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17813

2-164A004

REGISTRATION NO. FILED

JUN 12 1992 - 10 55 AM

INTERSTATE COMMERCE COMMISSION

June 12, 1992

JUN 12 10 49 AM '92
MOTOR OPERATING UNIT

VIA HAND DELIVERY

Mr. Sidney L. Strickland
Secretary
Interstate Commerce Commission
12th & Constitution Avenue, N.W.
Washington, D.C. 20423

Dear Mr. Strickland:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. §11303(a) is one original and one copy of the Loan Agreement, Chattel Mortgage and Security Agreement dated as of June 12, 1992 (the "Loan Agreement"). The Loan Agreement relates to a Lease of Railroad Equipment dated as of July 15, 1978, as amended (the "Lease"), which Lease was duly filed and recorded with the Interstate Commerce Commission pursuant to 49 U.S.C. §11303 on October 6, 1978, under Recordation No. 9745-B. The Loan Agreement and the Lease are primary documents as defined in the Commission's Rules for Recordation of Documents. *Cross Indexed under 9745*

The names and addresses of the parties to the enclosed Loan Agreement are:

Secured Party: The First National Bank of Maryland
Transportation Division
25 S. Charles Street
Baltimore, Maryland 21201

Jeffrey A. Bell
C. Cunningham

Mr. Sidney L. Strickland
June 12, 1992
Page 2

Debtor: Interail, Inc.
One Foxfield Square
Suite 200
St. Charles, Illinois 60174

A description of the railroad equipment covered by the enclosed document is set forth in Schedule 1 attached hereto and made a part hereof.

Also enclosed is our check in the amount of \$16.00 payable to the order of the Interstate Commerce Commission covering the required recordation fee.

Kindly return a file-stamped copy of the enclosed document to Patrick K. Cameron, Esq., Ober, Kaler, Grimes & Shriver, 120 East Baltimore Street, 9th Floor, Baltimore, Maryland 21202-1643.

A short summary of the enclosed primary document to appear in the Commission's Index is:

Loan Agreement, Chattel Mortgage and Security Agreement dated as of June 12, 1992, by and between The First National Bank of Maryland, as Secured Party, and Interail, Inc., as Debtor, covering one hundred sixty-two (162) covered hopper railcars now owned by the Debtor, together with all accessions, accessories, equipment, appurtenances, parts, improvements and attachments thereto and all substitutions and replacements thereof.

Very truly yours,



Patrick K. Cameron

GFJ/mkr
Enclosures

Schedule 1

List of Borrower's road numbers for the one hundred sixty-two (162) covered hopper railcars:

CAGY	300
CAGY	301
CAGY	302
CAGY	303
CAGY	304
CAGY	305
CAGY	306
CAGY	307
CAGY	308
CAGY	309
CAGY	310
CAGY	311
CAGY	312
CAGY	313
CAGY	314
CAGY	315
CAGY	316
CAGY	317
CAGY	319
CAGY	320
CAGY	321
CAGY	322
CAGY	323
CAGY	324
CAGY	325
CAGY	326
CAGY	327
CAGY	328
CAGY	329
CAGY	330
GBW	200
GBW	201
GBW	202
GBW	203
GBW	204
GBW	205
GBW	206
GBW	207
GBW	208
GBW	209
HS	20131
HS	20132
RREX	4102
RREX	4103
RREX	4104
RREX	4105
RREX	4106

RREX 4108
RREX 4109
RREX 4113
RREX 4114
RREX 4115
RREX 4116
RREX 4117
RREX 4118
RREX 4119
RREX 4120
RREX 4122
RREX 4127
RREX 4128
RREX 4130
RREX 4131
RREX 4135
RREX 4138
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6/12/92

Interstate Commerce Commission
Washington, D.C. 20423

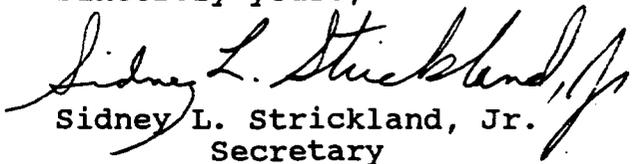
OFFICE OF THE SECRETARY

Patrick K. Cameron
Ober Kaler Grimes & Shriver
120 East Baltimore Street
Baltimore , Md. 21202-1643

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 6/12/92 at 10:55am , and assigned recordation number(s). 17813

Sincerely yours,


Sidney L. Strickland, Jr.
Secretary

17813

RECORDATION NO. _____ FILED 1423

JUN 12 1992 - 10 05 AM

INTERSTATE COMMERCE COMMISSION

See record # 9745

LOAN AGREEMENT, CHATTEL MORTGAGE AND SECURITY AGREEMENT

by and between

THE FIRST NATIONAL BANK OF MARYLAND

and

INTERAIL, INC.

Dated as of June 12, 1992

Covering One Hundred Sixty Two (162)
Covered Hopper Railcars

Filed and recorded with the Interstate Commerce Commission pursuant to the Interstate Commerce Act, 49 U.S.C. §11303 on June 12, 1992, at 10 55 AM, under Recordation No. 17813.

to 9745

Consolidated
OPERATING UNIT
JUN 10 51 AM '92

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LOAN AGREEMENT, CHATTEL MORTGAGE AND SECURITY AGREEMENT

THIS LOAN AGREEMENT, CHATTEL MORTGAGE AND SECURITY AGREEMENT (the "Loan Agreement") dated as of June 12, 1992, is made by and between THE FIRST NATIONAL BANK OF MARYLAND, a national banking association (the "Bank"), and INTERAIL, INC., a Kansas corporation (the "Borrower").

RECITALS

WHEREAS, the Borrower has applied to the Bank for a secured term loan facility in the maximum principal amount of \$2,089,800, the proceeds of which will be used by the Borrower to refinance a portion of the acquisition cost of 162 covered hopper railcars (each a "Railcar" and collectively, the "Railcars") it recently acquired from Richmond, Fredericksburg & Potomac Railroad Company ("RF&P"); and

WHEREAS, the Railcars were purchased by the Borrower from RF&P subject to the GERCA Lease (as defined herein), which GERCA Lease and the Lessee's obligations thereunder are guaranteed by the Lessee's parent company, General Electric Capital Corporation ("GECC"); 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 and attachments thereto and all proceeds, including insurance proceeds and requisition compensation, thereof and to assign to the Bank, among other things, all of its right, title and interest (but not its obligations) in, to and under all leases and other agreements for the use or hire of the Railcars, including, without limitation, the GERCA Lease, the GECC Guaranty and all documents related thereto; 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 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 Interail, Inc., a Kansas corporation.

"Business Day" means any day other than a Saturday, Sunday or other day on which banking institutions in the States of Maryland, Illinois and Connecticut 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) (1).

"Class I Railroad" means a corporation that is at the time of determination a railroad operator required under the 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 I Railroad".

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

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

"Collateral Account" shall have the meaning set forth in Section 2.9(c).

"Commitment" means the commitment of the Bank to lend to the Borrower certain sums pursuant to Article II hereof, in no event to exceed \$2,089,800 in the aggregate.

"Commonly Controlled Entity" shall have the meaning set forth in Section 7.15.

"Consent" means the Consent, Waiver, Amendment, Assignment and Assumption dated as of June 1, 1992, among the Borrower, Rex Railways, Inc. and the Lessee.

"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 2.8.

"Default Rate" shall have the meaning set forth in Section 2.8.

"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.

"GECRA Lease" means the Lease of Railroad Equipment dated as of July 15, 1978, as amended by letter dated November 2, 1978, and as further amended by the Consent, between the Borrower, as successor-in-interest to RF&P, and the Lessee, as successor-in-interest to Rex Railways a copy of which is annexed hereto as Exhibit B.

"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.

"GECC" means General Electric Capital Corporation, a New York corporation.

"GECC Guaranty" means the Guaranty dated as of June 12, 1992, executed by GECC in favor of the Borrower, its successors and assigns, a copy of which is annexed hereto as Exhibit C.

"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.

"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.

"Lease" means a lease, including but not limited to, the GECRA Lease, between the Borrower, as lessor, and a third party, as lessee, with respect to any or all of the Railcars, in form and substance acceptable to the Bank.

"Lessee" means GE Capital Railcar Associates, Inc., a Delaware corporation.

"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 Documents" means this Loan Agreement, the Non-recourse 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.

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

"Notice" shall have the meaning set forth in Section 2.9(c).

"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 Non-recourse Promissory Note and the other Loan Documents.

"Payment Date" means (i) with respect to a Casualty Occurrence taking place while the GECRA Lease is still in effect, the first day of April or October, which ever occurs first, following the happening of such event; (ii) with respect to a Casualty Occurrence taking place after the GECRA Lease has been terminated, on the next scheduled installment payment date under the Non-recourse Promissory Note following the happening of such event; (iii) 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; and (iv) with respect to the identification by the Borrower, pursuant to Section 2.5(b) (2) hereof of a Railcar as a Casualty Railcar, the earlier of thirty (30) days after such identification is made and notice is given to RF&P or the Borrower's receipt of the proceeds thereof.

"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.

"Purchase and Sale Agreement" means the Purchase and Sale Agreement dated as of April 17, 1992, between the Borrower and RF&P, pursuant to which the Borrower acquired title to the Railcars and received an assignment of RF&P's rights under the GECRA Lease.

"RF&P" shall have the meaning set forth in the Recitals.

"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.

"Rex-Noreco" means Rex-Noreco, Inc., a New Jersey corporation.

"Rex-Noreco Guaranty" means the Guaranty Agreement dated as of July 15, 1978, between RF&P and Rex-Noreco, a copy of which is annexed hereto as Exhibit E.

"Rex Railways" means Rex Railways, Inc., a New Jersey corporation.

"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 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 \$12,900 per Railcar, not to exceed \$2,089,800 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 two (2) 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 \$12,900 for each Railcar purchased from RF&P, in no event to exceed \$2,089,800 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 Non-recourse 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 "Non-recourse Promissory Note"). The Non-recourse 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 Non-recourse 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 Non-recourse Promissory Note, and to attach and to make a part of the Non-recourse Promissory Note, such schedules as and when required.

Section 2.4. Interest Rate. Except as otherwise provided in Section 2.8 hereof, the unpaid principal balance of the Non-

recourse Promissory Note shall bear interest at the rate of 8% per annum, until paid in full.

Section 2.5. Prepayment.

(a) Optional Prepayment. The Borrower may, upon thirty (30) days' prior written notice to the Bank, prepay the Non-recourse Promissory Note in whole on any installment payment date by paying, in addition to such prepayment, all accrued but unpaid interest and other sums due hereunder, plus a prepayment premium (the "Prepayment Premium"). The Prepayment Premium shall be calculated as the following specified percentage of the then outstanding principal balance of the Non-recourse Promissory Note depending upon the calendar quarter in which it is prepaid:

<u>Prepayment Date by Quarters</u>	<u>Percentage</u>
1-8	1%
9-16	0%

(b) Mandatory Prepayments.

(1) Upon the Sale of or a Casualty Occurrence to a Railcar. 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 Non-recourse Promissory Note by the fraction, the numerator of which is the number of Railcars sold or sustaining a Casualty Occurrence 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 and the amount payable as to each. Any money received by the Bank pursuant to the provisions of this Section 2.5(b)(1) shall be applied to prepay (without premium in the case of a Casualty Occurrence) ratably the remaining principal installments due under the Non-recourse Promissory Note, after payment of all accrued but unpaid interest and late charges, if any, due with respect thereto. Thereafter, the Bank shall promptly furnish to the Borrower a revised schedule of payments of principal and interest thereafter due to be made, in such number of counterparts as the Borrower may reasonably request.

(2) Caused by Adjustments under Section 2.2 B. of the Purchase and Sale Agreement. In the event that one or more of the Railcars is identified as a Casualty Railcar as defined in Section 2.2 B. of the Purchase and Sale Agreement subsequent to the closing thereof, the Borrower shall pay to the Bank, on the Payment Date, a sum equal to the product obtained by multiplying the then outstanding principal balance of the Non-recourse Promissory Note

by the fraction, the numerator of which is the number of Railcars identified as Casualty Railcars after the closing date and the denominator of which is the number of Railcars securing the Borrower's Obligations hereunder immediately prior to such determination. Concurrently with each such payment, the Borrower shall file with the Bank a certificate setting forth by road number the Railcars which have been identified as Casualty Railcars as provided above and the amount payable as to each. Any money received by the Bank pursuant to the provisions of this Section 2.5(b)(2) shall be applied as provided in Section 2.5(b)(1), with the remaining installments of principal and interest due under the Non-recourse Promissory Note being adjusted accordingly.

Section 2.6. Non-recourse Loan. Except as otherwise provided herein and subject to (i) the second sentence of this Section, (ii) the provisos contained in Section 2.9(a)(2) and 2.9(a)(3) and (iii) the provisions of 12.2(1), all obligations of the Borrower hereunder, including, without limitation, the obligation to pay as and when due all sums payable pursuant to the terms of the Non-recourse Promissory Note, shall be expressly non-recourse to the Borrower and all such payments shall be made only from the income and proceeds from the Collateral and only to the extent that the Borrower shall have sufficient income and proceeds from the Collateral to make such payments in accordance with the terms of the Non-recourse Promissory Note. The foregoing limitation of recourse shall not limit, restrict or impair the rights of the Bank to accelerate the maturity of the Non-recourse Promissory Note upon a default thereunder, to bring suit and obtain a judgment against the Borrower on the Non-recourse Promissory Note or to exercise all rights and remedies provided under this Loan Agreement, or otherwise realize upon the Collateral; and, further, shall not be deemed to bar or prohibit the Bank from asserting a claim against, exercising remedies with respect to, or proceeding against the Borrower personally for any damages suffered by the Bank in the event any representation or warranty contained herein or in any of the other Loan Documents shall prove to be untrue or to have been breached when made, or holding the Borrower personally liable for its failure to comply with the provisions of Sections 2.9(c), 4.3, 6.1, the first sentence of Section 8.4, Section 8.11, Article IX, Section 14.1 and Sections 14.5(a)(i) and (b)(ii) hereof.

Section 2.7. Payments.

(a) Form of Payment. All payments by the Borrower under the Non-recourse Term 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 2.8. 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 rate equal to 10% per annum (the "Default Rate"), until paid in full.

Section 2.9. The GECRA Lease or other Lease.

(a) Rents and Other Payments. Any rents or other sums paid under the GECRA Lease or other Lease and received by the Bank pursuant to this Loan Agreement shall be held by the Bank as part of the Collateral and, so long as no Event of Default shall have occurred, all such rents and other sums shall be paid and applied as follows:

(1) Rents. The amounts from time to time received by the Bank that constitute payment of rents under the GECRA Lease or other Lease shall be applied: first, to any unpaid costs (including, without limitation, those contained in Article XI) or expenses of the Bank incurred pursuant to this Loan Agreement or the Non-recourse Promissory Note; second, to unpaid late charges, if any; third, to all accrued but unpaid interest then due under the Non-recourse Promissory Note; fourth, to the next due installment of principal; and fifth, any excess then remaining shall be deposited into the Collateral Account and applied by the Bank from time to time to satisfy any of the Borrower's Obligations hereunder and under the Non-recourse Promissory Note.

(2) Casualty Payments. Any amounts received by the Bank that constitute payment on account of a Casualty Occurrence pursuant to the GECRA Lease or other Lease shall be applied:

first, in accordance with clauses first, second and third of sub-part (a) (1) of this Section 2.9; second, to prepayment (in whole or in part, as applicable) of the principal of the Non-recourse Promissory Note in accordance with the provisions of Section 2.5(b) hereof; and third, any excess then remaining promptly shall be remitted to the Borrower (provided, however, that in the event that an instrument by which a casualty value payment was made is subsequently dishonored, the Borrower shall promptly refund to the Bank the amount of such excess payment).

(3) Lease Default Payments. Any amounts received by the Bank pursuant to the exercise of the rights and remedies provided in the GECRA Lease or other Lease (or otherwise available at law or in equity as a result of the occurrence of an event of default under the GECRA Lease or other Lease, as the case may be) shall be applied: first, in accordance with clause first of sub-part (a) (2) of this Section 2.9; second, to prepayment in whole of the principal of the Non-recourse Promissory Note; third, to pay any other sums then due and owing to the Bank; and fourth, any excess then remaining promptly shall be remitted to the Borrower (provided, however, that in the event that an instrument by which a lease default payment was made is subsequently dishonored, the Borrower shall promptly refund to the Bank the amount of such excess payment).

(b) Tax Reimbursements, etc. Any payments received by the Bank as amounts paid by the Lessee pursuant to the GECRA Lease in connection with the payment or reimbursement of Taxes, fees or other charges promptly shall be paid to the Bank to reimburse it for any amounts expended for the payment of such Taxes, fees or other charges, and thereafter, so long as the Borrower is not in default of its obligations hereunder, shall be remitted to the Borrower.

(c) Collateral Account. The Borrower shall establish and maintain an account with the Bank (the "Collateral Account") and shall direct the Lessee or any other lessee to make all future payments of rent, casualty value payments and other sums due and to become due under the GECRA Lease or other Lease (as the case may be) directly to the Bank, for deposit into the Collateral Account; and in furtherance thereof, shall: (i) execute and deliver to the Bank such documents as may be required to establish such account, and (2) execute and cause the Lessee and GECC to acknowledge a notice of assignment in substantially the form attached hereto as Exhibit D (the "Notice") directing the Lessee and GECC (as the case may be) to make all future payments of rent, casualty value payments and all other sums due under the GECRA Lease and/or the GECC Guaranty directly to the Bank as provided herein. All monies deposited into the Collateral Account shall be used by the Bank to pay from time to time all sums due by the Borrower to the Bank under the Non-recourse Promissory Note which the Borrower has not previously paid and the Borrower shall have no right to withdraw any of the funds in said Account.

Section 2.10. Evidence of Indebtedness. The Term Loan and the Borrower's obligation to repay the Non-recourse Promissory Loan with interest thereon shall be evidenced by this Loan Agreement, the Non-recourse Promissory Note and the records of the Bank.

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 Kansas.

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

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

(e) (1) Copies of all insurance policies and endorsements thereto of the Lessee 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 \$2,089,800; 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, substantially in the form of Schedule 3.1(f).

(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) Copies of appropriate informational filings on Form UCC-1, duly executed by the Borrower and the Lessee.

(i) The originally executed copy of the GECRA Lease (a certified true copy in the case of the November 2, 1978 letter amending said Lease), with the appropriate chattel paper receipt.

(j) Certified true copies of the invoices received by Rex Railways when it initially acquired ownership of the Railcars under the GECRA Lease, showing the purchase price thereof.

(k) The originally executed copy of the Assignment and Assumption, duly executed by RF&P.

(l) Evidence of the filing of the GECRA Lease, the Assignment and Assumption and this Loan Agreement with the ICC pursuant to 49 U.S.C. §11303.

(m) Two originally executed copies of the Notice, duly executed by the Lessee and GECC, respectively.

(n) 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 Kane County, Illinois listing all filings of record against the Borrower, as well as tax, judgment and pending litigation searches in the same jurisdictions.

(o) The originally executed copy of the GECC Guaranty, with the appropriate chattel paper receipt.

(p) The originally executed copy of the Rex-Noreco Guaranty, with the appropriate chattel paper receipt.

ARTICLE IV

SECURITY

In order to secure the prompt payment of the principal of, prepayment premium, if any, and interest on the Non-recourse Promissory Note (whether now or hereafter outstanding) and of all of the Borrower's other Obligations, 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 Non-recourse 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, accessions, equipment, appurtenances and parts appertaining or attached to the Railcars, whether now owned or hereafter acquired, and all substitutions and replacements of the Railcars described above (the Railcars and the equipment described in this subsection (b) herein being hereinafter sometimes collectively called the "Equipment Collateral");

(c) all proceeds, insurance 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 Rex Railways under the GECRA Lease or any manufacturer, rebuilder or seller 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) any agreement now or hereafter entered into for leasing the Railcars to any third party, including, without limitation, the GECRA Lease, together with all of the Borrower's right, title, interest, claims and demand in, to and under said agreements, including all extensions, renewals and replacements thereof, together with all rights, powers, privileges, options, and other benefits of the Borrower, including, without limitation, the right to receive all notices, give consents, exercise any election or option, declare defaults and demand payments with respect thereto;

(f) all rent, issues, income, profits, damages and other moneys from time to time payable to or receivable by the Borrower in respect of the Equipment Collateral;

(g) all monies and other funds from time to time on deposit in the Collateral Account, all interest payable thereon, all rights and privileges incident thereto;

(h) the GECC Guaranty and all rights and privileges incident thereto;

(i) the Rex-Noreco Guaranty and all rights and privileges incident thereto;

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

(k) 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 rents, profits, 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 an Event of Default, 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; provided, however, that the Bank will notify the Borrower if any payment due under the GECRA Lease or other Lease is not received by the Bank on the scheduled due date for the payment thereof or if received, is less than the amount then due and payable thereunder.

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 and file and/or record, or procure the execution, acknowledgment, witnessing, delivery and filing and/or recordation of, such documents or instruments, and shall take or use its best efforts to 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 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 the Non-recourse 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. Maintenance. During the term hereof:

(a) The Borrower shall use, and cause each lessee and permitted sublessee of any of the Railcars to use, the Railcars only in the manner for which they were designed and intended and so as to subject them only to reasonable wear and tear from proper use alone excepted. The Railcars shall not be used in any manner that is in violation of, or more hazardous than permitted by, the insurance maintained under Section 6.1. The Borrower agrees that it will not, and will cause each lessee and permitted sublessee not, to discriminate against any Railcar (as compared to other similar equipment owned or leased by it) with respect to its use, operation or maintenance in contemplation of the expiration or termination of any Lease, including the GECRA Lease.

(b) At its own expense, the Borrower shall maintain, service, repair, overhaul and keep, and cause each lessee and permitted sublessee of any of the Railcars to maintain, service, repair, overhaul and keep, each of the Railcars and the component parts thereof in good operating condition and repair suitable for the commercial use as originally designed and intended (i) in accordance with prudent Class I railroad industry maintenance practices and the maintenance practices used by it, any lessee or any permitted sublessee (as the case may be) of any of the Railcars in respect of equipment owned or leased by it, such lessee or such permitted sublessee (as the case may be) similar in nature to the Railcars, (ii) in compliance with all Applicable Laws, and (iii) eligible for railroad interchange in the hands of the Borrower or any lessee and permitted sublessee of any of the Railcars in accordance with the interchange rules of the United States Department of Transportation, the Federal Railroad Administration, the ICC and the Association of American Railroads, to the extent applicable. The Borrower shall perform, and cause each lessee and permitted sublessee of any of the Railcars to perform, all

inspections of the Railcars and maintain all records, logs and other materials required to be maintained in respect of the Railcars by the United States Department of Transportation or any other Governmental Authority having jurisdiction over it, the Lessee, any other lessee or any permitted sublessee (as the case may be) or the Railcars.

(c) The Borrower shall not make, nor permit any lessee or any permitted sublessee of any of the Railcars to make, any additions, improvements, modifications or alterations to any Railcar unless consented to in writing by the Bank and the same are readily removable without causing material damage to such Railcar or otherwise adversely affecting the value and/or utility of such Railcar.

(d) Notwithstanding anything contained in Sections 5.1(a) and (b) to the contrary, so long as the Railcars continue to be leased to the Lessee pursuant to the GECRA Lease, the Borrower shall be deemed to be in compliance with the terms hereof to the extent that the Lessee is in compliance with the maintenance provisions of Section 8 of the GECRA Lease.

Section 5.2. Use and Possession in Railroad Operations. So long as no Default or Event of Default shall have occurred, the Borrower or any lessee or permitted sublessee of any of the Railcars shall be entitled to the possession of the Railcars and to the use thereof upon the lines of railroad owned or operated by it, any lessee (including the Lessee), any permitted sublessee or any affiliates thereof, or upon lines of railroad over which it, such lessee, such permitted sublessee or any such affiliate 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, the Borrower shall not assign or permit the assignment of any Railcar to service involving the regular operation and maintenance thereof outside the continental United States of America.

Section 5.3. Marking of Railcars.

(a) 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, 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, and to keep and maintain marked, plainly, distinctly, permanently and conspicuously by a plate or stencil printed in contrasting colors upon each side of each Railcar in letters not less than one inch in height the words "Ownership Subject to a Security Agreement Filed with the Interstate Commerce Commission," or other appropriate markings approved in writing by the Bank, with appropriate changes thereof and additions thereto as from time to time may be required by Applicable Law in order to protect the Bank's security interest in the Equipment Collateral,

including, but not limited to, the Railcars and its rights under this Loan Agreement. The Borrower shall, at its sole cost and expense, cause any such markings that may be removed, defaced, obliterated or destroyed to be promptly replaced and shall not change, or permit any lessee or permitted sublessee of any of the Railcars to change the numbers of the Railcars unless and until (i) a statement of new number or numbers to be substituted therefor shall have been filed with the Bank and filed, recorded and deposited by the Borrower in all public offices where this Loan Agreement shall have been filed, recorded and deposited and (ii) the Borrower shall have furnished the Bank an opinion of counsel to the effect set forth in subparagraph C of Section 14 of the GECRA Lease in respect of such statement.

(b) Notwithstanding anything contained in this Section 5.3 to the contrary, so long as the Railcars continue to be leased to the Lessee pursuant to the GECRA Lease, the Borrower shall be deemed to be in compliance with the terms hereof to the extent that the Lessee is in compliance with the provisions of Section 4 of the GECRA Lease.

Section 5.4. 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; provided, however, that the Borrower may permit any lessee or permitted sublessee of any of the Railcars to cause the Railcars to be lettered with the names or initials or other insignia customarily used by such lessee or permitted sublessee (as the case may be) on railroad equipment used by it of the same or a similar type for convenience of identification of its rights to use the Railcars as permitted by any Lease, including the GECRA Lease.

Section 5.5. 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 5.6. Rules, Laws and Regulations. The Borrower shall comply, and will use its best efforts to cause each lessee and permitted sublessee of any of the Equipment Collateral to 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, or cause the lessee or the permitted sublessee, if applicable, of the Railcars 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, the Lessee, any other lessee or any permitted sublessee (as the case may be) 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, or shall cause each lessee and permitted sublessee of any of the Railcars, at its own cost and expense, to 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 \$5,000 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 \$50,000 per occurrence and in such amounts of not less than \$2,000,000 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, any lessee or 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, any lessee or 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, any lessee or permitted sublessee of any of the Railcars 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, the lessee's or permitted sublessee'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. Notwithstanding anything contained in this Section 6.1 to the contrary, so long as the Railcars continue to be leased to the Lessee pursuant to the GECRA Lease, the Borrower shall be deemed to have complied with the provisions of this Section 6.1 hereof to the extent the Lessee maintains in full force and effect the insurance coverage required by Section 6 of the GECRA Lease.

Section 6.2. Duty of Borrower to Notify Bank of a Casualty Occurrence. In the event (i) of the loss or theft of any Railcar, (ii) of the actual or constructive total loss of any Railcar, (iii) 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, (iv) any Railcar shall be worn out, (v) title to or use of any Railcar shall be requisitioned or taken by any Governmental Authority under the power of eminent domain or otherwise, (vi) any Railcar shall have been returned permanently to the Borrower pursuant to a material breach of a warranty of the Borrower, or (vii) 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. Notwithstanding the foregoing, so long as the Railcars continue to be leased to the Lessee

pursuant to the GECRA Lease and pending its payment to the Bank of said Casualty Value, the Borrower shall continue to pay to the Bank, at the times and in the amounts specified in the Non-recourse 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 Kansas; 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 Term 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 terms of any agreement or instrument, or 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.

Section 7.8. Financial Condition. The financial statements of the Borrower most recently submitted to the Bank are true, complete and correct in all 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 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 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 adverse change is pending or threatened), 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 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. 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 Foxfield Square, Suite 200, St. Charles, Illinois 60174. 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, which 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"): (1) no "accumulated funding deficiency" as defined in Section 412 of the Code or Section 302 of ERISA has occurred, whether or not the accumulated funding deficiency has been waived; (2) no "reportable event" as defined in Section 4043 of ERISA has occurred; (3) no termination or partial termination of any plan subject to Title IV of ERISA has occurred; and (4) no termination or partial termination has occurred.

With respect to any "multiemployer plan" as defined in Section 3 (37) of ERISA: (a) neither the Borrower nor any Commonly Controlled Entity has incurred a "complete withdrawal" within the meaning of Section 4203 of ERISA; (b) neither the Borrower nor any Commonly Controlled Entity has incurred a "partial withdrawal" within the meaning of Section 4205 of ERISA; and (c) no multiemployer plan to which the Borrower or any Commonly Controlled Entity has an obligation to contribute is in reorganization within the meaning of Section 4241 of ERISA, nor has notice been received by the Borrower or any Commonly Controlled Entity that such a multiemployer plan will be placed in reorganization.

Section 7.15. GECRA Lease. The GECRA Lease is in full force and effect, and is enforceable against the Borrower and the Lessee in accordance with 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 the Borrower's knowledge, the Lessee is in compliance with the terms of the GECRA Lease and the Lessee has no defenses, offsets or counterclaims which it could assert as a bar to payment or performance of any of its obligations thereunder.

Section 7.16. GECC Guaranty. The GECC Guaranty is in full force and effect, and is enforceable against GECC 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 the Borrower's knowledge, GECC is in compliance with the terms of the GECC Guaranty and GECC has no defenses, offsets or counterclaims which it could assert as a bar to payment or performance of any of its obligations thereunder.

Section 7.17. Prepayment of Rent; Rentals Owed. There has been no prepayment of any of the rent or other amounts due and payable under the GECRA Lease, and there continues to remain due and owing thereunder (without giving effect to any options to

extend to term of the GECRA Lease) sixty (60) consecutive monthly installments of rent, each in the amount of \$43,327.64.

Section 7.18. No Other Agreements. With the exception of the GECRA Lease, there is no other agreement, oral or written, between the Borrower and any other Person, including the Lessee, with respect to the use of the Railcars.

Section 7.19. Rex-Noreco Guaranty. To the best of its knowledge, the Rex-Noreco Guaranty is in full force and effect, and is enforceable against Rex-Noreco 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 its knowledge, Rex-Noreco is in compliance with the terms of the Rex-Noreco Guaranty and Rex-Noreco has no defenses, offsets or counterclaims which it could assert as a bar to payment or performance of any of its obligations thereunder.

Section 7.20. 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 Kansas 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, or use its best efforts to cause each lessee and permitted sublessee of any of the Railcars to 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, such lessee or permitted sublessee (as the case may be) is contesting in good faith, by appropriate and diligent legal proceedings and with respect to which the Borrower, such lessee or permitted sublessee (as the case may be) has established adequate reserves in accordance with GAAP.

Section 8.3. Visits and Inspections. Permit, and use its best efforts to cause each lessee and permitted sublessee of any of the Railcars to 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. Borrower shall also use its best efforts to cause the Lessee, any other lessee or any permitted sublessee (as the case may be) of any Railcar to do the same.

Section 8.5. Repossession of Railcars. Immediately upon the request of the Bank, exercise any rights it may have to repossess the Railcars covered by any lease or sublease, including the GECRA Lease, pursuant to Section 1168 of Title 11 of the United States Code or any successor statute, if applicable.

Section 8.6. Compliance with AAR Regulations, etc. Comply, and use its best efforts to cause each lessee and permitted sublessee of any of the Railcars to 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 8.7. 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 8.8. 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) 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 8.9. 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 8.10. Environmental Covenants.

(a) Notice. Immediately notify the Bank if the Borrower, or to its knowledge the Lessee, any other lessee or any permitted sublessee (as the case may be) of any of the Railcars, (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, any lessee or any permitted sublessee of any of the Railcars may be liable in whole or in part.

(b) Hazardous Substances. Conduct its business, and use its best efforts to cause the Lessee, any other lessee and any permitted sublessee (as the case may be) of any of the Railcars to conduct its business, in compliance with the Environmental Laws and shall use its best efforts to not, and shall cause each lessee and permitted sublessee of any of the Railcars not to, generate, treat, produce, store, handle, transfer, process, transport, dispose, recycle or otherwise release Hazardous Substances if by doing so the Borrower, such lessee or permitted sublessee (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 8.11. Taxes. Pay all Taxes in connection with the issuance, sale or delivery of the Non-recourse 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 Non-recourse 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 8.11 shall survive the payment or prepayment of the Term Note and the termination of this Agreement.

Section 8.12. Notices. Promptly deliver to the Bank all reports, notices, documents and other information provided to it by the Lessee under the GECRA Lease or any other lessee or any permitted sublessee (as the case may be) under a Lease.

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 (other than to the Lessee), 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. Lease Assignment. Assign any of its rights under the GECRA Lease or other Lease (as applicable) to any Person other than the Bank or permit the Lessee (other than as provided by the terms of the GECRA Lease) or any other lessee (as applicable) to assign its obligations to any other Person, it being understood that the Lessee or any other lessee (as applicable) may engage in inter-line sharing of Railcars to the extent customary in the railroad industry.

Section 9.3. GECRA Lease. Agree to amend, supplement or modify any provision of the GECRA Lease.

Section 9.4. GECC Guaranty. Agree to amend, supplement or modify any provision of the GECC Guaranty.

Section 9.5. Rex-Noreco Guaranty. Agree to amend, supplement or modify any of the provisions of the Rex-Noreco Guaranty.

Section 9.6. 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 9.7. Line of Business. Enter into any lines or areas of business substantially different from the business activities in which it is presently engaged.

Section 9.8. 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 "multiemployer 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 multiemployer plan, (5) incur a complete or partial withdrawal from any multiemployer 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 multiemployer 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, audited 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, prepared in accordance with GAAP, and certified by independent certified public accountants of recognized standing satisfactory to the Bank, the certificates of which shall be in scope and substance satisfactory to the Bank.

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 GECRA Lease, the GECC Guaranty, the Rex-Noreco Guaranty, the Lessee, Rex Railways, any other lessee or any permitted sublessee 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 (a) any Default; and (b) any default under the GECRA Lease, the GECC Guaranty or the Rex-Noreco Guaranty.

Section 10.5. Lease Notices. Provide the Bank promptly, with copies of all notices received or sent by the Borrower or to it in connection with the GECRA Lease, the GECC Guaranty or the Rex-Noreco Guaranty.

Section 10.6. 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 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 10.7. Duty of Borrower to Furnish Information. On or before March 31, 1993, and on or before each March 31 thereafter, the Borrower will furnish, or will cause the Lessee to furnish, to the Bank an accurate statement, as of the preceding December 31 (a) showing the location of each Railcar (to the extent such information is available from the Lessee, any other lessee or any permitted sublessee); (b) whether such Railcar is under lease and if so, to whom; (c) the amount, description and numbers of all Railcars that may have suffered a Casualty Occurrence during the twelve (12) months ending on such December 31 or are then undergoing repairs (other than running repairs) or are then withdrawn from use pending such repairs; and such other information regarding the condition and state of repair of the Railcars as the Bank may reasonably request; and (d) stating that, in the case of all Railcars repainted or repaired during the period covered by such statement, the numbers and markings required by Section 5.3 shall have been preserved or replaced. The Bank shall have the right, by its respective agents, to inspect the Railcars and the Borrower's and, if applicable, Lessee's records with respect thereto, at such reasonable times as the Bank may request during the term hereof.

Section 10.8. Governmental Regulation Generally. 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 non-Governmental 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, prepayment premium, if any, or interest on, the Non-Recourse Promissory Note and such failure shall have continued unremedied for three (3) Business Days.

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 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 2.9, 4.3, 5.1 through 5.6 inclusive, 6.1, 6.3, 8.1, 8.2, 8.4, 8.5, 8.6, 8.9, 8.11 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 generally 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 Non-recourse Promissory Note or any of the other Obligations are impaired for any reason.

Section 11.9. Default Under the GECRA Lease. An Event of Default (as defined therein) shall have occurred under the GECRA Lease.

Section 11.10. Default Under GECC Guaranty. A Default (as defined therein) shall have occurred under the GECC Guaranty.

Section 11.11. Default Under Rex-Noreco Guaranty. A default shall have occurred under the Rex-Noreco Guaranty.

Section 11.12. Bankruptcy of Lessee, etc.

(a) The Lessee, any other lessee or any permitted sublessee (as the case may be) of any of the Railcars 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 generally 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 Lessee, any other lessee or any permitted sublessee (as the case may be) of any of the Railcars 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 Lessee, any other lessee or any permitted sublessee (as the case may be) of any of the Railcars or of all or any substantial part of the assets, domestic or foreign, of the Lessee, any other lessee or any permitted sublessee (as the case may be) of any of the Railcars, or (3) an order granting the relief requested in such case or proceeding against the Lessee or any other lessee of any of the Railcars (including, but not limited to, an order for relief under such federal bankruptcy laws) shall be entered.

Section 11.13. Bankruptcy of GECC.

(a) GECC 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 generally 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 GECC 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 GECC or of all or any substantial part of the assets, domestic or foreign, of GECC, or (3) an order granting the relief requested in such case or proceeding against GECC (including, but not limited to, an order for relief under such federal bankruptcy laws) shall be entered.

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, subject to the provisions of Section 12.9 hereof, declare the Obligations to be immediately due and payable, both as to principal, prepayment premium, if any, 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 Non-recourse 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 of or sale of the Collateral, all costs and expenses of, and damages or losses by reason of, such use 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) by notice in writing to the Borrower and the Lessee, terminate the GECRA Lease, whereupon all rights of the Lessee and the Borrower to the use of the Equipment Collateral shall absolutely cease and terminate as though the GECRA Lease had never been made; and/or

(i) 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

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

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

(l) 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 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 balance shall be paid to the Borrower or to any other party entitled thereto.

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 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 Agreement shall be deemed to be a waiver of any other or similar, previous or subsequent breach or default.

Section 12.9. Certain Rights of Borrower. Notwithstanding anything contained in this Loan Agreement to the contrary:

(a) Right to Cure Lessee Defaults under GECRA Lease. In the event Lessee fails to pay when due any installment of rent casualty value, or other sum due under the GECRA Lease, the Bank shall give the Borrower notice thereof, and on or before the 10th day next following the giving of such notice, the Borrower may pay to the Bank a sum equal to the amount of all (but not less than all) principal and interest then due under the Non-recourse Promissory Note that otherwise would have been paid out of the payment to be received by the Lessee had such payment been made, together with any interest on account of such payment being overdue at the Default Rate as provided in Section 2.8 hereof. In the event of any other default by the Lessee in the performance of any other obligation owed by it under the GECRA Lease, the Borrower may in accordance with the terms hereof perform such obligation on behalf of Lessee. Solely for the purpose of determining whether there exists an Event of Default hereunder (i) any payment by the Borrower pursuant to, and in compliance with, the first sentence of this Section 12.9(a) shall be deemed to remedy any default by the Lessee in the payment of any installment of rent, casualty value or other sum theretofore due and payable and to remedy any default by the Borrower in the payment of any amount due and payable under the Non-recourse Promissory Note and resulting from such failure to pay rent, casualty value, or other sums then due by the Lessee under the GECRA Lease, and (ii) any performance by the Borrower of any obligation of the Lessee under the GECRA Lease pursuant to, and in compliance with, the second sentence of this Section 12.9(a) shall be deemed to remedy any default by the Lessee in the performance of such obligation and to remedy any default hereunder arising out of such default by the Lessee and the Bank shall not exercise any of its rights hereunder or declare the Obligations to be immediately due and payable as provided in Section 12.01. This Section 12.9(a) shall apply to each Event of Default (as defined therein) under the GECRA Lease, except that:

(A) this Section 12.9(a) shall not apply to any default by the Lessee in the payment of any installment of rent due under the GECRA

Lease, if default by the Lessee in the payment of two consecutive installments of rent, or in the payment of a total of four installments of rent, shall have been cured by the Borrower pursuant to the foregoing provisions of this Section 12.9(a); and

(B) this Section 12.9(a) shall not apply to any other payment defaults by the Lessee if such payment defaults by the Lessee in amounts greater than \$60,000 shall have been cured by the Borrower pursuant to the foregoing provisions of this Section 12.9(a) within any 12 month period.

Upon the exercise of any cure rights under this Section 12.9(a), the Borrower shall have no lien on any part of the Collateral on account of any payment made or the costs and expenses incurred in connection therewith nor, except as expressly provided in Section 12.9(b) hereof, shall any claim the Borrower may have against the Lessee or GECC for repayment thereof impair the prior right and security interest of the Bank in and to the Collateral.

(b) Distribution After Borrower Exercises Cure Rights.

Upon the exercise of any cure right under the first sentence of Section 12.9(a), the Borrower shall be subrogated to the rights of the Bank to receive any payment with respect to which the Borrower effected such cure (including interest on account of such payment being overdue) in the manner set forth in the next sentence. If the Bank shall thereafter receive payment of any sum which the Lessee was obligated but failed to pay and which the Borrower did in fact pay to the Bank, the Bank shall promptly remit such payment (to the extent of the payment actually made by the Borrower pursuant to Section 12.9(a) hereof) to the Borrower in reimbursement for the monies advanced by it; provided, however, that if and for so long as any Event of Default hereunder shall have occurred and be continuing, such payment shall not be remitted to the Borrower but shall be held by the Bank as additional security for the Borrower's Obligations hereunder and, if appropriate, be applied in accordance with the terms of this Loan Agreement.

(c) Shared Rights. The Borrower will at all times retain but not to the exclusion of the Bank, the rights (i) to receive from the Lessee all notices, copies of documents and other information which the Lessee is permitted or required to give to the Borrower pursuant to the terms of the GECRA Lease, (ii) to inspect the Railcars and the books and records of the Lessee to the extent permitted in the GECRA Lease, (iii) to provide such insurance as the Lessee shall have failed to maintain pursuant to the terms of the GECRA Lease, and (iv) to perform for the Lessee its obligations under the GECRA Lease.

(d) Terminations, Amendments, Waivers, etc. (i) Unless an Event of Default (as defined therein) has occurred under the GECRA Lease or other Event of Default has occurred hereunder, neither the Bank nor the Borrower shall enter into any amendments to the GECRA Lease or GECC Guaranty without the prior written consent of the other.

(i) Upon the occurrence of an Event of Default as specified in Section 11.9 (other than as a result of the filing by or against the Lessee or GECC of a petition in bankruptcy or other event specified in Sections 11.12 or 11.13) hereof and provided no other Event of Default has then occurred, the Borrower shall have the exclusive right to terminate the GECRA Lease pursuant to Section 9 thereof provided that within thirty (30) days after the occurrence of such Event of Default, the Borrower either (x) pays to the Bank in full all sums payable hereunder and under the Non-recourse Promissory Note (whether or not then due and payable), together with any fees and expenses (including legal fees and expenses) incurred by the Bank as a result of such Event of Default, or (y) enters into a new Lease on terms and with a new lessee acceptable to the Bank in its sole discretion; and provided, further, that said lessee, or any guarantor guarantying said lessee's obligations under such Lease possesses a net worth at least equal to that of GECC as of the date hereof and the Borrower delivers to the Bank the original chattel paper copy of said Lease, a copy of which shall have been duly filed with the ICC and recorded in each other jurisdiction where required and of the guaranty (if applicable).

(ii) If an Event of Default (as defined therein) has occurred under the GECRA Lease and the Borrower has not elected to exercise its rights pursuant to Section 12.9(d)(i) hereof within the time period stated therein, the Bank may exercise any and all rights provided in this Article XII (without further notice to or the consent of the Borrower).

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, or cause the Lessee, any other lessee or any permitted sublessee (as the case may be) to 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 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; 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, subject to the provisions of Section 2.6, 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 Term Loan or its obligation to maintain the Term 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 Non-recourse 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 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 telecopy), (b) be (i) sent by certified mail, postage prepaid, return-receipt requested, (ii) sent by prepaid telecopier, or (iii) delivered by hand, and (c) be given at the following respective addresses and/or telecopier numbers:

(i) if to the Borrower, at:

Interail, Inc.
One Foxfield Square
Suite 200
St. Charles, Illinois 60174
Facsimile No.: (708) 377-9934
Attention: President

(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: Paul M. Leand, Jr.

with a copy to:

Ober, Kaler, Grimes & Shriver
120 E. Baltimore Street
Baltimore, Maryland 21202-1643
Facsimile No.: 301-547-0699
Attention: Patrick K. Cameron, Esq.

or at such other address, or telecopier 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 telecopier, 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 Non-recourse Promissory Note, the other Loan Documents, the GECRA Lease or the GECC Guaranty, including, without limitation, any losses suffered by reason of any defense, setoff, counterclaim or recoupment by the Lessee or its successors under the GECRA Lease (except, in the case of any claim brought by the Borrower or the Lessee, to the extent such claim results in a final judgment in favor of the Borrower or the Lessee 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 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 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 Non-recourse 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.

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

WITNESS:

INTERAIL, INC.

Thomas L. Harvey, Jr.

By: Richard F. Seymour (SEAL)
Richard F. Seymour
President

WITNESS:

THE FIRST NATIONAL BANK
OF MARYLAND

Patrick K. ...

By: James H. ... (SEAL)

Schedule 1

List of Borrower's road numbers for the one hundred sixty-two (162) covered hopper railcars:

CAGY	300
CAGY	301
CAGY	302
CAGY	303
CAGY	304
CAGY	305
CAGY	306
CAGY	307
CAGY	308
CAGY	309
CAGY	310
CAGY	311
CAGY	312
CAGY	313
CAGY	314
CAGY	315
CAGY	316
CAGY	317
CAGY	319
CAGY	320
CAGY	321
CAGY	322
CAGY	323
CAGY	324
CAGY	325
CAGY	326
CAGY	327
CAGY	328
CAGY	329
CAGY	330
GBW	200
GBW	201
GBW	202
GBW	203
GBW	204
GBW	205
GBW	206
GBW	207
GBW	208
GBW	209
HS	20131
HS	20132
RREX	4102
RREX	4103
RREX	4104
RREX	4105
RREX	4106

RREX 4108
RREX 4109
RREX 4113
RREX 4114
RREX 4115
RREX 4116
RREX 4117
RREX 4118
RREX 4119
RREX 4120
RREX 4122
RREX 4127
RREX 4128
RREX 4130
RREX 4131
RREX 4135
RREX 4138
RREX 4139
RREX 4141
RREX 4142
RREX 4144
RREX 4149
RREX 4152
RREX 4154
RREX 4156
RREX 4157
RREX 4161
RREX 4162
RREX 4164
RREX 4165
RREX 4168
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TBER 5022
TBER 5023

SCHEDULE 3.1(a)
to
Loan Agreement, Chattel Mortgage
and Security Agreement
dated as of June 12, 1992

CERTIFICATE AS TO CORPORATE INFORMATION

I, Lita K. Jimenez, Secretary of Interail, Inc., a Kansas 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 June __, 1992, 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>
Richard F. Seymour	President	_____
Lita K. Jimenez	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 May __, 1992. 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 Non-recourse 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 June, 1992.

Secretary

I, Richard F. Seymour, President of the Borrower, DO HEREBY CERTIFY that Lita K. Jimenez 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 June, 1992.

President

Annex A

Board Resolutions

"RESOLVED, that the form, terms and provisions of the Loan Agreement, Chattel Mortgage and Security Agreement, the Non-recourse 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 Two Million Eighty-nine Thousand Eight Hundred Dollars (\$2,089,800), 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 3.1(f)
to
Loan Agreement, Chattel Mortgage
and Security Agreement
dated as of June 12, 1992

The First National Bank of Maryland
Transportation Division
25 S. Charles Street
Baltimore, Maryland 21201

\$2,089,800
Re: Secured Term Loan Facility
for
Interail, Inc.

Gentlemen:

As counsel for Interail, Inc., a Kansas corporation (the "Borrower"), I am furnishing this opinion pursuant to Section 3.1(f) of that certain Loan Agreement, Chattel Mortgage and Security Agreement dated as of June __, 1992 (the "Loan Agreement"), between The First National Bank of Maryland, as lender (the "Bank"), and the Borrower, as borrower.

All terms used herein which are defined in the Loan Agreement shall have the meanings given them therein, unless the terms are specifically defined herein.

I have reviewed originals or copies, certified or otherwise identified to our satisfaction, of the Loan Agreement, the Non-recourse Promissory Note and the other Loan Documents. I have examined the Articles of Incorporation and Bylaws of the Borrower and such additional documents, and I have obtained such other certificates, affidavits and advices from officers of the Borrower or from public officials as I have deemed necessary or appropriate for the purposes of this opinion.

On the basis of the foregoing and on the basis of our consideration of such facts and laws as we have deemed necessary in the premises, I am of the opinion that:

a. The Borrower is a corporation duly organized and validly existing in good standing under the laws of the State of Kansas and is duly authorized to transact business as a foreign corporation in good standing wherever necessary to carry on its present business and operations and to own or lease its properties and to perform its obligations under the Loan Documents.

b. The Borrower has the full power and authority to own or to hold under lease (as the case may be) its properties and to enter into and perform its obligations under the Loan Documents; and the

borrowing under the Loan Documents by the Borrower from the Bank, the execution, delivery and performance of the Loan Documents, and all other related instruments and documents: (1) have been duly authorized by all necessary action on the part of the Borrower; (2) do not require the approval of any stockholder or approval or consent of any trustee or holders of any indebtedness or obligations of the Borrower except such as have been duly obtained; and (3) do not and will not contravene any Applicable Law now binding on the Borrower, or the Articles of Incorporation or Bylaws of the Borrower, or contravene the provisions of, or constitute a default under, or result in the creation of any Lien (other than as contemplated in the Loan Documents) upon the property of the Borrower under any indenture, mortgage, contract or other agreement to which the Borrower is a party or by which it or its property is bound.

c. Neither the execution and delivery by the Borrower of the Loan Documents and all other related instruments and documents, nor the consummation by the Borrower of any of the transactions contemplated thereby, requires the consent or approval of, the giving of notice to, the registration with, or the taking of any other action in respect of, any Governmental Authority or agency except for the filing of the Loan Agreement with the ICC pursuant to 49 U.S.C. §11303 and the filing of Uniform Commercial Code financing statements with the Secretary of State of Illinois and the Clerk of the Circuit Court of Kane County, Illinois.

d. The Loan Documents and all other related instruments and documents constitute the legal, valid and binding agreements of the Borrower, enforceable against the Borrower in accordance with the terms thereof, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar law or equitable principles relating to or affecting the enforcement of creditors' rights generally.

e. The Borrower is the sole, true and lawful owner of the Railcars, free and clear of all Liens.

f. The Bank has a duly perfected, continuing first priority security interest in and chattel mortgage lien on: (i) the Railcars; (ii) all of the Borrower's right, title and interest in and to the GECRA Lease and all rental payments, casualty value payments and other sums due and to become due by the Lessee to the Borrower from time to time thereunder; (iii) all of the Borrower's right, title and interest in and to the Rex-Noreco, Inc. and GECC Guaranty, respectively, and to all payments due to be paid from time to time by the respective guarantors thereunder; (iv) all rights, claims, causes of action, if any, which the Borrower may have against Rex Railways, Inc. under the GECRA Lease or any manufacturer or seller of the Railcars or the other property described in the Loan Agreement; and (v) all proceeds (cash and non-cash) of the foregoing, including, without limitation, insurance proceeds and requisition compensation.

g. To the best of my knowledge after due inquiry and investigation, there are no pending or threatened actions or proceedings to which the Borrower is a party, and there are no other pending or threatened actions or proceedings of which the Borrower has knowledge, before any court, tribunal, arbitrator or administrative agency that might materially adversely affect the financial condition of the Borrower, or the ability of the Borrower to perform its obligations under the Loan Documents or any of the other instruments and documents executed in connection therewith.

Sincerely yours,

SCHEDULE 7.2
to
Loan Agreement, Chattel Mortgage
and Security Agreement
dated as of June 12, 1992

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 Non-recourse Promissory Note, the other Loan Documents, and the GECRA Lease:

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 June 12, 1992

LITIGATION

NONE

SCHEDULE 10.1
to
Loan Agreement, Chattel Mortgage
and Security Agreement
dated as of June 12, 1992

CERTIFICATE AS TO FINANCIAL STATEMENTS

I, _____, Chief Financial Officer of Interail, Inc. (the "Borrower"), hereby certify pursuant to Section 10.1 of the Loan Agreement, Chattel Mortgage and Security Agreement dated as of June __, 1992, 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: _____, 199__.

EXHIBIT A
to
Loan Agreement, Chattel Mortgage
and Security Agreement
dated as of June 12, 1992

FORM OF NON-RECOURSE PROMISSORY NOTE

\$2,089,800

Baltimore, Maryland
June __, 1992

FOR VALUE RECEIVED, INTERAIL, INC., a Kansas 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 Two Million Eighty-nine Thousand Eight Hundred and 00/100 DOLLARS (\$2,089,800) (the "Principal Sum") on or before July 1, 1996, together with interest on the Principal Sum outstanding from time to time at the rate of 8% per annum, as hereinafter set forth (computed on a 360-day year for the actual number of days elapsed).

Principal and interest shall be payable as follows:

(a) Interest only at the rate specified above on all sums advanced from time to time hereunder from the date hereof to and including June 30, 1992, payable on July 1, 1992; followed by

(b) Sixteen (16) consecutive quarterly installments of principal and interest, each in the amounts set forth on Schedule A attached hereto and made a part thereof, commencing on October 1, 1992 and continuing on the first day of each January, April, July and October thereafter.

(c) The balance of any unpaid Principal Sum, together with all accrued but unpaid interest and all other sums then due and owing to the Bank under the Loan Documents (as defined in the Loan Agreement) shall be due and payable in full on July 1, 1996.

(d) If any payment is not made when due, the Borrower shall pay to the Bank, upon demand, interest on the entire Principal Sum then outstanding, and, to the extent permitted by law, on such interest, fees and other amounts that may then be due at the rate of 10% per annum, until such past due payment is paid in full.

Except as otherwise provided herein and subject to (i) the second sentence of this paragraph, (ii) the provisos contained in Section 2.9(a)(2) and 2.9(a)(3) of the Loan Agreement, and (iii) the provisions of Section 12.2(1) of the Loan Agreement, all

obligations of the Borrower hereunder, including, without limitation, the obligation to pay when due all principal, prepayment premiums, if any, and interest, shall be expressly non-recourse to the Borrower and all such payments shall be made only from the income and proceeds from the Collateral (as defined in the Loan Agreement) and only to the extent that the Borrower shall have sufficient income and proceeds from the Collateral to make such payments. The foregoing limitation of recourse shall not limit, restrict or impair the rights of the Bank to accelerate the maturity of this Note upon a default hereunder, to bring suit and obtain a judgment against the Borrower on this Note or to exercise all rights and remedies provided hereunder, or otherwise realize upon the Collateral; and, further, shall not be deemed to bar or prohibit the Bank from asserting a claim against, exercising remedies with respect to, or proceeding against the Borrower personally for any damages suffered by the Bank in the event any representation or warranty contained herein or in any of the other Loan Documents shall prove to be untrue when made or to have been breached, or holding the Borrower personally liable for its failure to comply with the provisions of Sections 2.9(c), 4.3, 6.1, the first sentence of Section 8.4, Section 8.11, Article IX, Section 14.1 and Sections 14.5(a)(i) and (b)(ii) of the Loan Agreement.

The Borrower shall have the right to prepay the Note in whole on any installment payment date after giving the Bank thirty (30) days' prior written notice of its intention to make such prepayment, by paying, in addition to such prepayment, all accrued but unpaid interest and all other sums due under the Loan Documents, together with a Prepayment Premium. The "Prepayment Premium" shall be calculated as the following specified percentage of the then outstanding principal balance due hereunder:

<u>Prepayment Date by Quarters</u>	<u>Percentage</u>
1-8	1%
9-16	0%

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, prepayment premium, if any, 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.

Without prejudice to any right of the Bank to collect and receive any payments due by the Borrower hereunder, the Bank may debit the Collateral Account maintained by the Borrower with the Bank for any sums not paid when due.

Except as otherwise expressly provided for in Section 2.9 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.

This Note is the Non-recourse 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.

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 costs and expenses incurred by the Bank in connection with the collection and enforcement of this Note, including, without limitation, all attorney's (and paralegal's) 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 paralegal's) 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:

INTERAIL, INC.

By: _____ (SEAL)
Richard F. Seymour
President

Payment Grid

Date of Payment

Payment Amount

SCHEDULE A

Date of Payment

Payment Amount

October 1, 1992
January 1, 1992
April 1, 1993
July 1, 1993
October 1, 1993
January 1, 1993
April 1, 1994
July 1, 1994
October 1, 1994
January 1, 1994
April 1, 1995
July 1, 1995
October 1, 1995
January 1, 1995
April 1, 1996
July 1, 1996

EXHIBIT B
to
Loan Agreement, Chattel Mortgage
and Security Agreement
dated as of June 12, 1992

GECRA LEASE

Attached as part of closing transcript.

EXHIBIT C
to
Loan Agreement, Chattel Mortgage
and Security Agreement
dated as of June 12, 1992

GECC GUARANTY

Attached as part of closing transcript.

EXHIBIT D
to
Loan Agreement, Chattel Mortgage
and Security Agreement
dated as of June 17, 1992

FORM OF NOTICE AND
ACKNOWLEDGMENT OF ASSIGNMENT

June __, 1992

TO: The First National Bank of Maryland
Transportation Division
25 South Charles Street
15th Floor
Baltimore, Maryland 21201

Reference is made to the Lease of Railroad Equipment dated as of July 15, 1978, as amended by letter dated November 2, 1978 and as further amended by a Consent, Waiver, Amendment, Assignment and Assumption dated as of June 1, 1992 (collectively, the "Lease"), between Interail, Inc., a Kansas corporation ("Lessor"), and GE Capital Railcar Associates, Inc., a Delaware corporation ("Lessee"), relating to the lease of one hundred sixty two (162) covered hopper railcars bearing the road numbers set forth on Schedule 1 hereto (collectively, the "Railcars"). The Lessee's obligations under the Lease are guaranteed by General Electric Capital Corporation ("GECC") pursuant to a Guaranty dated as of June 1, 1992 (the "Guaranty"). Words and phrases not otherwise defined herein shall have the meanings assigned thereto in the Lease.

Lessee and GECC each have been notified by Lessor that Lessor has assigned to The First National Bank of Maryland, a national banking association (the "Bank"), for collateral security purposes only, and has granted to the Bank a continuing, first priority security interest in, and chattel mortgage lien on, all of Lessor's right, title and interest in and to, among other things, the Lease, all rental payments, casualty value payments and other sums due and to become due and payable by the Lessee to the Lessor from time to time thereunder, the Guaranty and all payments due by GECC thereunder, the Railcars and all insurance proceeds and requisition compensation relating thereto.

Lessee and GECC each, intending to be legally bound hereby and for good and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, hereby jointly and severally:

A. Acknowledges and consents to the assignment by Lessor to the Bank, for collateral security purposes only, of all of Lessor's right, title, interest in, to and under the Lease, all rental payments, casualty value payments and other sums due and to become due and payable by the Lessee to the Lessor from time to time thereunder, the Guaranty, all payments due by GECC thereunder, the Railcars and all insurance proceeds and requisition compensation relating thereto, including, without limitation:

(i) the immediate and continuing right to receive and collect all rental payments, casualty value payments, insurance proceeds and other payments, tenders and security now or hereafter payable to or receivable by Lessor under the Lease;

(ii) the right, following an Event of Default under that certain Loan Agreement, Chattel Mortgage and Security Agreement dated as of June ____, 1992 (the "Loan Agreement"), between the Lessor and the Bank, to make all waivers and amendments and to enter into any agreements relating to the Lease, the Guaranty or any provisions thereof with the Lessee and/or GECC directly; and

(iii) the right to take such action upon the occurrence of a default or an Event of Default under (a) the Lease as shall be permitted by the Lease, by law or otherwise, or (b) the Guaranty as shall be permitted by the Guaranty, by law or otherwise, and to do any and all other things whatsoever which Lessor is or may be entitled to do under the Lease and/or the Guaranty as if the Bank were originally named lessor thereunder and were a party thereto.

B. Acknowledges and agrees that, notwithstanding said assignment, the Bank has not assumed and does not assume the responsibility to discharge or perform any liability, duty or obligation of Lessor to be performed under the Lease or the Guaranty, and Lessee and GECC each agrees that it shall look solely to Lessor for the discharge, performance and satisfaction of any such liabilities, duties and obligations.

C. Represents and warrants that the Lease, the Guaranty and this Notice and Acknowledgment of Assignment have been duly authorized, executed and delivered by it (as the case may be) and constitute the valid and legally binding agreements, enforceable against it (as the case may be) in accordance with their terms.

D. Represents and warrants that since June 1, 1992 no Event of Default, or event which with the lapse of time or giving of notice, or both, would constitute an Event of Default has occurred and is continuing under the Lease and that no Default has occurred and is continuing under the Guaranty.

E. Represents and warrants that Lessee has not prepaid any of the rent due Lessor under the Lease and that no offset or deduction exists with respect to Lessee's or GECC's obligation to pay rent, casualty value or any other sums payable by Lessee or GECC (as the

case may be) to Lessor under and pursuant to the terms of the Lease and/or the Guaranty; and do hereby further represent and warrant that, as of the date hereof (assuming there are 162 Railcars subject to the Lease), there remains due and payable by Lessee to Lessor under the Lease 60 consecutive monthly installments of \$43,327.64 each, payable, in advance, on the first day of each calendar month during the term thereof, with the next such installment being due and payable on July 1, 1992.

F. Agrees to provide to the Bank evidence of the liability insurance it currently maintains in effect with respect to the Railcars, together with the appropriate endorsement naming the Bank as an additional insured as its interest may appear on all such insurance policies.

G. Agrees, effective immediately, to wire transfer all rent and other payments to be made by Lessee and/or GECC to Lessor under the Lease and/or the Guaranty, respectively, directly to the Bank at the following address, or such other address as the Bank shall notify Lessee and GECC in writing:

The First National Bank of Maryland
25 South Charles Street
15th Floor
Baltimore, Maryland 21201
Attention: Transportation Division
Account No. 175-8233-4

H. Represents and warrants that the documents attached hereto as Exhibits A and B, respectively, are true, correct and complete original copies of the Lease and the Guaranty, that such documents are in full force and effect and except as otherwise described herein have not been amended or modified in any respect, and that the Lease and the Guaranty set forth the entire agreement between Lessor, Lessee and GECC with respect to the subject matter thereof.

The Bank agrees to make the original, executed copy of the Lease, if such document is in the Bank's possession, available to Lessee in any proceeding in which such copy is reasonably necessary to permit Lessee to enforce the Lease.

This Notice and Acknowledgment of Assignment, when accepted by the Bank by signing the acceptance hereof, shall be deemed to be a contract under the laws of the State of Maryland and for all purposes, shall be construed in accordance with the internal laws (as opposed to conflicts of law provisions) and decisions of such state.

WITNESS:

GE CAPITAL RAILCAR ASSOCIATES, INC.

By: _____ (SEAL)

WITNESS:

GENERAL ELECTRIC CAPITAL
CORPORATION

_____ By: _____ (SEAL)

ACCEPTED AND AGREED TO:

THE FIRST NATIONAL BANK
OF MARYLAND

By: _____ (SEAL)

LESSOR'S ACCEPTANCE, CONFIRMATION,
AGREEMENT AND INSTRUCTIONS

The above instrument and the provisions therein affecting the Lessor are hereby accepted, confirmed and agreed to by Lessor. Lessor, in addition to and not in limitation of the foregoing acceptance, confirmation and agreement, further hereby specifically instructs the Lessee and GECC to comply with the payment instructions contained in the above and foregoing instrument and acknowledges and agrees that all payments made pursuant to said instructions to Bank shall be deemed to be payments to Lessor in satisfaction of Lessee's respective obligations to Lessor for which such payments were made as fully as if such payments had been made directly to Lessor.

INTERAIL, INC.

By: _____ (SEAL)

EXHIBIT E
to
Loan Agreement, Chattel Mortgage
and Security Agreement
dated as of June 12, 1992

REX-NORECO GUARANTY

Attached as part of closing transcript.