified true copies of the bill(s) of sale and other documents evidencing Borrower's good title to the Railcars and their value.

(i) Uniform Commercial Code lien searches of the financing statement records maintained by the Secretary of State of Illinois and the Clerk of the Circuit Court of Madison County, Illinois listing all filings of record against the Borrower, as well as tax, judgment and pending litigation searches in the same jurisdictions.

(j) The Guaranty, duly executed by the Guarantors.

(k) Four (4) originally signed copies of the opinion of the Guarantors' counsel, each dated the date hereof, in a form acceptable to the Bank.

(l) A search of the records of the Interstate Commerce Commission showing no Liens against the Railcars.

(m) A loan fee in the amount of

#### ARTICLE IV

#### SECURITY

In order to secure the prompt payment of the principal of, and interest on the Promissory Note (whether now or hereafter outstanding) and of all of the Borrower's other Obligations, including, without limitation, the Borrower's obligations to the Bank under the Loan Agreement, Chattel Mortgage and Security Agreement dated as of June 30, 1992 by and between the Bank and the Borrower and all loan documents executed in connection therewith, and the timely and faithful performance and observance by the Borrower of all of the agreements, covenants and provisions contained in this Loan Agreement, the Promissory Note and the Loan Documents:

Section 4.1. Collateral. The Borrower hereby grants, conveys, pledges, mortgages, assigns, transfers and sets over to the Bank, and does hereby grant the Bank a continuing, first priority security interest in and to, and chattel mortgage lien on, all of the Borrower's right, title and interest in and to the following collateral (the "Collateral"), to have and to hold all and every part of the Collateral unto the Bank, its successors and assigns, for its and their own use and benefit forever:

(a) the Railcars;

(b) all improvements, additions, modifications, accessions, equipment, appurtenances and parts appertaining or attached to the Railcars, whether now owned or hereafter acquired, (the Railcars and the equipment described in this subsection (b) herein being hereinafter sometimes collectively called the "Equipment Collateral");

(c) all proceeds, rentals, casualty value payments or proceeds, settlement payments and requisition compensation from the sale, loss or other disposition of the Equipment Collateral;

(d) all rights, claims and causes of action, if any, that the Borrower may have now or in the future against seller of the Railcars under the bill of sale or purchase and sale agreement for the Railcars or any manufacturer or rebuilder of the Equipment Collateral (or any component thereof) or any other party, by Contract or otherwise, in respect of any defect in the Equipment Collateral or any part thereof;

(e) all proceeds (cash and non-cash) thereof; and

(f) all books and records relating to any of the foregoing.

**Section 4.2. The Bank as Agent.** The Borrower hereby appoints the Bank, its successors and assigns, the true and lawful attorney of the Borrower, irrevocably and with full power of substitution, in the name of the Borrower or otherwise, (a) to demand, receive, compromise, sue for, and give acquittance for, any and all moneys and claims for money due and to become due with respect to the Collateral or otherwise arising out of this Article IV; (b) to endorse any checks or other instruments or orders in connection therewith; and (c) following a Default or an Event of Default and during the continuance thereof, to make all waivers and agreements and to file any claims or take any actions or institute any proceedings with respect thereto that the Bank may deem reasonably necessary or advisable.

Anything herein contained to the contrary notwithstanding, neither the Bank nor its nominee or assignee shall have any obligation or liability by reason of or arising out of this Article IV to make any inquiry as to the nature or sufficiency of, to present or file any claim with respect to, or to take any action to collect or enforce the payment of, any amount to which it may be entitled at any time or times by virtue of this Article IV.

**Section 4.3. Perfecting Interest in Collateral.** The Borrower shall, from time to time and at its sole cost and expense, promptly execute, acknowledge, witness, deliver, file and/or record, or procure the execution, acknowledgment, witnessing, delivery, filing and/or recording of, such documents or instruments, and shall take or cause to be taken such other actions, as the Bank may reasonably request for the perfection against the Borrower and all third parties whomsoever of the security interest created by this Article IV, of the rights and powers herein granted to the Bank and for the continuation and protection thereof and promptly give to the Bank evidence satisfactory to the Bank of such delivery and filing and/or recording. Without limiting the generality of the foregoing, the Borrower shall from time to time and at any time execute, acknowledge, witness and deliver such financing and continuation statements, notices and additional security agreements, make such notations on its records and take such other action as the Bank may reasonably request for the purpose of so perfecting, maintaining and protecting such security interest of the Bank, and shall cause this Loan Agreement and each such financing and continuation statement, notice and additional security agreement to be filed or recorded in such manner and in such places as may be required by Applicable Law and as the Bank may reasonably request for such purpose. The Borrower hereby authorizes the Bank to effect any filing or recording which the Bank has requested pursuant to this Section 4.3 without the signature of the Borrower to the extent permitted by Applicable Law. The costs and expenses of the Bank with respect to such actions shall be payable by the Borrower on demand with interest

thereon at the Default Rate from the date incurred until paid in full.

Section 4.4. Disclaimer by the Bank. The Bank makes no representations or warranties with respect to the Collateral or any part thereof. The Bank shall not be chargeable with any obligations or liabilities of the Borrower with respect to the Collateral. The Bank shall have no liability or obligation arising out of any claims, known or unknown, with respect to the Collateral.

Section 4.5. Release of Collateral. Upon the indefeasible payment in full of all sums due under the Promissory Note and discharge of all of the Borrower's Obligations, the Bank shall release, at the Borrower's sole cost and expense, any and all security delivered pursuant to this Loan Agreement and the other Loan Documents.

## ARTICLE V

### USE AND MAINTENANCE

Section 5.1. Use and Possession in Railroad Operations.  
(a) So long as no Default or Event of Default shall have occurred, the Borrower shall be entitled to the possession of the Railcars and to the use thereof upon the lines of railroad over which it has trackage or other operating rights or over which their railroad equipment is regularly operated pursuant to Contract, or upon connecting and other carriers' trackage in the usual interchange of traffic or pursuant to run-through or pooling arrangements, but only upon and subject to all the terms and conditions of this Loan Agreement. Notwithstanding the foregoing or any other provision hereof to the contrary, the Borrower shall neither assign or permit or suffer the assignment of any Railcar to service (including run-through services), nor locate or permit or suffer the location of any Railcar, outside the continental United States of America.

Section 5.2. Marking of Railcars. The Borrower shall, at its sole cost and expense, cause the Railcars to be kept numbered with the identifying road numbers set forth in Schedule 1 annexed hereto, or in the case of any item of equipment not there listed, such identifying number as shall be set forth in any amendment or supplement hereto extending this Loan Agreement to cover such equipment.

Section 5.3. Prohibition against Certain Designations. The Borrower will not allow the name of any Person other than the Borrower to be placed on any of the Railcars as a designation that might be interpreted as a claim of ownership.

Section 5.4. Registration of Equipment Collateral. The Borrower shall, at its sole cost and expense, register or cause to

be registered the Railcars and any substitute or replacement equipment in accordance with any and all applicable federal, state, and local registration requirements of the Association of American Railroads, the United States Department of Transportation, and the ICC.

Section 5.5. Rules, Laws and Regulations. The Borrower shall comply, in all respects (including, without limitation, with respect to the use, maintenance and operation of the Equipment Collateral), with all Applicable Laws, including all interchange rules of the Association of American Railroads and all rules and regulations of the United States Department of Transportation, the Federal Railroad Administration, and the ICC or any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Equipment Collateral. In case any equipment or appliance is required to be altered, added, replaced or modified on any Railcar in order to comply with such Applicable Laws, at its own expense, the Borrower agrees to make such alterations, additions, replacements and/or modifications and title thereto shall be immediately vested in the Borrower, free and clear of any liens or encumbrances other than the lien of the Bank; provided, however, that the Borrower may, in good faith, contest the validity or application of any such Law in any reasonable manner which does not, in the sole opinion of the Bank, adversely affect any of its rights hereunder or the Collateral.

## ARTICLE VI

### INSURANCE AND CASUALTY

Section 6.1. Insurance. The Borrower, at its sole cost and expense, will carry and maintain:

(i) all risks property insurance with respect to each Railcar in an amount equal to its Casualty Value, with a deductible not in excess of                      per Railcar and per occurrence;

(ii) comprehensive general public liability insurance with respect to third party personal, bodily injury including death, property damage, liability (including contractual liability and cross liability), in each case with deductibles not in excess of                      per occurrence and in such amounts of not less than                      per occurrence; and

(iii) insurance required under the Workers' Compensation Act for employee injury or death or occupational disease, and Workers' Compensation Insurance as required by law.

Each policy of insurance shall:

(a) be issued by one or more recognized, financially sound and responsible insurance companies approved by the Bank, which are qualified or authorized by the Applicable Laws of the states in which the Borrower does business to assume the risks covered by such policy, and rated "B+" or higher by A.M. Best Company Best's Insurance Guide and Key Ratings;

(b) with respect to the property insurance, have attached thereto standard non-contributing, non-reporting mortgagee clauses in favor of and entitling the Bank without contribution to collect any and all proceeds payable under such insurance;

(c) provide that the Bank shall be given at least thirty (30) days' prior written notice of the effective date of cancellation or material change in coverage;

(d) provide that insurance as to the interest of the Bank shall not be invalidated by any actions, inactions, breaches of warranty or conditions, or negligence of the Borrower, the Lessee; any other lessee or any permitted sublessee of any of the Railcars or any other Person with respect to each such policy and that any loss otherwise payable thereunder shall be payable notwithstanding any such actions, inactions, breaches or negligence of the Borrower, the Lessee any other lessee or any permitted sublessee of any of the Railcars or any other Person that might, absent such provision, result in a forfeiture of all or a part of such insurance payment, which insurance shall provide the insurer's waiver of its right of subrogation, set-off or counterclaim or any other deduction, whether by attachment or otherwise, in respect of any liability against the Borrower and provide that there is no recourse against the Bank or any assignee for payment of premium, commissions, direct calls, assessments or advances;

(e) be in amounts not less than and insure against such risks so as to be no less protective than the insurance, if any, maintained by the Borrower, with respect to similar equipment which it owns or leases;

(f) be consistent with prudent railroad industry practice and otherwise be in form and content satisfactory to the Bank; and

(g) insure against such further risks as the Bank may reasonably specify from time to time.

The Borrower shall furnish the Bank with certificates or other evidence satisfactory to it of the maintenance of the insurances so required.

The Borrower shall immediately notify the Bank of any cancellation, alteration or non-renewal of any of such insurance policies. The Borrower shall promptly pay, or cause to be paid, all premiums when due on such insurance and, not less than thirty

(30) days prior to the expiration date of each such policy or policies, the Borrower shall deliver, or cause to be delivered, to the Bank a renewal policy or policies marked "premium paid" or accompanied by other evidence of payment satisfactory to the Bank. No policy of insurance shall be written such that the proceeds thereof will produce less than the minimum coverage required by this Section by reason of co-insurance provisions or otherwise. The Bank shall not, because of accepting, rejecting, approving or obtaining insurance, incur any liability for (1) the existence, non-existence, form or legal sufficiency thereof, (2) the solvency of any insurer, or (3) the payment of losses.

If the Borrower fails to maintain the insurance required by this Section 6.1, the Bank may procure such insurance (but is not obligated to do so) and the cost of such insurance shall be secured hereby and will be payable to the Bank on demand with interest at the Default Rate from the date incurred until paid in full. The Borrower agrees that the proceeds of all such insurance, if any loss should occur, shall be applied in accordance with Section 2.5(b) to the extent applicable and otherwise to the payment of any or all of the obligations hereby secured or to the cost, in whole or in part, of the repair, restoration and replacement of the property damaged or destroyed (without obligation to see that the funds are so applied), as the Bank may elect or direct in its sole discretion. The Bank shall have the right, in the Borrower's name or in its own name, to file claims under any insurance policies, to receive, receipt and give acquittance for any payments that may be made thereunder, and to execute any and all endorsements, receipts, releases, assignments, reassignments or other documents as may be necessary to effect the collection, compromise or settlement of any claims under any such insurance policies.

Section 6.2. Duty of Borrower to Notify Bank of a Casualty Occurrence, Modification Termination or Abatement. In the event (a) of the loss or theft of any Railcar, (b) of the actual or constructive total loss of any Railcar, (c) of the destruction of any Railcar or damage thereto to such extent as shall make repair thereof uneconomical or shall render the Railcar permanently unfit for normal use for any reason whatsoever, (d) any Railcar shall be worn out, (e) title to or use of any Railcar shall be requisitioned or taken by any Governmental Authority under the power of eminent domain or otherwise, or (f) the use of any Railcar in the normal course of interstate rail transportation shall have been prohibited as a result of any rule, regulation, order or other action by a United States Governmental Authority for a continuous period (any such occurrence being hereinafter called a "Casualty Occurrence"), the Borrower shall promptly, and in any event within thirty (30) days after the occurrence thereof, notify the Bank of such Casualty Occurrence and shall pay to the Bank, in accordance with the terms of Section 6.3 hereof, the Casualty Value thereof.

Section 6.3. Sum Payable As a Result of a Casualty Occurrence. The Borrower shall pay to the Bank, on the Payment Date, a sum equal to the casualty value of such Railcar(s) sustaining a Casualty Occurrence. The Borrower shall, pending its payment to the Bank of said Casualty Value, continue to pay to the Bank, at the times and in the amounts specified in the Promissory Note, all installment payments due from time to time due thereunder.

## ARTICLE VII

### REPRESENTATIONS AND WARRANTIES

In order to induce the Bank to enter into this Loan Agreement and to make the Loan, the Borrower hereby represents and warrants that as of the date hereof:

Section 7.1. Organization; Power; Qualification. It is a corporation duly organized, validly existing and in good standing under the laws of the State of Illinois; has the full power and authority to own its properties and to carry on its business as now being and hereafter proposed to be conducted; and is duly qualified and is in good standing as a foreign corporation, and authorized to do business, in all jurisdictions in which the character of its properties or the nature of its business requires such qualification or authorization.

Section 7.2. Authorization of and Compliance with this Loan Agreement, Other Loan Documents and Borrowing. It has the full power,, and has taken all necessary corporate (including stockholder, if necessary) action to authorize it to execute, deliver and perform this Loan Agreement and the other Loan Documents in accordance with their respective terms and to borrow hereunder the amount of the Loan. This Loan Agreement and the other Loan Documents have been duly executed and constitute legal, valid and binding agreements of the Borrower, enforceable against the Borrower in accordance with the terms thereof. The execution, delivery and performance of this Loan Agreement and the other Loan Documents in accordance with their respective terms, and the borrowing hereunder, do not and will not (a) require (i) any consent or approval of the stockholders or holders of any indebtedness of the Borrower, or (ii) any Governmental Approval that has not been obtained and is not listed on, and a copy (certified in the case of Governmental Approvals) of which is not attached to, Schedule 7.2; (b) violate or conflict with, result in a breach of, or constitute a default under, (i) any Contract to which the Borrower is a party or by which the Borrower or its properties may be bound or affected, or (ii) any Applicable Law, the failure to comply with which would have a Materially Adverse Effect upon the Borrower or upon its assets; or (c) result in or require the creation of any Lien upon any assets of the Borrower other than Permitted Liens.

Section 7.3. Litigation. Except as set forth in Schedule 7.3, there are not, in any court or before any arbitrator of any kind or before or by any Governmental Authority or non-Governmental Authority, any actions, suits or proceedings pending, or, to the knowledge of the Borrower, threatened (nor, to the knowledge of the Borrower, is there any basis therefor probable of assertion) against or in any other way relating to or affecting (a) the Collateral, or (b) this Loan Agreement or any of the other Loan Documents.

Section 7.4. No Conflicting Agreements. The execution, delivery or performance of the terms of this Loan Agreement or of any of the other Loan Documents executed and delivered by the Borrower will not violate, conflict with, be prevented by, result in a breach of or constitute a default under any (a) agreement of any kind among the stockholders of the Borrower, (b) provision of the articles of incorporation or bylaws of the Borrower, (c) provision of any existing mortgage, deed of trust, Contract, lease, security agreement, indenture or other agreement binding on the Borrower or affecting any of its property, or (d) Applicable Law, order of court or directive of any other Governmental Authority binding upon the Borrower.

Section 7.5. Taxes. It has filed all required federal, state and local tax returns and has paid all Taxes as such Taxes have become due, prior to the date on which penalties attach thereto unless and to the extent only that (a) the Taxes are currently being contested in good faith, by appropriate and diligent legal proceedings, and (b) adequate reserves therefor have been established by the Borrower for the payment thereof as required under GAAP.

Section 7.6. No Adverse Fact. No fact or circumstance is known to the Borrower, which, either alone or in conjunction with all other such facts and circumstances known to the Borrower, has had or might in the future have (so far as the Borrower can foresee) a Materially Adverse Effect upon the Borrower's performance of its obligations under this Loan Agreement or the other Loan Documents or upon the Collateral.

Section 7.7. No Default, etc. No Default or Event of Default has occurred and is continuing. The Borrower is not in default of the material terms of any material agreement or instrument, or of any order, injunction or decree of any court or Governmental Authority, binding upon it or to which it is a party which would either directly or indirectly impair or otherwise affect the Bank's security interest in, and rights with respect to, the Collateral or have a Material Adverse Effect on its ability to perform its obligations hereunder.

Section 7.8. Financial Condition. The financial statements of the Borrower most recently submitted to the Bank are true, complete and correct in all material respects and, in the opinion of

the Borrower, fairly and accurately present the financial condition of the Borrower as of the dates thereof and for the periods referred to therein and have been prepared in accordance with GAAP throughout the periods involved. There are no material liabilities, direct or indirect, fixed or contingent, of the Borrower except as reflected in such financial statements or in the notes thereto. There has been no material adverse change in the financial condition or operations of the Borrower since the date of such financial statements (and to the Borrower's knowledge, no such material adverse change is pending, threatened or contemplated), and the Borrower has not guaranteed the obligations of, or made any investments in or advances to, any Person except as disclosed in such financial statements.

Section 7.9. Full Disclosure. The financial statements referred to in Section 7.8 do not, nor does this Loan Agreement, nor do any written statements furnished by the Borrower to the Bank in connection with the making of the Loan, contain any untrue statement of fact or omit a fact necessary to make the statements contained therein or herein not materially misleading. There is no fact that the Borrower has not disclosed to the Bank in writing that materially affects, or will or could prove to materially affect, the Borrower's assets or the business, prospects, profits or condition (financial or otherwise) of the Borrower or the ability of the Borrower to perform its obligations hereunder or under any of the other Loan Documents.

Section 7.10. Regulatory Approvals. All Governmental Approvals necessary for the execution, delivery and performance of this Loan Agreement and each of the other Loan Documents have been obtained and remain in full force and effect.

Section 7.11. Collateral. Except for the lien in favor of the Bank, the Borrower has good and marketable title to the Collateral, free and clear of any and all Liens other than Permitted Liens. The purchase price paid by the Borrower for the Collateral was equal to its then fair market value.

Section 7.12. Principal Place of Business; Location of Books and Records. The principal place of business and chief executive office of the Borrower is at One Mark Twain Plaza, Suite 225, Edwardsville, Illinois 62025-1959. The books and records of the Borrower are located at such address and are not subject to the control of any Person other than the Borrower and its employees for the purposes of administration, servicing, collection or otherwise, nor does any other Person have any interest therein.

Section 7.13. Nature of Loan; Usury. The Borrower is a business or commercial organization, and the Loan is being made solely for the purpose of carrying on its business. The rate of interest charged on the Loan does not and will not violate any usury law or interest rate limitation.

Section 7.14. ERISA. With respect to any "pension plan" as defined in Section 3(2) of ERISA, no plan is now or previously has been maintained or contributed to by, (a) the Borrower, (b) any member of a "controlled group" of corporations (as defined in Section 414(b) of the Code) that includes the Borrower, (c) any trade or business (whether or not incorporated) that is under "common control" (as defined in Section 414(c) of the Code) with the Borrower, (d) any organization (whether or not incorporated) which is a member of an "affiliated service group" (as defined in Section 414(m) of the Code) that includes the Borrower, or (e) any other entity required to be aggregated with the Borrower pursuant to the regulations under Section 414(o) of the Code (hereinafter, an entity referred to in (b) , (c) , (d) and/or (e) is referred to as a "Commonly Controlled Entity").

Section 7.15. No Other Agreements. There is no other agreement, oral or written, between the Borrower and any other Person (other than Cargill, Inc.), with respect to the use of the Railcars.

Section 7.16. Parsons Guaranty. The Guaranty is in full force and effect, and is enforceable against the Guarantors in accordance with the terms thereof, except as such enforceability may be limited by applicable bankruptcy, insolvency, moratorium or other similar laws affecting the rights of creditors generally. To the best of their knowledge, the Guarantors are in compliance with the terms of the Guaranty and the Guarantors have no defenses, offsets or counterclaims which it could assert as a bar to payment or performance of any of their obligations thereunder.

Section 7.17. Recitals. The Recitals to this Loan Agreement are true and accurate in each and every respect and are all incorporated by reference herein.

## ARTICLE VIII

### AFFIRMATIVE COVENANTS

The Borrower covenants and agrees that so long as any of the obligations remains outstanding, the Borrower shall:

Section 8.1. Valid Existence. Maintain at all times its valid corporate existence in the State of Illinois and shall qualify or register to do business as a foreign corporation in each jurisdiction in which the character of the property owned by it or in which the transaction of its business makes such qualification necessary.

Section 8.2. Payment of Taxes and Claims. Pay or discharge when due all Taxes and all claims which might become a Lien on the Equipment Collateral as the same become due prior to the date on which penalties attach thereto, except for any such Taxes and

claims which the Borrower is contesting in good faith, by appropriate and diligent legal proceedings and with respect to which the Borrower has established adequate reserves in accordance with GAAP.

Section 8.3. Visits and Inspections. Permit representatives (whether or not officers or employees) of the Bank, from time to time, as often as may be reasonably requested to (a) visit and inspect the Equipment Collateral wherever the same may be located and all books, logs and records related thereto, (b) make extracts from such books, logs and records, and (c) discuss with its principal officers and its independent agents any questions that the Bank may have with respect to the same.

Section 8.4. Encumbrances. Immediately pay or discharge any and all sums claimed by any party from, through or under the Borrower which, if unpaid, might become a Lien on or with respect to the Collateral or any unit thereof, and will promptly discharge any such Lien or other Lien which arises, attaches to, or affects the Collateral, except for Permitted Liens and any such claims or Liens which Borrower is contesting in good faith by appropriate legal proceedings so long as the Borrower's participation in such proceedings shall operate to prevent the collection of such claim or enforcement of such Lien or any material risk thereof or of any seizure, forfeiture or other loss of possession or rights in any of the Collateral and Borrower has given Bank such additional collateral as Bank reasonably demands as security for the Obligations, taking into account the circumstances affecting the Collateral that is subject to such claim or Lien.

Section 8.5. Compliance with AAR Regulations, etc. Comply with the rules and regulations of the Association of American Railroads and any successor organization thereof, the United States Department of Transportation, the Federal Railroad Administration and the ICC, as they relate to or affect the Equipment Collateral.

Section 8.6. Preservation of Licenses. Preserve and maintain all of its other franchises, licenses, rights and privileges, the absence of which would have a Materially Adverse Effect on the financial condition or business operations of the Borrower or on the value or use of the Borrower's assets.

Section 8.7. Books and Records. (a) Keep and maintain accurate books and records in accordance with GAAP, (b) unless the Bank shall otherwise consent in writing, keep and maintain all such books and records only at the address of the Borrower listed above and only in appropriate containers in safe places, and (c) so long as the Bank has given the Borrower twenty-four (24) hours advance notice thereof, permit any Person designated by the Bank to enter its premises and examine, audit and inspect the books and records at any reasonable time and from time to time without notice.

Section 8.8. ERISA. (a) With respect to any "pension plan" that the Borrower and/or any Commonly Controlled Entity maintains or contributes to, either now or in the future: (1) maintain such bonding for the Borrower and its employees and agents and every fiduciary of the "pension plan" and every Person who handles "pension plan" monies as is required under Section 412 of ERISA; and (2) deliver to the Bank, as soon as practicable and in any event within fifteen (15) days after the Borrower or any Commonly Controlled Entity knows or has reason to know that a "reportable event" has occurred or is likely to occur, a certificate signed by the Borrower's principal financial officer setting forth the details of such "reportable event"; and (b) upon the Bank's request, deliver to the Bank a copy of the most recent actuarial report, financial statements and annual report completed with respect to any "defined benefit plan," as defined in Section 3(35) of ERISA, or any "defined contribution plan," as defined in Section 3(34) of ERISA.

Section 8.9. Environmental Covenants.

(a) Notice. Immediately notify the Bank if the Borrower (1) generates, produces, manufactures, processes, refines, handles, transfers, transports, treats, stores, recycles or disposes of Hazardous Substances; (2) receives notice from any Person that it is a potentially responsible party under CERCLA or is potentially liable under any of the other Environmental Laws; (3) receives notice from any Person of any claim, proceeding, litigation, order, directive, or request for information regarding environmental matters; (4) receives notice from any Person of any alleged violation of any of the Environmental Laws; or (5) receives any information concerning any potentially adverse environmental condition, including, but not limited to, any Contamination, for which the Borrower may be liable in whole or in part.

(b) Hazardous Substances. Conduct its business in compliance with the Environmental Laws and shall use its best efforts to not generate, treat, produce, store, handle, transfer, process, transport, dispose, recycle or otherwise release Hazardous Substances if by doing so the Borrower (1) creates or causes a Contamination, (2) incurs any form of liability, direct or indirect, or (3) contravenes or violates any of the Environmental Laws.

Section 8.10. Taxes. Pay all Taxes in connection with the issuance, sale or delivery of the Promissory Note and the execution and delivery of this Loan Agreement and the other Loan Documents and the transactions contemplated thereby and will save the Bank harmless, without limitation as to time, against any and all liabilities with respect to all such Taxes. The Borrower will also pay all other Taxes that may be levied on the Promissory Note or interest thereon, except any income tax imposed under the laws of the United States of America or other Governmental Authority, and will save the Bank harmless, without respect to all such Taxes The

obligations of the Borrower under this Section 8.10 shall survive the payment or prepayment of the Promissory Note and the termination of this Loan Agreement.

## ARTICLE IX

### NEGATIVE COVENANTS

The Borrower shall not, without the prior written consent of the Bank, directly or indirectly:

Section 9.1. Sale of Collateral. Sell, lease, sublease, or otherwise transfer or dispose of any of the Collateral. Any consent of the Bank to the disposition of the Collateral may be conditioned on a specified use of the proceeds of disposition.

Section 9.2. Merger or Acquisition. Alter or amend its capital structure, dissolve, merge or consolidate with or into any other Person, or acquire any interest in, or a substantial portion of, the assets or obligations of any other Person.

Section 9.3. Line of Business. Enter into any lines or areas of business substantially different from the business activities in which it is presently engaged.

Section 9.4. ERISA Compliance. Permit any Commonly Controlled Entity, (a) with respect to any "pension plan" that the Borrower and/or any Commonly Controlled Entity maintains or contributes to, either now or in the future, (1) engage in or permit to occur any "prohibited transaction" (as defined in Section 406 or Section 203 (a) of ERISA or Section 4975 of the Code), (2) incur any "accumulated funding deficiency" whether or not waived, or (3) terminate any pension plan in a manner that could result in the imposition of a lien on the property of the Borrower pursuant to Section 4068 of ERISA; and (b) with respect to any "multi-employer plan" that the Borrower and/or any Commonly Controlled Entity maintains or contributes to, either now or in the future, (4) terminate or consent to the termination of any multi-employer plan, (5) incur a complete or partial withdrawal from any multi-employer plan within the meaning of Sections 4203 and 4205 of ERISA, or (6) fail to notify the Bank within fifteen (15) days after receiving notice that any multi-employer plan has been or will be placed in "reorganization."

## ARTICLE X

### FINANCIAL INFORMATION; NOTICES

Until such time as all of the obligations have been paid in full, the Borrower shall furnish to the Bank, at the Borrower's sole cost and expense:

Section 10.1. Quarterly Financial Statements. Within sixty (60) days after the close of each quarterly accounting period in each fiscal year of the Borrower, the internally prepared balance sheets of the Borrower as at the end of such quarterly period and the related statements of income, retained earnings and changes in financial position of the Borrower for the elapsed portion of the fiscal year ended with the last day of such quarterly period and setting forth after the end of the first fiscal year of the Borrower, in each case in comparative form the figures for the corresponding quarter of the previous fiscal year, each of which shall be accompanied by a certificate of the president or chief financial officer of the Borrower in the form of Schedule 10.1, all in reasonable detail, prepared in accordance with GAAP, certified by the principal financial officer of the Borrower and satisfactory to the Bank.

Section 10.2. Year-End Financial Statements. Within one hundred twenty (120) days after the end of each fiscal year of the Borrower, the unqualified, balance sheets of the Borrower as at the end of such fiscal year and the related statements of income, retained earnings and changes in financial position of the Borrower for such fiscal year, and, on and after the end of the second fiscal year of the Borrower, setting forth, in comparative form the figures as at the end of and for the previous fiscal year, in each case in reasonable detail, internally prepared in accordance with GAAP.

Section 10.3. Additional Materials. From time to time and promptly upon request of the Bank, such data, certificates, reports, statements, documents or further information regarding this Loan Agreement, any of the other Loan Documents, the Guaranty, the Guarantors and/or the Railcars, in each case in form and substance and certified in a manner satisfactory to the Bank.

Section 10.4. Notice of Defaults. Notify the Bank promptly in writing of any Default or Event of Default.

Section 10.5. Notice of Litigation. Give prompt notice to the Bank in writing, with a full description, of all litigation and of all proceedings before any court or any Governmental Authority that, might materially affect the conduct of the business of the Borrower, the financial condition of the Borrower, the Collateral or the performance by the Borrower of its obligations under the Loan Documents.

Section 10.6. Governmental Regulation General. The Borrower shall promptly notify the Bank in the event that the Borrower receives any notice, claim or demand from any Governmental Authority which alleges that the Borrower is in violation of any of the terms of, or has failed to comply with, any applicable order issued pursuant to any Applicable Law which might in any way affect

the Borrower's title to, or use and operation of, the Collateral or any of the Bank's rights hereunder or under any of the other Loan Documents or which might otherwise affect in any material way the operation of the Borrower's business, including, but not limited to, the occupational Safety and Health Act and the Environmental Protection Act.

## ARTICLE XI

### DEFAULT

Each of the following shall constitute an event of default (an "Event of Default") hereunder, whatever the reason for such event and whether it shall be voluntary or involuntary, or within or without the control of the Borrower or be effected by operation of law or pursuant to any judgment or order of any court or any order, rule or regulation of any Governmental Authority or nonGovernmental Authority:

Section 11.1. Failure to Pay. The Borrower shall fail to pay when due (whether at maturity, by acceleration or otherwise) any of the obligations, including, but not limited to, the principal of, breakage fees, if any, or interest on, the Promissory Note.

Section 11.2. Breach of Representations and Warranties. Any representation or warranty made herein or in any report, certificate, opinion (including any opinion of counsel for the Borrower), financial statement or other instrument furnished in connection with the Obligations or with the execution and delivery of any of the Loan Documents, shall prove to have been false or misleading in any material respect when made or shall omit any fact necessary not to make any such report, certificate, opinion, financial statement or other instrument not materially misleading.

Section 11.3. Failure to Comply with Covenants. The Borrower shall fail to duly observe and perform:

(a) any term, covenant, condition or agreement contained in Sections 2.5(b), 4.3, 5.1 through 5.5 inclusive, 5.1, 6.3, 8.1, 8.2, 8.4, 8.5, 8.8, 8.9(b), 8.10 and Article IX inclusive; and

(b) any term, covenant, condition or agreement contained in this Loan Agreement or in any of the other Loan Documents (other than a term, covenant, condition or agreement a default in the performance or observance of which is elsewhere in this Article specifically dealt with) and in the case of any such default that is curable by the Borrower, such default shall continue unremedied for a period of thirty (30) days.

Section 11.4. Bankruptcy.

(a) The Borrower shall (1) commence a voluntary case under the federal bankruptcy laws (as now or hereafter in effect),

(2) file a petition seeking to take advantage of any other laws, domestic or foreign, relating to bankruptcy, insolvency, reorganization, winding up or composition or adjustment of debts, (3) consent to or fail to contest in a timely and appropriate manner any petition filed against it in an involuntary case under such bankruptcy laws or other laws, (4) apply for, or consent to, or fail to contest in a timely and appropriate manner, the appointment of, or the taking of possession by, a receiver, custodian, trustee or liquidator of itself or of a substantial part of its assets, domestic or foreign, (5) admit in writing its inability to pay, or not be paying, its debts (other than those that are the subject of a bona fide dispute) as they become due, (6) make a general assignment for the benefit of creditors, or (7) take any corporate action for the purpose of effecting any of the foregoing; or

(b) A case or other proceeding shall be commenced against the Borrower in any court of competent jurisdiction seeking (1) relief under the federal bankruptcy laws (as now or hereafter in effect) or under any other laws, domestic or foreign, relating to bankruptcy, insolvency, reorganization, winding up or adjustment of debts, or (2) the appointment of a trustee, receiver, custodian, liquidator or the like of the Borrower or of all or any substantial part of the assets, domestic or foreign, of the Borrower, or (3) an order granting the relief requested in such case or proceeding against the Borrower (including, but not limited to, an order for relief under such federal bankruptcy laws) shall be entered.

Section 11.5. Default Under Other Loan Documents. A default or an Event of Default (as defined therein) shall occur under any of the other Loan Documents and all grace periods with respect thereto shall have expired.

Section 11.6. Judgment; attachment. A judgment is entered or an attachment is levied against the Collateral and remains either unsatisfied or not fully bonded for a period of fifteen (15) days thereafter.

Section 11.7. Mechanics Liens. A lien for the performance of work or the supply of materials is filed against any of the Collateral and remains either unsatisfied or not fully bonded for a period of fifteen (15) days after the creation thereof.

Section 11.8. Prospects for Payment Impaired. The Bank shall determine in good faith that its prospects for payment of the Promissory Note or any of the other Obligations are impaired for any reason.

Section 11.9. Default Under the Parsons Guaranty. A Default (as defined therein) shall have occurred under the Parsons Guaranty.

Section 11.10. Bankruptcy of the Guarantors.

(a) Either or both of the Guarantors shall (1) commence a voluntary case under the federal bankruptcy laws (as now or hereafter in effect), (2) file a petition seeking to take advantage of any other laws, domestic or foreign, relating to bankruptcy, insolvency, reorganization, winding up or composition or adjustment of debts, (3) consent to or fail to contest in a timely and appropriate manner any petition filed against either or both of them in an involuntary case under such bankruptcy laws or other laws, (4) apply for, or consent to, or fail to contest in a timely and appropriate manner, the appointment of, or the taking of possession by, a receiver, custodian, trustee or liquidator of a substantial part of either or both of their respective assets, domestic or foreign, (5) admit in writing their inability to pay, or not be paying, its debts (other than those that are the subject of a bona fide dispute) as they become due, (6) make a general assignment for the benefit of creditors, or (7) take any corporate action for the purpose of effecting any of the foregoing; or

(b) A case or other proceeding shall be commenced against either or both of them in any court of competent jurisdiction seeking (1) relief under the federal bankruptcy laws (as now or hereafter in effect) or under any other laws, domestic or foreign, relating to bankruptcy, insolvency, reorganization, winding up or adjustment of debts, or (2) the appointment of a trustee, receiver, custodian, liquidator or the like of any substantial part of their respective assets, domestic or foreign, or (3) an order granting the relief requested in such case or proceeding against either or both of them (including, but not limited to, an order for relief under such federal bankruptcy laws) shall be entered.

Section 11.11. Default Under 1992 Loan. A default or an Event of Default (as defined therein) shall occur under the Loan Agreement, Chattel Mortgage and Security Agreement dated as of June 30, 1992 by and between the Bank and the Borrower.

ARTICLE XII

REMEDIES

Section 12.1. Acceleration. Upon the occurrence of an Event of Default (whether or not declared to be such by the Bank) , and in every such event and at any time thereafter, the Bank may declare the Obligations to be immediately due and payable, both as to principal and interest, without presentment, demand, protest, or any notice of any kind, all of which are hereby expressly waived by the Borrower, anything contained herein or in any of the other Loan Documents to the contrary notwithstanding.

Section 12.2. Additional Rights and Remedies. Upon the occurrence of an Event of Default (whether or not declared to be

such by the Bank), and in every such event and at any time thereafter, the Bank shall have all of the rights and remedies of a secured party under 49 U.S.C. §11303 and, to the extent applicable, the UCC as in effect from time to time and may at the Borrower's sole cost and expense, in addition to all other rights and remedies provided hereunder or under the other Loan Documents or as shall exist at law or in equity from time to time, without notice to the Borrower:

(a) institute legal proceedings to recover judgment for all amounts then due and owing hereunder or under the Promissory Note, and to collect the same; and/or

(b) institute legal proceedings for the foreclosure and sale, under the judgment or decree of any court of competent jurisdiction, of the Collateral; and/or

(c) institute legal proceedings for the appointment of a receiver or receivers pending foreclosure and sale of the Collateral under the order of a court of competent jurisdiction or under other legal process; and/or

(d) personally, or by agents or attorneys, enter into and upon any premises wherein the Collateral or any part thereof, may then be located, and take possession of all or any part thereof with or without process of law and without being responsible for loss or damage, or render it unusable, and, without being responsible for loss or damage, hold, store and keep idle, or operate, lease or otherwise use or permit the use of the same or any part thereof for such time and upon such terms as the Bank may determine, in a commercially reasonable manner; and/or

(e) personally, or by agents or attorneys, sell or dispose of all or any part of the same, free from any and all claims of the Borrower or of any other party claiming by, through or under the Borrower at law, in equity or otherwise, at one or more public or private sales, in such place or places, at such time or times and upon such terms as the Bank may determine, in a commercially reasonable manner with or without any previous demand on or notice to the Borrower or advertisement of any such sale or other disposal, except that the Bank shall provide the Borrower with the notice required by Section 12.4; and for the aforesaid purposes, all other notices of sale, advertisement and demand and any right or equity of redemption otherwise required by, or available to the Borrower under, Applicable Law are hereby waived by the Borrower to the fullest extent permitted by Applicable Law; the power of sale hereunder shall not be exhausted by one or more sales, and the Bank may from time to time adjourn any sale to be made hereunder; and/or

(f) demand, collect, and retain all rents, earnings and all other sums due and to become due from any party whomsoever, accounting only for net earnings arising after charging against all

receipts from the use and hire of or sale of the Collateral, all costs and expenses of, and damages or losses by reason of, such use and hire or sale; and/or

(g) if and to the extent the Event of Default results from a breach by the Borrower of any representation, warranty or covenant of the Borrower contained herein, institute legal proceedings against the Borrower to enforce performance of the applicable covenant of the Borrower or to recover damages for the breach of any such representation, warranty or covenant; and/or

(h) remove from the Borrower's places of business all books, records, ledger sheets, correspondence, invoices and documents, relating to or evidencing any of the Collateral; and/or

(i) make such use of the Borrower's places of business as may be reasonably necessary to administer, control and collect the Collateral; and/or

(j) require the Borrower to assemble the Collateral and make it available to the Bank, at a place designated by the Bank; and/or

(k) offset and apply to all or any part of the Obligations all monies, securities and other funds on deposit in the Collateral Account or constituting proceeds of the Collateral, both now or at any time hereafter in the possession of, in transit to or from, under the control or custody of, the Bank.

Section 12.3. Power of Attorney. The Borrower hereby appoints the Bank as its attorney-in-fact to accomplish any of the rights and remedies set forth in Section 12.2, in the name of the Borrower, the Bank, or the Bank's designees as the Bank may from time to time elect, said appointment being coupled with an interest and being irrevocable. The Borrower hereby ratifies and approves all acts of the Bank as its attorney-in-fact and will not hold the Bank liable for any acts of commission or omission (other than for the Bank's own gross negligence or willful misconduct) nor for any error of judgment or mistake of fact or law.

Section 12.4. Sale Notice, Expenses and Proceeds. Any written notice of the sale, disposition or other intended action by the Bank with respect to the Collateral that is sent by regular mail, postage prepaid, to the Borrower at the address set forth in Article XIV, or such other address of the Borrower that may from time to time be shown on the Bank's records, at least five (5) days' prior to such sale, disposition or other action, shall constitute reasonable notice to the Borrower. The Borrower shall pay on demand all costs and expenses, including, without limitation, attorneys' fees and expenses, incurred by or on behalf of the Bank in preparing for sale or other disposition, selling, managing, collecting or otherwise disposing of, the Collateral. All of such costs and expenses (the "Liquidation Costs") together with interest

thereon from the date incurred until paid in full at the Default Rate, shall be paid by the Borrower to the Bank on demand and shall constitute and become a part of the Obligations. Any proceeds of sale or other disposition of the Collateral will be applied by the Bank to the payment of the Liquidation Costs, and any balance of such proceeds will be applied by the Bank to the payment of the balance of the Obligations in such order and manner of application as the Bank may from time to time in its sole discretion determine. After such application of the proceeds, any surplus shall be paid to the Borrower or to any other party entitled thereto, and the Borrower shall be and remain liable to the Bank in the event any deficiency remains.

Section 12.5. Right to Purchase Collateral. At any sale pursuant to this Article, the Bank or its agent may, to the extent permitted by Applicable Law, bid for and, if the Bank is the highest bidder, purchase the Collateral offered for sale, may credit the unpaid balance of the Obligations against the purchase price and, upon compliance in full with the terms of such sale, may hold, retain and dispose of such property without further accountability therefor to the Borrower or any other party.

Section 12.6. Waiver by Borrower. To the fullest extent that it may lawfully so agree, the Borrower shall not at any time insist upon, claim, plead, or take any benefit or advantage of, any appraisal, valuation, stay, extension, moratorium, redemption or any similar law now or hereafter in force in order to prevent, delay or hinder the enforcement of this Loan Agreement or the absolute sale of any part or all of the Collateral or the possession thereof by any purchaser at any sale pursuant to this Article. The Borrower, for itself and all who may claim by, through or under it, as far as it or they now or hereafter lawfully may so do, hereby waives the benefit of all such laws and all right to have the Collateral marshalled upon any foreclosure hereof, and agrees that any court having jurisdiction to foreclose under this Loan Agreement may order the sale of the Collateral as an entirety or in lots.

Section 12.7. Disclosures. The Bank may disclose to, and exchange and discuss with, any other Person (the Bank and each such other Person being hereby irrevocably authorized to do so) any information concerning the Borrower (whether received by the Bank or such Person in connection with or pursuant to this Loan Agreement or otherwise) for the purpose of protecting, preserving, exercising or enforcing any rights hereunder or under any of the other Loan Documents, or consulting with respect to any such rights or any rights of the Borrower, and the Bank may disclose to any Person any such information as may be required by Applicable Law or in accordance with the Bank's normal procedures.

Section 12.8. Cumulative Rights. Each right, power and remedy herein specifically granted to the Bank or otherwise available to it shall be cumulative, and shall be in addition to every

other right, power and remedy herein specifically given or now or hereafter existing at law, in equity or otherwise. Each right, power and remedy, whether specifically granted herein or otherwise existing, may be exercised, at any time and from time to time, as often and in such order as may be deemed expedient by the Bank in its sole and complete discretion. The exercise or commencement of exercise of any right, power or remedy shall not be construed as a waiver of the right to exercise, at the same time or thereafter, the same or any other right, power or remedy. No delay or omission by the Bank in exercising any such right or power, or in pursuing any such remedy, shall impair any such right, power or remedy or be construed to be a waiver of any default on the part of the Borrower or an acquiescence therein. No waiver by the Bank of any breach or default of or by the Borrower under this Loan Agreement shall be deemed to be a waiver of any other or similar, previous or subsequent breach or default.

### ARTICLE XIII

#### RETURN OF RAILCARS UPON DEFAULT

Section 13.1. Borrower's Duty to Return. If, following the occurrence of an Event of Default, the Bank requests the Borrower to assemble and return all Railcars to it, the Borrower shall forthwith deliver possession of the Railcars to the Bank. For the purpose of delivering possession of the Railcars to the Bank as above required, the Borrower shall at its own cost, expense and risk:

(a) forthwith and in the usual manner (including, but not by way of limitation, giving prompt telegraphic and written notice to the Association of American Railroads and all railroads to which any Railcar or Railcars have been interchanged to return the Railcar or Railcars so interchanged) place such Railcars upon such storage tracks in the continental United States of America as the Bank reasonably may designate, or, in the absence of such designation, as the Borrower may select;

(b) permit the Bank to store such Railcars on such tracks at the risk of the Borrower until such Units have been sold, leased or otherwise disposed of by the Bank (but in no event shall the Borrower have any obligation to store the Railcars on tracks owned by it (as opposed to tracks owned by others over which it has trackage or other operating rights) for longer than 180 days) and during such period of storage, the Borrower shall continue to maintain all insurance required by Section 6.1 and shall otherwise satisfy its obligations under Article IV hereof; provided, further, that the Borrower shall be and continue to remain liable for the costs of storing and insuring the Railcars, notwithstanding the removal thereof from the Borrower's storage tracks at the end of said 180-day period, until such Railcars are disposed of by the Bank; and

(c) cause any or all of the Railcars to be moved to such interchange point or points in the continental United States of America as shall be designated by the Bank upon any sale, lease or other disposal of such Railcars.

Section 13.2. Specific Performance. The assembling, delivery, storage and transporting of the Railcars as hereinbefore provided shall be at the expense and risk of the Borrower and are of the essence of this Loan Agreement, and upon application to any court of equity having jurisdiction in the premises the Bank shall be entitled to a decree against the Borrower requiring specific performance of the covenants of the Borrower so to assemble, deliver, store and transport the Railcars. During any storage period, the Borrower will permit the Bank or any person designated by it, including the authorized representative or representatives of any prospective purchaser of any such Railcar, to inspect the same; provided, however, that the Borrower shall not be liable, except in the case of negligence of the Borrower or of its employees or agents, for any injury to, or the death of, any person exercising, either on behalf of the Bank or any prospective purchaser, the rights of inspection granted under this sentence.

Section 13.3. Bank Appointed Borrower's Agent. Without in any way limiting the obligation of the Borrower under the foregoing provisions of this Article, the Borrower hereby irrevocably appoints the Bank as the agent and attorney of the Borrower, with full power and authority (which power is coupled with an interest), at any time while the Borrower is obligated to deliver possession of any Railcar to the Bank, to demand and take possession of such Railcar in the name and on behalf of the Borrower from whosoever shall be at the time in possession of such Railcar.

#### ARTICLE XIV

#### MISCELLANEOUS

Section 14.1. Indemnity for Misrepresentations or Breaches of Covenants. The Borrower hereby further covenants and agrees with the Bank that in any suit, proceeding or action brought or taken by the Bank under this Loan Agreement or any bill of sale relating to the Equipment Collateral, the Borrower will save, indemnify and keep the Bank harmless from and against all losses, damages, liabilities and expenses (including legal fees and expenses) suffered by the Bank as a result of any misrepresentation or any breach by the Borrower of any of its obligations hereunder.

Section 14.2. Regulatory Changes.

(a) If any Regulatory Change:

(1) shall subject the Bank to any Tax (other than a Tax on the overall net income or profits of the Bank), duty or

other charge determined by the Bank to be applicable to the Loan, to its obligation to make or maintain the Loan, or to this Loan Agreement or any of the other Loan Documents, or shall, in the determination of the Bank, change the basis of taxation of payments to the Bank of the principal of, premium, if any, or interest on the Loan or its obligation to maintain the Loan; or

(2) shall impose, increase, modify or deem applicable any reserve, special deposit, assessment, capital adequacy requirement or other requirement against assets of, deposits with or to the account of, credit extended by the Bank, or the Commitment, or shall impose on the Bank or on an relevant interbank market for United States Dollars, or the market for certificates of deposit, any condition; and the result of the foregoing, in the determination of the Bank, is (x) to reduce the amount of any sum received or receivable by such Bank with respect to any amounts loaned hereunder or return to be earned by the Bank on any amounts loaned hereunder, (y) to impose a cost on the Bank that is attributable to the maintaining of the Loan, or (z) to require the Bank to make any payment on or calculated by reference to the gross amount of any amount received by it hereunder or under the Promissory Note, then, within fifteen (15) days after request by the Bank, the Borrower shall pay to the Bank such additional amount or amounts as the Bank determines will compensate the Bank for such reduction, increased cost or payment. The Bank will promptly notify the Borrower of any Regulatory Change of which it has knowledge that will entitle the Bank to compensation pursuant to this Section 14.2, but the failure to give such notice shall not affect the Bank's right to such compensation.

(b) In making the determinations contemplated by this Section 14.2, the Bank may make such reasonable estimates, assumptions, allocations and the like that the Bank in good faith determines to be appropriate, but the Bank's selection thereof in accordance with this Section and the determinations made by the Bank on the basis thereof, shall be final, binding and conclusive upon the Borrower, except, in the case of such determinations, for manifest errors in computation or transmission. The Bank shall furnish to the Borrower upon request a certificate outlining in reasonable detail the computation of any amounts claimed by the Bank under this Section and the assumptions underlying such computations.

**Section 14.3. Liability of the Bank.** The Borrower hereby agrees that the Bank shall not be chargeable for any negligence, mistake, act or omission of any accountant, examiner, agency or attorney contracted for by the Bank in making examinations or investigations, or otherwise in perfecting, maintaining, protecting or realizing upon any security for the Obligations; provided, however, the Bank shall be liable for such negligence, mistake, act or omission if the Bank was negligent in engaging such accountant, examiner, agency or attorney on its behalf and relating to the Borrower.

Section 14.4. Notices. All notices and other communications under this Loan Agreement and the other Loan Documents, including but not limited to, materials delivered pursuant to Article X, shall (a) be in writing (which shall include communications by facsimile) , (b) be (i) sent by certified mail, postage prepaid, return-receipt requested, (ii) sent by prepaid facsimile, or (iii) delivered by hand, and (c) be given at the following respective addresses and/or facsimile numbers:

(i) if to the Borrower, at:

Southern Illinois Railcar Company  
One Mark Twain Plaza, Suite #225  
Edwardsville, IL 62025-1959  
Facsimile No.: (618) 656-2369  
Attention: Gary J. Goodman  
Chief Financial Officer

(ii) if to the Bank, at:

The First National Bank of Maryland  
Transportation Division  
25 S. Charles Street, 15th Floor  
Baltimore, Maryland 21201  
Facsimile No.: 301-244-4142  
Attention: Richard M. Folio

with a copy to:

Miles & Stockbridge,  
a Professional Corporation  
10 Light Street, 9th Floor  
Baltimore, Maryland 21202  
Attention: John A. Stalfort, Esq.

or at such other address, or facsimile number as the Bank or the Borrower may hereafter specify for the purpose in a notice to the other specifically captioned "Notice of Change of Address". Such notices and communications shall be effective or deemed delivered or furnished (i) if given by mail, on the third (3rd) Business Day after such communication is deposited in the U.S. mail, addressed as above provided, (ii) if given by facsimile, when such communication is transmitted to the appropriate number and the appropriate answer-back is received or receipt is otherwise acknowledged, and (iii) if given by hand delivery, when left at the address of the addressee addressed as above provided.

Section 14.5. Expenses. The Borrower will, on demand:

(a) pay or reimburse the Bank for all out-of-pocket costs and expenses, including legal fees and disbursements and fees and disbursements of other experts, incurred by the Bank in connection with (i) the preparation, execution and delivery of this Loan

Agreement, the other Loan Documents, and any amendment, modification or waiver hereof or thereof hereunder, (ii) the protection, preservation, exercise or enforcement of any of its rights hereunder, under the other Loan Documents, or any other document issued pursuant thereto or in connection therewith, and (iii) the defense of any claim referred to in clause (b)(i) below; and

(b) pay, and indemnify and hold the Bank harmless from and against (i) any losses in connection with any claim in any way arising out of, related to or connected with, this Loan Agreement, the Promissory Note, the other Loan Documents, or the Guaranty (except, in the case of any claim brought by the Borrower, to the extent such claim results in a final judgment in favor of the Borrower that the Bank had acted in bad faith) and (ii) all transfer, documentary stamp and similar taxes, and recording and filing fees, payable in respect of this Loan Agreement and the other Loan Documents. The Borrower's obligations under this Section shall survive the repayment in full of the Obligations.

Section 14.6. Waivers; Amendments. Any term, covenant, agreement or condition of this Loan Agreement or any of the other Loan Documents may be amended or waived, and any departure therefrom may be consented to, if, but only if, such amendment, waiver or consent is in writing and is signed by the Bank and, in the case of each amendment, is signed by the Borrower. Unless otherwise specified in such waiver or consent, a waiver or consent given hereunder shall be effective only in the specific instance and for the specific purpose for which given.

Section 14.7. Binding Agreement; Assignment. All the provisions of this Loan Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, except that the Borrower may not assign or transfer any of its rights or obligations under this Loan Agreement, and no such assignment or transfer of any such obligation shall relieve the Borrower thereof unless the Bank shall have consented to such release in a writing specifically referring to the obligation from which the Borrower is to be released.

Section 14.8. Severability of Provisions. Any provision of this Loan Agreement or any of the other Loan Documents which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or thereof or affecting the validity or enforceability of such provision in any other jurisdiction. To the extent permitted by Applicable Law, the Borrower hereby waives any provision of law which renders any provision hereof or thereof prohibited or unenforceable in any respect.

Section 14.9. Number; Gender. Whenever used herein, the singular number shall include the plural, the plural shall include

the singular, and the use of the masculine, feminine or neuter gender shall include all genders.

Section 14.10. Headings. The headings in this Loan Agreement are for convenience only and shall not limit or otherwise affect any of the terms hereof.

Section 14.11. Counterparts. This Loan Agreement and each of the other Loan Documents may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original and shall be binding upon all parties, their successors and assigns.

Section 14.12. Survival of Agreement. All covenants, agreements, representations and warranties made by the Borrower herein and in the Loan Documents and in any other certificates, instruments or documents delivered pursuant hereto shall survive the making by the Bank of the Loan and the execution and delivery of the Promissory Note, and shall continue in full force and effect so long as any of the obligations are outstanding and unpaid.

Section 14.13. Entire Agreement. This Loan Agreement and the other Loan Documents embody the entire agreement between the parties hereto and supersede all prior agreements, representations and understandings, if any, relating to the subject matter hereof.

Section 14.14. Governing Law. This Loan Agreement and the other Loan Documents shall be construed in accordance with and governed by the internal laws (as opposed to conflicts of law provisions) and decisions of the State of Maryland.

[SIGNATURES APPEAR ON THE FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties hereto have caused this Loan Agreement to be executed by their duly authorized officers, under seal, as of the day and year first written above.

ATTEST: SOUTHERN ILLINOIS RAILCAR COMPANY

[Signature]

By: [Signature] (SEAL)  
Fred L. Parsons,  
President

WITNESS: THE FIRST NATIONAL BANK OF MARYLAND

[Signature]

By: [Signature] (SEAL)  
Richard M. Folio,  
Assistant Vice President

STATE OF Illinois )  
COUNTY OF Madison ) ss:

On this 5th day of August, 1995, before me, a Notary Public of the City and State aforesaid, personally appeared Fred L. Parsons, to me personally known, who being by me duly sworn, says that he is the President of Southern Illinois Railcar Company, an Illinois corporation, that 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 he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

AS WITNESS my hand and notarial seal.

[Signature]  
Notary Public

My commission expires:





Schedule I

Fifty (50), 60 foot, 70 ton boxcars, bearing the following reporting marks:

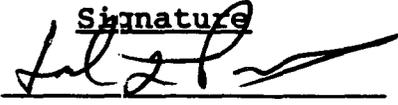
CR 274044  
CR 274055  
CR 274087  
CR 274098  
CR 274101  
CR 274194  
CR 274279  
CR 274303  
CR 274371  
CR 274388  
CR 274390  
CR 274556  
CR 274599  
CR 274651  
CR 274877  
CR 275489  
CR 275677  
CR 275822  
CR 275854  
CR 275927  
CR 275979  
CR 276115  
CR 276959  
CR 277013  
CR 277028  
CR 278419  
CR 278453  
CR 278465  
CR 274294  
CR 274395  
CR 274425  
CR 274427  
CR 274429  
CR 274503  
CR 274853  
CR 275143  
CR 275215  
CR 275597  
CR 275820  
CR 275827  
CR 276144  
CR 277049  
CR 278425  
CR 274100  
CR 274166  
CR 274616  
CR 274647  
CR 274731  
CR 274754  
CR 275675

SCHEDULE 3.1(a)  
to  
Loan Agreement, Chattel Mortgage  
and Security Agreement  
dated as of August \_\_, 1995

CERTIFICATE AS TO CORPORATE INFORMATION

I, \_\_\_\_\_, Secretary of Southern Illinois Railcar Company, an Illinois corporation (the "Borrower"), DO HEREBY CERTIFY, pursuant to Section 3.1(a) of the Loan Agreement, Chattel Mortgage and Security Agreement (the "Loan Agreement") dated as of August \_\_, 1995, between The First National Bank of Maryland (the "Bank") and the Borrower, that:

1. The persons named below have been duly elected (or appointed) and have duly qualified as, and on this day are, officers of the Borrower holding the offices set opposite their respective names, and the signatures below set opposite their respective names are their genuine signatures:

<u>Name</u>	<u>Office</u>	<u>Signature</u>
Fred L. Parsons	President	
Eugenia M. Parsons	Secretary	_____

2. Attached hereto as Annex A is a true and complete copy of resolutions duly adopted by the Board of Directors of the Borrower on \_\_\_\_\_, 1995. Such resolutions have not been amended, modified or revoked and are in full force and effect on the date hereof.

3. The Loan Agreement, the Promissory Note (as defined in the Loan Agreement) and each of the other Loan Documents (as defined in the Loan Agreement), in each case, where applicable, as executed and delivered on behalf of the Borrower, are in the forms thereof approved by the Board of Directors of the Borrower.

4. Attached hereto as Annex B is a true and complete copy of the Articles of Incorporation of the Borrower.

5. There have been no amendments to the Articles of Incorporation of the Borrower.

6. Attached hereto as Annex C is a true and complete copy of the Bylaws of the Borrower as in effect on the date of this Certificate.

IN WITNESS WHEREOF, I have signed this Certificate this \_\_\_\_\_  
day of August, 1995.

\_\_\_\_\_  
Secretary

I, Fred L. Parsons, President of the Borrower, DO HEREBY CERTIFY that \_\_\_\_\_ has been duly elected or appointed and has duly qualified as, and on this day is, Secretary of the Borrower, and the signature in Paragraph 1 above is her genuine signature.

IN WITNESS WHEREOF, I have signed this Certificate this \_\_\_\_\_  
day of August, 1995.

\_\_\_\_\_  
President

A:FN155002.CER/So.Ill./Disk1/cmr

Annex A

Board Resolutions

"RESOLVED, that the form, terms and provisions of the Loan Agreement, Chattel Mortgage and Security Agreement, the Promissory Note and all other related instruments and documents to be entered into by and between this Corporation and the Bank (collectively, the "Loan Documents"), copies of which have been submitted to this meeting, providing for the borrowing by this Corporation be, and the same hereby are, in all respects approved; and

"FURTHER RESOLVED, that the President, Vice-President or any other officer of this Corporation be, and each of them hereby is, authorized in the name and on behalf of this Corporation to borrow from the Bank, under the terms of the Loan Documents, up to \_\_\_\_\_ and for this purpose, to execute and deliver in the name and on behalf of this Corporation the Loan Documents in substantially the forms submitted to this meeting, with such changes, additions and amendments thereto as shall be approved by the officer who executes the same, and such other agreements, documents and instruments, and to do all such other acts and things, as may be required to consummate the transactions contemplated thereby; and

"FURTHER RESOLVED, that the Secretary of this Corporation is authorized and directed to deliver and certify to the Bank a copy of these resolutions and that the same are in conformity with the articles of incorporation and bylaws of this Corporation."

Annex B

Articles of Incorporation

Attached as part of the closing transcript.

Annex C

Bylaws

Attached as part of the closing transcript.

SCHEDULE 7.2  
to  
Loan Agreement, Chattel Mortgage  
and Security Agreement  
dated as of August \_\_, 1995

REQUIRED CONSENTS AND GOVERNMENTAL APPROVALS

The following is a complete and correct list of (a) all consents or approvals of the stockholders of the Borrower, and (b) Governmental Approvals required in connection with the execution, delivery and performance of the Loan Agreement, Chattel Mortgage and Security Agreement, the Promissory Note and the other Loan Documents:

*NONE*

There are attached true and correct copies (certified in the case of Government Approvals) of each such consent or approval.

SCHEDULE 7.3  
to  
Loan Agreement, Chattel Mortgage  
and Security Agreement  
dated as of August \_\_, 1995

LITIGATION

NONE

SCHEDULE 10.1  
to  
Loan Agreement, Chattel Mortgage  
and Security Agreement  
dated as of August \_\_, 1995

CERTIFICATE AS TO FINANCIAL STATEMENTS

I, \_\_\_\_\_, Chief Financial Officer of Southern Illinois Railcar Company (the "Borrower"), hereby certify pursuant to Section 10.1 of the Loan Agreement, Chattel Mortgage and Security Agreement dated as of August \_\_, 1995, between The First National Bank of Maryland (the "Bank") and the Borrower that:

1. The accompanying unaudited financial statements of the Borrower as at \_\_\_\_\_ and for the \_\_\_\_\_ months ending \_\_\_\_\_ are complete and correct and present accurately, in accordance with generally accepted accounting principles (except for changes described below), the financial position of the Borrower as at the end of such period, and the results of operations and the changes in the financial position for such period, and for the elapsed portion of the fiscal year ended with the last day of such period, in each case on the basis presented and subject only to normal year-end auditing adjustments.

2. The changes from generally accepted accounting principles are as follows:

\_\_\_\_\_  
Chief Financial Officer

Dated: \_\_\_\_\_, 1995.

EXHIBIT A  
to  
Loan Agreement, Chattel Mortgage  
and Security Agreement  
dated as of August \_\_, 1995

FORM OF PROMISSORY NOTE

Baltimore, Maryland  
August \_\_, 1995

FOR VALUE RECEIVED, SOUTHERN ILLINOIS RAILCAR COMPANY, an Illinois corporation (the "Borrower"), hereby promises to pay to the order of THE FIRST NATIONAL BANK OF MARYLAND, a national banking association (who, together with its successors and assigns is hereinafter referred to as, the "Bank"), in lawful money of the United States of America and in immediately available funds, the principal sum of  
DOLLARS (the "Principal Sum") on or before October 31, 1995, together with interest on the Principal Sum outstanding from time to time, as hereinafter set forth (computed on a 360-day year for the actual number of days elapsed).

This Note is the Promissory Note referred to in that certain Loan Agreement, Chattel Mortgage and Security Agreement dated as of even date herewith (the "Loan Agreement"), between the Borrower and the Bank. Reference is hereby made to the Loan Agreement for the description of the collateral pledged by the Borrower to the Bank to secure the Borrower's obligations hereunder and the rights of the Bank with respect to such collateral.

Commencing as of the date hereof and continuing until repayment in full of all sums due hereunder, the unpaid Principal Sum shall bear interest at the Prime Rate plus one percent (1.0%) per annum.

The term "Prime Rate" as used herein means the greater of:  
(a) the floating and fluctuating per annum prime rate of interest of the Bank, established and declared by the Bank from time to time, which rate of interest may or may not constitute the lowest rate of interest charged by the Bank to borrowers, and (b) the average rate, rounded to the nearest one-tenth of one percent (.1%), for ninety (90) day maturity dealer placed commercial paper for the week most recently reported in the Federal Reserve Statistical Release No. H.15 (519), entitled "Selected Interest Rates" (or any succeeding publication); provided, however, that if such rates shall cease to be published, the Bank may select in its sole and absolute discretion a comparable index as a successor source for such rates.

The unpaid Principal Sum, together with interest thereon at the rate or rates provided above, shall be payable as follows:

(a) Interest only on the unpaid Principal Sum shall be due and payable monthly, commencing September 1, 1995, and on the first day of each month thereafter to maturity; and

(b) Unless sooner paid, the unpaid Principal Sum, together with interest accrued and unpaid thereon, shall be due and payable in full on October 31, 1995.

In the event that any outstanding balance of principal, interest, fees or other amounts due hereunder is not paid when due (whether by acceleration or otherwise) (a "Default Date"), the Borrower shall pay to the Bank, upon demand, interest on the entire principal amount then outstanding and, to the extent permitted by law, on such interest, fees and other amounts, from the Default Date until such past due principal, interest, fees or other amounts are paid in full, at a per annum rate equal to the Prime Rate plus three percent , until paid in full.

The Borrower shall have the right to prepay the Note in whole on any interest payment date after giving the Bank five (5) days' prior written notice of its intention to make such prepayment, by paying such prepayment together with all accrued but unpaid interest, and all other sums due under the Loan Documents, but without any prepayment premium. This Note is also subject to certain mandatory prepayments as set forth in Section 2.5(b) of the Loan Agreement.

All payments of principal and interest due hereinafter shall be made by wire transfer in accordance with the wire transfer instructions provided by the Bank to the Borrower and such payments shall be effective only upon receipt. All payments shall be made in U.S. Dollars, which shall be the exclusive currency for the payment of the obligations hereunder, free of any restrictions or deductions whatsoever for present or future taxes, charges, assessments, withholdings or costs, the payment of which shall be the responsibility of the Borrower.

Except as otherwise expressly provided for in Section 2.8 of the Loan Agreement, all payments received by the Bank shall be applied by it in such order as it, in its sole discretion, shall determine.

In the event of the declaration by the Bank of an Event of Default (as defined therein) under the Loan Agreement, then this Note shall be in default and, at the option of the Bank, the balance of the Principal Sum then due hereunder, together with all accrued but unpaid interest thereon, and prepayment premium, if any, shall become immediately due and payable without further notice, such further notice being expressly waived.

The Borrower promises to pay to the Bank, on demand, all reasonable costs and expenses incurred by the Bank in connection with the collection and enforcement of this Note, including, without limitation, all reasonable attorney's (and paralegals) fees and expenses and all court costs incurred by it, whether or not proceedings are brought.

Following the occurrence of an Event of Default under the Loan Agreement and acceleration by the Bank of all sums due hereunder, the Borrower hereby authorizes and empowers any attorney or any clerk of any court of record to appear for the Borrower in any court of record within the State of Maryland, the United States of America or elsewhere and to confess judgment against the Borrower without notice or an opportunity for a prior hearing, in favor of the Bank for an amount equal to the unpaid balance of the Principal Sum then due hereunder, together with all accrued but unpaid interest and all other sums due hereunder or under any of the other Loan Documents, together with costs of suit and an attorney's (and paralegals) fee of fifteen percent (15%) of the amount then due. The authority and power to confess judgment conferred hereby shall not be exhausted by one or more exercises thereof, or by an imperfect exercise thereof, and shall not be extinguished by any judgment entered pursuant thereto. Such authority and power may be exercised on one or more occasions, from time to time, in the same or different jurisdictions, as often as the Bank shall deem necessary or desirable for all of which this Note shall be a sufficient authority.

The rights and remedies of the holder of this Note, as provided herein, shall be cumulative and concurrent and may be pursued singularly, successively or together at the sole discretion of the holder, and may be exercised as often as occasion therefor shall occur, and the failure to exercise any such right or remedy shall in no event be construed as a waiver or release of the same.

No failure or delay by the Bank to insist upon the strict performance of any term, condition, covenant or agreement of this Note or any of the other Loan Documents, or to exercise any right, power or remedy consequent upon a breach thereof, shall constitute a waiver of any such term, condition, covenant or agreement, or of any such breach, or preclude the Bank from exercising any such right, power or remedy at any later time or times. By accepting payment after the due date of any amount payable under the terms of this Note, the Bank shall not be deemed to have waived the right either to require prompt payment when due of all other amounts payable under the terms of this Note or to declare an Event of Default for the failure to effect such prompt payment of any such other amount. No course of dealing or conduct shall be effective to amend, modify, waive, release or change any provision of this Note.

In the event that any one or more of the provisions (or any part of any provision) of this Note shall for any reason be held to

be invalid, illegal or unenforceable in any respect, or in the event that any one or more of the provisions of this Note operates or would prospectively operate to invalidate this Note, then and in either of those events, such provision or provisions only shall be deemed null and void and shall not affect any other provisions (or remaining part of the affected provision) of this Note and the remaining provisions (or remaining part of the affected provision) of this Note shall remain operative and in full force and effect and shall in no way be affected, prejudiced or disturbed thereby.

The Borrower hereby waives presentment, protest and demand, notice of protest, notice of demand and of dishonor and non-payment of this Note, and expressly agrees that this Note or any payment hereunder may be extended from time to time without in any way affecting the liability of the Borrower. The Borrower hereby waives and releases, to the extent permitted by law, all errors and all rights of appeal, exemption or stay of execution upon any real estate or personal property, and all other rights to which the Borrower may otherwise be entitled under any applicable law.

The Borrower hereby irrevocably submits to the jurisdiction of any state or federal court sitting in the State of Maryland over any suit, action or proceeding arising out of or relating to this Note or any of the other Loan Documents. The Borrower irrevocably waives, to the fullest extent permitted by law, any objection that it may now or hereafter have to the laying of the venue of any such suit, action or proceeding brought in any such court and any claim that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum. Final judgment in any such suit, action or proceeding brought in any such court shall be conclusive and binding upon the Borrower and may be enforced in any court in which the Borrower is subject to jurisdiction by a suit upon such judgment provided that service of process is effected upon the Borrower as provided in this Note or as otherwise permitted by applicable law.

The Borrower hereby consents to process being served in any suit, action or proceeding instituted in connection with this Note or any of the other Loan Documents by the mailing of a copy thereof by certified mail, postage prepaid, return-receipt requested, to the Borrower. The Borrower irrevocably agrees that such service shall be deemed to be service of process upon the Borrower in any such suit, action or proceeding. Nothing in this paragraph shall affect the right of the Bank to serve process in any manner otherwise permitted by law, and nothing in this Section will limit the right of the Bank otherwise to bring proceedings against the Borrower in the courts of any jurisdiction or jurisdictions.

THE BORROWER HEREBY WAIVES ANY RIGHT IT MAY HAVE TO TRIAL BY JURY IN ANY ACTION OR PROCEEDING TO WHICH THE BORROWER AND THE BANK MAY BE PARTIES, ARISING OUT OF OR IN ANY WAY PERTAINING TO THIS NOTE OR ANY OF THE OTHER LOAN DOCUMENTS. IT IS AGREED AND UNDERSTOOD THAT THIS WAIVER CONSTITUTES A WAIVER OF TRIAL BY JURY

OF ALL CLAIMS AGAINST ALL PARTIES TO SUCH ACTIONS OR PROCEEDINGS, INCLUDING CLAIMS AGAINST PARTIES WHO ARE NOT PARTIES TO THIS NOTE. THIS WAIVER IS KNOWINGLY, WILLINGLY AND VOLUNTARILY MADE BY THE BORROWER, AND THE BORROWER REPRESENTS THAT NO REPRESENTATION OF FACT OR OPINION HAS BEEN MADE BY ANY INDIVIDUAL TO INDUCE THIS WAIVER OF TRIAL BY JURY OR TO IN ANY WAY MODIFY OR NULLIFY ITS EFFECT. THE BORROWER FURTHER REPRESENTS THAT IT HAS BEEN REPRESENTED IN THE SIGNING OF THIS NOTE AND IN THE MAKING OF THIS WAIVER BY INDEPENDENT LEGAL COUNSEL, SELECTED OF ITS OWN FREE WILL, AND THAT IT HAS HAD THE OPPORTUNITY TO DISCUSS THIS WAIVER WITH SUCH COUNSEL.

THIS NOTE, HAVING BEEN EXECUTED BY THE BORROWER AND DELIVERED TO THE BANK IN THE STATE OF MARYLAND, IS TO BE GOVERNED BY, CONSTRUED UNDER AND ENFORCED IN ALL RESPECTS ACCORDING TO, THE LAWS OF THE STATE OF MARYLAND, WITHOUT REFERENCE TO CONFLICT OF LAWS RULES. THIS NOTE SHALL BE BINDING UPON THE BORROWER, ITS SUCCESSORS AND PERMITTED ASSIGNS, AND SHALL INURE TO THE BENEFIT OF THE BANK.

IN WITNESS WHEREOF, the Borrower has caused this Note to be duly executed, under seal, as of the day and year first above written.

WITNESS:

SOUTHERN ILLINOIS RAILCAR  
COMPANY

By: \_\_\_\_\_ (SEAL)  
Fred L. Parsons  
President

STATE OF \_\_\_\_\_, OF \_\_\_\_\_, TO WIT:

I HEREBY CERTIFY, that on this \_\_\_\_\_ day of \_\_\_\_\_, 1995, before me, the undersigned, a Notary Public of the State of \_\_\_\_\_, personally appeared Fred L. Parsons, who acknowledged himself to be the President of Southern Illinois Railcar Company, an Illinois corporation, known (or satisfactorily proven) to be the person whose name is subscribed to the within instrument, and acknowledged that he executed the same for the purposes therein contained as the duly authorized President of said corporation by signing the name of the corporation by himself as President.

AS WITNESS my hand and Notarial Seal.

\_\_\_\_\_  
Notary Public

(SEAL)

My Commission Expires:

EXHIBIT B  
to  
Loan Agreement, Chattel Mortgage  
and Security Agreement  
dated as of August \_\_, 1995

FORM OF GUARANTY

This Guaranty is executed and delivered in favor of THE FIRST NATIONAL BANK OF MARYLAND, its successors and assigns ("the Bank") in connection with that certain Loan Agreement, Chattel Mortgage and Security Agreement dated as of August \_\_, 1995, by and between the Bank and Southern Illinois Railcar Company ("Borrower"), pursuant to which the Borrower will borrow certain funds from the Bank, which indebtedness is to be evidenced by a promissory note in substantially the form attached thereto as Exhibit A (the agreement and the promissory note heretofore or hereafter executed pursuant thereto being herein collectively referred to as the "Agreement").

An express condition to the obligation of the Bank to make such loan to the Borrower pursuant to the Agreement is the undertaking by each of the undersigned (each, a "Guarantor" and, collectively, the "Guaranty") to guarantee the payment by the Borrower to the Bank of the indebtedness and the performance by the Borrower of its obligations, covenants and agreements under the Agreement.

For valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each of the Guarantors hereby **JOINTLY AND SEVERALLY, AND UNCONDITIONALLY AND IRREVOCABLY GUARANTEES:**

(a) the prompt payment when due of the principal of and interest on the promissory note issued pursuant to the Agreement, whether by acceleration or otherwise;

(b) the prompt performance by the Borrower of all of its covenants and agreements contained in the Agreement and in all other instruments and documents executed by the Borrower in connection therewith;

(c) the prompt payment when due of any and all sums of money for which the Borrower now is or may hereafter become indebted to the Bank pursuant to the Agreement; and

(d) the payment of all reasonable costs, expenses and legal fees incurred by the Bank in the enforcement of this Guaranty and each of the documents referred to herein.

The obligations of the Guarantors hereunder are direct, primary, absolute, continuing and immediate, not subject to any

condition precedent, and shall constitute a guaranty of payment and performance and not of collection. The liabilities of the Guarantors hereunder are not contingent upon the Bank's exercise or enforcement of any right or remedy it may have against the Borrower or any guaranty, security or pledge with respect to the obligations of the Borrower under the Agreement. Each of the Guarantors jointly and severally undertakes and agrees to perform all of the foregoing terms, covenants and conditions notwithstanding that the Agreement shall be void or voidable as against the Borrower or any of the Borrower's creditors, including a trustee in bankruptcy of the Borrower, by reason of any fact or circumstance including, without limiting the generality of the foregoing, the failure by any person to file or record any document or to take any other action to make the Agreement enforceable in accordance with the terms thereof.

This Guaranty is a continuing one and shall terminate only upon full payment of all sums due under the Agreement and the performance of all of the terms, covenants and conditions herein and therein required to be kept, observed or performed by him and by the Borrower, including such payment and performance under the promissory note executed pursuant to the Agreement, whether to be performed before or after the last payment has been made under the Agreement.

In order to induce the Bank to enter into the Agreement, each of the Guarantors makes the following representations and warranties, which shall survive the execution and delivery of this Guaranty:

(1) The execution, delivery and performance hereof by the Guarantor: (a) do not require the approval of any trustee or holder of any obligations of the Guarantor except such as have been duly obtained; and (b) do not and will not contravene any law, governmental rule, regulation or order now binding on the Guarantor, or contravene the provisions of, or constitute a default under, or result in the creation of any lien or encumbrance upon the property of the Guarantor under, any indenture, mortgage, contract or other agreement to which the Guarantor is a party or by which such Guarantor or his or her property as the case maybe, is bound or may be affected.

(2) The personal financial statements of such Guarantor (copies of which have been furnished to the Bank) accurately and completely present the Guarantor's personal financial condition as of the date of and for the period covered by such statement, and since the date of such statements there has been no material adverse change in such condition.

(3) This Guaranty constitutes the legal, valid and binding obligation of such Guarantor, jointly and severally enforceable against the Guarantor in accordance with the terms hereof.

(4) Except as set forth on Schedule 4 hereto, there are no pending actions or proceedings to which such Guarantor is a party, and there are no other pending or threatened actions or proceedings of which the Guarantor has knowledge, before any court, arbitrator or administrative agency, which, either individually or in the aggregate, would materially adversely affect the personal financial condition of the Guarantor, or the ability of the Guarantor to perform his or her obligations, as the case maybe, under any obligation which, either individually or in the aggregate, would have the same such effect.

Each such Guarantor hereby covenants and agrees that it will provide to the Bank within ninety (90) days after the end of each calendar year, and updated personal financial statement.

Each such Guarantor authorizes the Bank, with the Borrower's consent where required, without notice or demand, and without affecting his or her liability, as the case maybe, hereunder, from time to time to: (a) change the amount, time or manner of payment of the sums required to be paid pursuant to the Agreement; (b) change any of the terms, covenants, conditions or provisions of the Agreement; (c) amend, modify, change or supplement the Agreement; (d) assign the Agreement or the sums payable under the Agreement; (e) consent to the Borrower's assignment of the Agreement; (f) receive and hold security for the payment of this Guaranty or the performance of the Agreement, and exchange, enforce, waive and release any such security; and (g) apply such security and direct the order or manner of sale thereof as the Bank in its sole discretion may determine.

Each such Guarantor hereby waives any right to require the Bank to: (a) proceed against the Borrower or any other party; (b) proceed against or exhaust any security held from the Borrower; (c) pursue any other remedy in the Bank's power whatsoever; or (d) notify either such Guarantor of any default by the Borrower in the payment of any sums required to be paid pursuant to the Agreement or in the performance of any term, covenant or condition therein required to be kept, observed or performed by the Borrower. Each such Guarantor shall remain jointly and severally liable for the Borrower's obligations under the Agreement and for the obligations hereunder, notwithstanding any judgment the Bank may obtain against the Borrower or any other person or entity, or any modification, extension or renewal with respect thereto. Each such Guarantor waives any defense arising by reason of any disability or other defense of the Borrower, any lack of authority of the Borrower with respect to the Agreement, the invalidity, illegality or lack of enforceability of the Agreement from any cause whatsoever, the failure of the Bank to perfect or maintain perfection of any interest in any collateral or the cessation from any cause whatsoever of the liability of the Borrower; provided, however, that neither of the Guarantors waives any defense arising from the due performance by the Borrower of the terms and conditions of the Agreement. Each of such Guarantor waives all presentments, demands

for performance, notices of nonperformance, protests, notices of dishonor, and notices of acceptance of this Guaranty. EACH SUCH GUARANTOR HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHTS HE OR SHE, AS THE CASE MAYBE, MAY HAVE AT ANY TIME (WHETHER ARISING DIRECTLY OR INDIRECTLY, BY OPERATION OF LAW OR CONTRACT) TO ASSERT ANY CLAIM AGAINST THE BORROWER ON ACCOUNT OF PAYMENTS MADE UNDER THIS GUARANTY, INCLUDING, WITHOUT LIMITATION, ANY AND ALL RIGHTS OF SUBROGATION, REIMBURSEMENT, EXONERATION, CONTRIBUTION OR INDEMNITY. This Guaranty and each of the Guarantors' obligations hereunder shall continue to be effective or to be reinstated, as the case may be, if at any time payment of any sums due hereunder is rescinded, avoided, reduced in amount or must be restored or returned by the Bank, whether as a "voidable preference," "fraudulent conveyance" or otherwise, as though such payment had not been made. The Bank's good faith determination as to whether a payment must be restored or returned shall be binding on the Guarantors.

Each such Guarantor acknowledges that he or she, as the case maybe, has been provided with or has had an opportunity to review the Agreement existing as of the date hereof, and agrees that notwithstanding that some of the terms of the Agreement may not be settled as of the date hereof, the obligations hereunder shall not be affected thereby, and each such Guarantor undertakes and agrees to assume all of the obligations encompassed in the Agreement as they may be now or are hereafter agreed upon by the Borrower and the Bank.

The Bank shall not be under any obligations or liability to marshal any assets in favor of either or both of the Guarantors or in payment of any or all of the borrower's obligations under the Agreement.

The Guarantors shall be deemed to be in default hereunder ("Default") if: (a) either or both of the Guarantors shall fail to perform or observe any covenant, condition or agreement to be performed or observed by him or her, as the case maybe, hereunder and such failure shall continue unremedied for a period of ten (10) days after written notice thereof to the defaulting Guarantor by the Bank; or (b) either Guarantor shall (1) be generally not paying his or her debts, as the case may be as they become due, (2) take action for the purpose of invoking the protection of any bankruptcy or insolvency law, or any such law is invoked against or with respect to either or both of the Guarantors or his or her property, as the case maybe, and such petition filed against such Guarantor is not dismissed within thirty (30) days; or (c) there is an anticipatory repudiation of the Guarantors' obligations pursuant to this Guaranty; or (d) any certificate, statement, representation, warranty or audit contained herein or heretofore or hereafter furnished with respect to this Guaranty by or on behalf of either or both of the Guarantors proving to have been false at the time as of which the facts therein set forth were stated or certified, or having omitted any contingent or unliquidated liability or claim against either such Guarantor.

Upon a Default hereunder, the Bank may, at its option, declare this Guaranty to be in default (without election of remedies), and at any time thereafter, may do any one or more of the following, all of which are hereby authorized by each such Guarantor:

A. declare the Agreement to be in default and thereafter sue for and recover all damages, accelerated payments and/or other sums otherwise recoverable from the Borrower thereunder; and/or

B. sue for and recover all damages then or thereafter incurred by the Bank as a result of such Default; and/or

C. seek specific performance of each such Guarantor's obligations hereunder.

No right or remedy referred to herein is intended to be exclusive, but each shall be cumulative, and shall be in addition to any other remedy referred to above or otherwise available at law or in equity, and may be exercised concurrently or separately from time to time. Each of the Guarantors jointly and severally agrees to pay reasonable attorney's fees and all other costs and expenses which may be incurred by the Bank in the enforcement of this Guaranty.

Each of the Guarantors does hereby irrevocably authorize and empower any attorney of any court of record, to appear for such Guarantor before any court having jurisdiction and after one or more declarations filed confess judgment or judgments against Guarantor for the unpaid balance of all sums due under the Agreement or hereunder, together with interest, court costs and reasonable attorneys' fees.

The obligations of the undersigned hereunder are independent of the obligations of the Borrower. A separate action or actions may be brought and prosecuted against each such Guarantor whether the Borrower or the other Guarantor or whether the Borrower is joined in any such action or actions; and each of the Guarantors waives the benefit of any statute of limitations affecting his or her liability, as the case may be hereunder or the enforcement thereof.

No waiver by the Bank of any right or remedy shall be effective unless in writing nor, in any event, shall the same may operate as a waiver of any other or future right or remedy that may accrue the Bank. If any part of this Guaranty shall be adjudged invalid, then such partial invalidity shall not cause the remainder of this Guaranty to be or to become invalid, and if a provision hereof is held invalid in one or more of its applications, said provision shall remain in effect in valid applications that are severable from the invalid application or applications.

Each of the Guarantors agrees that this Guaranty and the rights and obligations of the Bank and such Guarantor hereunder shall in all respects be governed by, and construed in accordance with the laws of the State of Maryland. Each of the Guarantors agrees that any action or proceeding arising out of or relating to this Guaranty may be commenced in any court in the State of Maryland or in the United States District Court for the District of Maryland, and agrees that a summons and complaint commencing an action or proceeding in any such court shall be properly served and shall confer personal jurisdiction if served personally or by certified mail to it at its address hereinafter set forth, or as it may provide in writing from time to time, or as otherwise provided under the laws of the State of Maryland. EACH OF THE GUARANTOR HEREBY WAIVES TRIAL BY JURY IN ANY ACTION OR PROCEEDING TO WHICH HE AND THE BANK MAY BE PARTIES, ARISING OUT OF OR IN ANY WAY PERTAINING TO THE AGREEMENT OR THIS GUARANTY. IT IS AGREED AND UNDERSTOOD THAT THIS WAIVER CONSTITUTES A WAIVER OF TRIAL BY JURY OF ALL CLAIMS AGAINST ALL PARTIES TO SUCH ACTIONS OR PROCEEDINGS, INCLUDING CLAIMS AGAINST PARTIES WHO ARE NOT PARTIES TO THIS GUARANTY. THIS WAIVER IS KNOWINGLY, WILLINGLY AND VOLUNTARILY MADE BY EACH OF THE GUARANTORS, AND EACH SUCH GUARANTOR HEREBY REPRESENTS THAT NO REPRESENTATIONS OF FACT OR OPINION HAVE BEEN MADE BY ANY INDIVIDUAL TO INDUCE THIS WAIVER OF TRIAL BY JURY OR TO IN ANY WAY MODIFY OR NULLIFY ITS EFFECT. EACH OF THE GUARANTORS FURTHER REPRESENTS THAT HE OR SHE, AS THE CASE MAYBE, HAS BEEN REPRESENTED IN THE SIGNING OF THIS GUARANTY AND IN THE MAKING OF THIS WAIVER BY INDEPENDENT LEGAL COUNSEL, SELECTED OF HIS OR HER, AS THE CASE MAY BE, OWN FREE WILL, AND THAT HE OR SHE HAS HAD THE OPPORTUNITY TO DISCUSS THIS WAIVER WITH COUNSEL.

This Guaranty and the liability and obligations of each of the Guarantors hereunder are binding upon each such Guarantor, his or her heirs, as the case maybe, and personal representatives and inure to the benefit of and are enforceable by the Bank, its successors and assigns.

IN WITNESS WHEREOF, each of the Guarantors has executed this Guaranty, under seal, as of the \_\_\_\_ day of August, 1995.

WITNESS:

\_\_\_\_\_  
Fred L. Parsons (SEAL)

WITNESS:

\_\_\_\_\_  
Eugenia M. Parsons (SEAL)

STATE OF \_\_\_\_\_, OF \_\_\_\_\_, TO WIT:

I HEREBY CERTIFY, that on this \_\_\_\_ day of \_\_\_\_\_, 1995, before me, the undersigned, a Notary Public of the State of \_\_\_\_\_, personally appeared Fred L. Parsons, known (or satisfactorily proven) to be the person whose name is subscribed to the foregoing instrument and acknowledged that he executed the same for the purposes therein contained.

AS WITNESS my hand and Notarial Seal.

\_\_\_\_\_  
Notary Public

(SEAL)

My Commission Expires:

STATE OF \_\_\_\_\_, \_\_\_\_\_ OF \_\_\_\_\_, TO WIT:

I HEREBY CERTIFY, that on this \_\_\_\_\_ day of \_\_\_\_\_, 1995, before me, the undersigned, a Notary Public of the State of \_\_\_\_\_, personally appeared Eugenia M. Parsons, known (or satisfactorily proven) to be the person whose name is subscribed to the foregoing instrument and acknowledged that she executed the same for the purposes therein contained.

AS WITNESS my hand and Notarial Seal.

\_\_\_\_\_  
Notary Public

(SEAL)

My Commission Expires:

SCHEDULE 4  
to Guaranty

Fred and Eugena Parsons have been named in a lawsuit styled Chrysler Rail Corporation v. Indiana High Rail Corporation, et al., No. 93 C 5140, pending in the United States District Court, Northern District of Illinois. The claim generally involves Chrysler Rail's attempt to recover \$479,183.40 (plus interest and \$44,000 in attorneys' fees) due on a Promissory Note signed by the corporate defendant, Indiana High Rail Corporation. The Parsons, along with twenty-three (23) other individual shareholders of Indiana High Rail Corporation, have been named in Counts III and IV of a First Amended Complaint filed by Chrysler Rail Corporation. Chrysler Rail seeks to "pierce the corporate veil" of Indiana High Rail Corporation and impose joint and several liability against all the shareholders. Chrysler Rail Corporation claims that (1) the shareholders approved the transfer of assets of Indiana High Rail Corporation to Sagamore National Corporation and (2) that Indiana High Rail Corporation was undercapitalized because the shareholders did not put in sufficient capital to sustain the running of rail line. The Parsons were never on the Board of Directors of either corporation and at all times have been passive, minority shareholders of Indiana High Rail Corporation. Accordingly, the Parsons believe that the claims by Chrysler Rail Corporation are without merit.