LAW OFFICES
SMITH, BARSHOP, STOFFER & MILLSAP
INCORPORATED
ONE RIVERWALK PLACE, SUITE 1000
700 NORTH ST. MARY'S STREET
SAN ANTONIO, TEXAS 78205-3585
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RECORDATION NO. 18154-B FILED 1425
JUN 14 1994 -2 50 PM
INTERSTATE COMMERCE COMMISSION

RECORDATION NO. 18154-C FILED 1425
JUN 14 1994 -2 50 PM
INTERSTATE COMMERCE COMMISSION

June 10, 1994

VIA FEDERAL EXPRESS

Secretary
Interstate Commerce Commission
12th and Constitution Avenue, N.W.
Room 203
Washington, D.C. 20423
Attn: Mildred Lee

RECORDATION NO. 18154-D FILED 1425
JUN 14 1994 -2 50 PM
INTERSTATE COMMERCE COMMISSION

Dear Secretary:

I have enclosed three (3) originals and nineteen (19) counterparts of the documents described herein (three copies for your and two for each of the recordation numbers listed below) to be recorded pursuant to §11303 of Title 49 of the U.S. Code. The documents are one (1) First Amendment to Loan Agreement and two (2) Security Agreements, all of which are dated May 25, 1994. The First Amendment to Loan Agreement and the two Security Agreements are to be recorded as secondary documents to ICC Recordation numbers 18151 & A, 18152 & A, 18153 & A, 18154 & A, 18155 & A, 18156 & A, 18157 & A and 18158 & A. This letter is for ICC Recordation number 18154 & A.

The names and addresses of the parties to the documents are as follows:

Gregory B. Cundiff and Connie S. Cundiff (Debtor, Borrower and Guarantor)
103 N. Oak
O'Fallon, Illinois 62269

Ironhorse Resources, Inc. (Debtor, Borrower and Guarantor)
103 N. Oak
O'Fallon, Illinois 62269

Railroad Switching Service of Missouri, Inc. (Debtor and Guarantor)
103 N. Oak
O'Fallon, Illinois 62269

Texas Railroad Switching, Inc. (Debtor and Guarantor)
103 N. Oak
O'Fallon, Illinois 62269

CSC Enterprises, Inc. (Debtor and Guarantor)
103 N. Oak
O'Fallon, Illinois 62269

Crystal City Railroad, Inc. (Debtor and Guarantor)
103 N. Oak
O'Fallon, Illinois 62269

Rio Valley Railroad, Inc. (Debtor and Guarantor)
103 N. Oak
O'Fallon, Illinois 62269

JME Enterprises, Inc. (Debtor and Guarantor)
103 N. Oak
O'Fallon, Illinois 62269

Lone Star Railroad, Inc. (Debtor and Guarantor)
103 N. Oak
O'Fallon, Illinois 62269

Southern Switching Company (Debtor and Guarantor)
103 N. Oak
O'Fallon, Illinois 62269

NationsBank of Texas, N.A. (Secured Party and Lender)
Uvalde Banking Center
220 E. Main St.
Uvalde, Texas 78801-5639

A description of the specific equipment covered by the Security Agreements are as follows:

Locomotive No. LSRR 705 (formerly KRR 705), Model GP 7

Locomotive No. RVRR 1705 (formerly CSXR 1705), Model GP 16

Locomotive No. RVRR 1729 (formerly CSX 1729), Model GP 16

Included in the property covered by the aforesaid Security Agreements and First Amendment to Loan Agreement are railroad cars, locomotives and other rolling stock intended for use related to interstate commerce or interests therein owned by Gregory C. Cundiff and Connie S. Cundiff, Ironhorse Resources, Inc., Railroad Switching Service of Missouri, Inc.; Texas Railroad Switching, Inc., CSC Enterprises, Crystal City Railroad, Inc., Rio Valley Railroad, Inc. and JME Enterprises, Inc., Lone Star Railroad, Inc. and Southern Switching Company at the date of said Security Agreements and First Amendment to Loan Agreement or thereafter

acquired by it or its successors as owners of the lines of railway covered by the Security Agreements and First Amendment to Loan Agreement.

A short summary of the Security Agreement (Lone Star Railroad, Inc. as Debtor) to appear in the index is:

> "Secondary Document. Security Agreement dated May 25, 1994 entered into by and between Lone Star Railroad, Inc. ("Debtor") and NationsBank of Texas, N.A. covering all of Debtor's equipment, including, but not limited to, all rolling stock; accounts receivable; certain stock and certain real estate, specifically including, but not limited to, the following described equipment:
>
> Locomotive No. LSRR 705 (formerly KRR 705), Model GP7
>
> Locomotive No. RVRR 1705 (formerly CSXR 1705), Model GP 16
>
> Locomotive No. RVRR 1729 (formerly CSX 1729), Model GP 16"

A short summary of the Security Agreement (Southern Switching Company as Debtor) to appear in the index is:

> "Secondary Document. Security Agreement dated May 25, 1994 entered into by and between Southern Switching Company ("Debtor") and NationsBank of Texas, N.A. covering all of Debtor's equipment, including, but not limited to, all rolling stock; accounts receivable; certain stock and certain real estate, specifically including, but not limited to, the following described equipment:
>
> Locomotive No. LSRR 705 (formerly KRR 705), Model GP7
>
> Locomotive No. RVRR 1705 (formerly CSXR 1705), Model GP 16
>
> Locomotive No. RVRR 1729 (formerly CSX 1729), Model GP 16"

Please note that Security Agreements are not notarized in this jurisdiction.

A short summary of the First Amendment to Loan Agreement to appear in the index is:

"Secondary Document. First Amendment to Loan Agreement to Security Agreements dated May 25, 1994 and entered into by and between Gregory B. Cundiff, Connie S. Cundiff, Ironhorse Resources,

Inc., Railroad Switching Service of Missouri, Inc., Texas Railroad Switching, Inc. CSC Enterprises, Inc., Crystal City Railroad, Inc., Rio Valley Railroad, Inc., JME Enterprises, Inc., Lone Star Railroad, Inc. and Southern Switching Company (collectively, "Debtor") and NationsBank of Texas, N.A. covering all of Debtor's equipment, including, but not limited to, all rolling stock; accounts receivable, certain stock and certain real estate, specifically including, but not limited to, the following described equipment:

Locomotive No. LSRR 705 (formerly KRR 705), Model GP 7

Locomotive No. RVRR 1705 (formerly CSXR 1705), Model GP 16; and

Locomotive No. RVRR 1729 (formerly CSX 1729), GP 16"

A total fee of $180.00 is enclosed for all of the filings. Please return the original and any extra copies not needed by the Commission for recordation to Teresa Ereon Giltner in the enclosed self-addressed stamped envelope at:

Smith, Barshop, Stoffer & Millsap, Inc.
700 N. St. Mary's Street
Suite 1000
San Antonio, Texas 78205

We appreciate your assistance in this matter. Should you have any questions, please do not hesitate to contact the undersigned.

Sincerely,

Teresa Ereon Giltner

Teresa Ereon Giltner
Attorney for NationsBank of Texas, N.A.

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inter1.ltr\dmm\9

Enclosures

RECORDATION NO. 18154-B FILED 1425

JUN 14 1994 -2 50 PM

INTERSTATE COMMERCE COMMISSION

CERTIFICATE

I DINA M. MIRENDA, a Notary Public in and for the State of Texas, hereby state that I have compared a copy of the First Amendment to Loan Agreement attached hereto with the original First Amendment to Loan Agreement and have found the copy to be complete and identical in all respects to the original document.

EXECUTED this 10th day of June, 1994.

Dina M. Mirenda
NOTARY PUBLIC

STATE OF TEXAS §
§
COUNTY OF BEXAR §

This instrument was acknowledged before me on the 10th day of June, 1994, by Dina M. Mirenda

(NOTARY SEAL)

Rose M. Gannon
Notary Public, State of Texas

ROSE M. GANNON
Notary Public
State of Texas
Comm. exp. 07-30-97

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cert.3\dmm

RECORDATION NO. 18154-B FILED 1425

JUN 14 1994 -2 50 PM

INTERSTATE COMMERCE COMMISSION

FIRST AMENDMENT TO LOAN AGREEMENT

This First Amendment to Loan Agreement (this "First Amendment") is entered into effective the 25th day of May, 1994, by and between GREGORY B. CUNDIFF and CONNIE S. CUNDIFF (referred to collectively and individually as the "Borrower"); and IRONHORSE RESOURCES, INC., a Missouri corporation ("Ironhorse") and RAILROAD SWITCHING SERVICE OF MISSOURI, INC., a Missouri corporation, TEXAS RAILROAD SWITCHING, INC., a Missouri corporation, CSC ENTERPRISES, INC., an Illinois corporation, CRYSTAL CITY RAILROAD, INC., a Missouri corporation, IRONHORSE RESOURCES, INC., a Missouri corporation, RIO VALLEY RAILROAD, INC., a Missouri corporation, JME ENTERPRISES, INC., a Missouri corporation, LONE STAR RAILROAD, INC., a Missouri corporation, SOUTHERN SWITCHING COMPANY, a Missouri corporation and GREGORY B. CUNDIFF and CONNIE S. CUNDIFF (each referred to herein individually as "Guarantor" or collectively as the "Guarantors") and NATIONSBANK OF TEXAS, N.A., UVALDE BANKING CENTER (the "Lender").

I. RECITALS

WHEREAS, effective March 4, 1993, Borrower, Ironhorse, Railroad Switching Service of Missouri, Inc., Texas Railroad Switching, Inc., CSC Enterprises, Inc., Crystal City Railroad, Inc., Rio Valley Railroad, Inc. and JME Enterprises, Inc. and Lender entered into that one certain Loan Agreement (the "Agreement') relating to (i) the terms and conditions of $200,000.00 Revolving Loan (the "Revolving Loan"), (ii) the terms and conditions of a $348,000.00 Term Loan, and (iii) the terms and conditions of a $282,000.00 Term Loan; the Revolving Loan, the $348,000.00 Term Loan and the $282,000.00 Term Loan being referred to collectively herein as the "Initial Loans"; and

WHEREAS, Ironhorse has requested that Lender (i) increase the amount of the Revolving Loan to $370,000.00 and renew and extend the same, and (ii) that Lender make an additional term loan to Borrower in the amount of $285,500.00 ("$285,500.00 Term Loan"); and

WHEREAS, Ironhorse has agreed to pay Lender, at closing, a loan commitment fee equal Eight Hundred Fifty and No/100 Dollars ($850.00) to renew and increase the Revolving Loan; and

WHEREAS, the Initial Loans and the $285,500.00 Term Loan are hereinafter referred to as the "Loans"); and

WHEREAS, Lender, Borrower, Ironhorse and the Guarantors now desire to modify certain terms and conditions of the Loan Agreement to reflect the new agreement of the parties regarding the Initial Loans and the $285,500.00 Term Loan;

NOW, THEREFORE, in consideration of the mutual covenants herein contained, Ten and No/100 Dollars ($10.00) and other good and valuable consideration, the receipt and sufficiency of which is

hereby acknowledge by the parties hereto, Borrower, Ironhorse, Guarantors and Lender hereby agree to modify the Agreement as follows:

II. AGREEMENT

1. The defined term "Loans", as contained in the Agreement, is hereby modified to include the $285,500.00 Term Note and the modified Revolving Loan.

2. The "Loan Terms Defined" Section of the Agreement shall be modified to add the following:

"$285,500.00 Term Note means the Note described in Section IIIA of this First Amendment, and any and all renewals, extensions or rearrangements thereof."

"Term Loans - means the loans described in Section II, III, and IIIA below."

3. Section I of the Agreement is hereby modified to reflect the change in the amount of the Revolving Loan from $200,000.00 to $370,000.00, and to reflect an extended maturity date for the Revolving Loan of May 1, 1995.

4. A new Section IIIA is hereby added to the Agreement to read as follows:

"IIIA. <u>$285,500.00 Term Loan</u>.

A. <u>Terms of the $285,500 Term Loan</u>.

1. <u>Amount of the Loan</u>. $285,500.00.

2. <u>Use of the Proceeds</u>. The aggregate proceeds from the Lender's funding of the Term Loan shall be used to purchase a new Texas railroad line and related equipment.

3. <u>Note, Interest Rate and Maturity</u>. The obligation of the Borrower to the Lender for the $285,500 Term Loan to be made under this Agreement shall be evidenced by a Note executed by Borrower, payable to Lender, a copy of said Note being attached hereto as <u>Exhibit "G"</u>. The $285,500.00 Note shall be in the principal amount of $285,500.00. [The $285,500.00 Note shall bear interest at the rate equal to 250 basis points over the 5 year Treasury Constant Maturities (reported in the Federal Reserve Statistical Release H.15 (519), to be fixed on the Friday prior to the date of the $285,500.00

Note (ie.closing date]. Principal and interest shall be due and payable in equal monthly installments of Five Thousand Nine Hundred Thirty Eight and 99/100 Dollars ($5,938.99) (or more) each beginning June 4, 1994 and continuing regularly and monthly thereafter until May 25, 1999, when all principal and all accrued but unpaid interest on the $285,500.00 note shall be due and payable in full. All of the remaining terms and conditions of the $285,500 Note are shown on Exhibit "G", unless otherwise agreed by Lender and Borrower in writing.

5. Additional Security for the Loans.

A. Deed of Trust. To further secure payment of all sums to be advanced Borrower by Lender under the Notes, and all other Indebtedness of the Borrower to the Lender under the Agreement, Lone Star Railroad, Inc., a Missouri Corporation, and/or Borrower, as applicable, shall grant Lender a first lien against the real property described on Exhibit "A", and attached to this First Amendment, on a form approved and required by Lender.

B. Security Agreements and Financing Statements. To further secure payment of all sums to be advanced to the Borrower by Lender under the Loans, and all other Indebtedness of the Borrower to the Lender under the Agreement, Lone Star Railroad, Inc., a Missouri corporation, Southern Switching Company, a Missouri corporation, and/or Borrower, as applicable, shall grant, to Lender, a security interest in the following described collateral (the personal property collateral described in this subsection B being made part of the definition of "Collateral", as contained in the Agreement):

a. All equipment and rolling stock of Borrower, Lone Star Railroad, Inc. and Southern Switching Company.

b. All of the accounts, receivables, and accounts receivable of Borrower, Lone Star Railroad, Inc. and Southern Switching Company.

c. All of the personal property of Borrower, Lone Star Railroad, Inc. and Southern Switching Company, now owned, hereafter acquired or produced, as such property is described in the Security Agreements and Financing Statements executed in connection with this First Amendment.

d. All of the corporate stock now or hereafter owned by Borrower or any other third party in each corporate Guarantor.

The above described Collateral shall include, but shall not be limited to, all products or proceeds of any of the foregoing, now owned or hereafter acquired by the Borrower and/or any Guarantor. The Borrower and each Guarantor represent and agree that the liens

and security interests granted to the Lender pursuant to the Security Agreements, and the related Financing Statements, are valid and subsisting first liens against the properties herein and therein described, except to the extent such Collateral is encumbered by other indebtedness specifically shown on Borrower's financial statement dated December 31, 1993 and previously provided to Lender and/or Ironhorse's financial statement dated December 31, 1993 and previously provided to Lender, and said liens and security interests secure the payment of the Indebtedness.

C. Other Documents. The Borrower, Guarantors and the other undersigned parties will execute, or will cause to be executed, such other security agreements, financing statements, or other documents as are reasonably required by the Lender or its counsel to perfect the liens and security interests above mentioned, including, but not limited to, those documents listed herein.

6. Borrower hereby reaffirms its pledge of the collateral, detailed in the following described documents, for the Initial Loans, and consents and agrees that they shall execute any and all documents required by the Lender to confirm that all collateral and security evidenced by the following, and/or as otherwise described below, shall fully secure the $285,500.00 Term Loan, and all renewals, modifications and extensions thereof, and by this First Amendment, Borrower does hereby pledge the property described in the following instruments as collateral for the $285,500.00 Term Loan:

A. Equipment and Accounts receivable owned by Borrower as more particularly described in a Security Agreement dated March 4, 1993 and entered into by and between Borrower and Lender, as further evidenced by UCC-1 Financing Statement covering the collateral described in the Security Agreement and recorded with:

(a) The Secretary of State of the State of Texas (#046385);

(b) La Salle County, Texas UCC Records (#3598);

(c) Dimmit County, Texas UCC Records (#13713); and

(d) Zavala County, Texas UCC Records (#12072);

B. Stock owned by Borrower, as more particularly described in Security Agreement - Pledge dated March 4, 1993, entered into by and between Borrower and Lender, as further evidenced by UCC-1 Financing Statements recorded with the Secretary of State of the State of Texas (#046386); and

C. Two Guarantys (Unlimited Amount) each dated March 4, 1993 and entered into by and between Lender and each of the Borrowers.

7. Ironhorse hereby reaffirms its pledge of the collateral, detailed in the following described documents, for the Initial Loans, and consents and agrees that it shall execute any and all documents required by the Lender to confirm that all collateral and security evidenced by the following, and/or as otherwise described below, shall fully secure the $285,500.00 Term Loan, and all renewals, modifications and extensions thereof, and by this First Amendment, Ironhorse does hereby pledge the property described in the following instruments as collateral for the $285,500.00 Term Loan:

A. Equipment and accounts receivable evidenced by a Security Agreement dated March 4, 1993 and entered into by and between Ironhorse and Lender, and specifically including an after acquired locomotive known as LSRR 705 (formerly KRR 705), GP 7, as evidenced by UCC-1 Financing Statements recorded with:

(1) The Secretary of State of Texas (#046393);

(2) La Salle County, Texas UCC Records (#3597);

(3) Dimmit County, Texas UCC Records (#13712);

(4) Zavala County, Texas UCC Records (#12071); and

B. Guaranty (Unlimited Amount) dated March 4, 1993 and entered into by and between Ironhorse and Lender.

8. Railroad Switching Service of Missouri, Inc. hereby reaffirms its pledge of the collateral, detailed in the following described documents, for the Initial Loans, and consents and agrees that it shall execute any and all documents required by the Lender to confirm that all collateral and security evidenced by the following, and/or as otherwise described below, shall fully secure the $285,500.00 Term Loan, and all renewals, modifications and extensions thereof, and by this First Amendment, Railroad Switching Service of Missouri, Inc. does hereby pledge the property described in the following instruments as collateral for the $285,500.00 Term Loan:

A. Equipment and accounts receivable evidenced by Security Agreement dated March 4, 1993 and entered into by and between Railroad Switching Service of Missouri, Inc., a Missouri corporation, and Lender, as evidenced by UCC-1 Financing Statements recorded with:

(1) The Secretary of State of the State of Texas (#046392);

(2) La Salle County, Texas UCC Records (#3596);

(3) Dimmit County, Texas UCC Records (#13711);

(4) Zavala County, Texas UCC Records (#12070); and

B. Guaranty (Unlimited Amount) dated March 4, 1993 and entered into by and between Railroad Switching Service of Missouri, Inc. and Lender.

9. Texas Railroad Switching, Inc. hereby reaffirms its pledge of the collateral, detailed in the following described documents, for the Initial Loans, and consents and agrees that it shall execute any and all documents required by the Lender to confirm that all collateral and security evidenced by the following, and/or as otherwise described below, shall fully secure the $285,500.00 Term Loan, and all renewals, modifications and extensions thereof, and by this First Amendment, Texas Railroad Switching, Inc. does hereby pledge the property described in the following instruments as collateral for the $285,500.00 Term Loan:

A. Equipment and accounts receivable evidenced by a Security Agreement dated March 4, 1993 and entered into by and between Texas Railroad Switching, Inc., a Missouri corporation, and Lender, as evidenced by UCC-1 Financing Statements recorded with:

(1) The Secretary of State of the State of Texas (#046390);

(2) La Salle County, Texas UCC Records (#3599);

(3) Dimmit County, Texas UCC Records (#13709);

(4) Zavala County, Texas UCC Records (#12068); and

B. Guaranty (Unlimited Amount) dated March 4, 1993 and entered into by and between Texas Railroad Switching, Inc. and Lender.

10. CSC Enterprises, Inc. hereby reaffirms its pledge of the collateral, detailed in the following described documents, for the Initial Loans, and consents and agrees that it shall execute any and all documents required by the Lender to confirm that all collateral and security evidenced by the following, and/or as otherwise described below, shall fully secure the $285,500.00 Term Loan, and all renewals, modifications and extensions thereof, and by this First Amendment, CSC Enterprises, Inc. does hereby pledge

the property described in the following instruments as collateral for the $285,500.00 Term Loan:

A. Equipment and accounts receivable evidenced by a Security Agreement dated March 4, 1993 and entered into by and between CSC Enterprises, Inc., an Illinois corporation, and Lender, as evidenced by UCC-1 Financing Statements recorded with:

(1) The Secretary of State of the State of Texas (#046391);

(2) La Salle County, Texas UCC Records;

(3) Dimmit County, Texas UCC Records (#13710);

(4) Zavala County, Texas UCC Records (#12069); and

B. Guaranty (Unlimited Amount) dated March 4, 1993 and entered into by and between CSC Enterprises, Inc. and Lender.

11. Crystal City Railroad, Inc. hereby reaffirms its pledge of the collateral, detailed in the following described documents, for the Initial Loans, and consents and agrees that it shall execute any and all documents required by the Lender to confirm that all collateral and security evidenced by the following, and/or as otherwise described below, shall fully secure the $285,500.00 Term Loan, and all renewals, modifications and extensions thereof, and by this First Amendment, Crystal City Railroad, Inc. does hereby pledge the property described in the following instruments as collateral for the $285,500.00 Term Loan:

A. Real Property and improvements owned by Borrower and located in (i) La Salle County, Texas, (ii) Dimmit County, Texas, and (iii) Zavala County, Texas as evidenced by a Deed of Trust (with Security Agreement and Assignment of Rents and Leases) recorded in:

(1) Volume 133, Page 27 et seq of the Official Public Records of Real Property of La Salle County, Texas;

(2) Volume 131, Page 587 et seq of the Official Public Records of Real Property of Dimmit County, Texas; and

(3) Volume 92, Page 499 et seq. of the Official Public Records of Real Property of Zavala County, Texas;

B. Real Property and improvements owned by Borrower and located in (i) La Salle County, Texas, (ii) Dimmit

County, Texas, and (iii) Zavala County, Texas as evidenced by UCC-1 Financing Statements recorded with:

(1) Secretary of State of the State of Texas (#046394);

(2) La Salle County, Texas UCC Records (#3590);

(3) Dimmit County, Texas UCC Records (#13703); and

(4) Zavala County, Texas UCC Records.

C. Equipment and accounts receivable evidenced by a Security Agreement dated March 4, 1993 and entered into by and between Crystal City Railroad, Inc., a Missouri corporation, and Lender, as evidenced by UCC-1 Financing Statements recorded with:

(1) The Secretary of State of the State of Texas (#046389);

(2) La Salle County, Texas UCC Records;

(3) Dimmit County, Texas UCC Records (#13708);

(4) Zavala County, Texas UCC Records (#12067); and

D. Guaranty (Unlimited Amount) dated March 4, 1993 and entered into by and between Crystal City Railroad, Inc. and Lender.

12. Rio Valley Railroad, Inc. hereby reaffirms its pledge of the collateral, detailed in the following described documents, for the Initial Loans, and consents and agrees that it shall execute any and all documents required by the Lender to confirm that all collateral and security evidenced by the following, and/or as otherwise described below, shall fully secure the $285,500.00 Term Loan, and all renewals, modifications and extensions thereof, and by this First Amendment, Rio Valley Railroad, Inc. does hereby pledge the property described in the following instruments as collateral for the $285,500.00 Term Loan:

A. Equipment and accounts receivable evidenced by a Security Agreement dated March 4, 1993 and entered into by and between Rio Valley Railroad, Inc., a Missouri corporation, and Lender, as evidenced by UCC-1 Financing Statements recorded with:

(1) The Secretary of State of the State of Texas (#046388);

(2) La Salle County, Texas UCC Records (#3592);

(3) Dimmit County, Texas UCC Records (#13707);

(4) Zavala County, Texas UCC Records (#12066); and

B. Guaranty (Unlimited Amount) dated March 4, 1993 and entered into by and between Rio Valley Railroad, Inc. and Lender.

13. JME Enterprises, Inc. hereby reaffirms its pledge of the collateral, detailed in the following described documents, for the Initial Loans, and consents and agrees that it shall execute any and all documents required by the Lender to confirm that all collateral and security evidenced by the following, and/or as otherwise described below, shall fully secure the $285,500.00 Term Loan, and all renewals, modifications and extensions thereof, and by this First Amendment, JME Enterprises, Inc. does hereby pledge the property described in the following instruments as collateral for the $285,500.00 Term Loan:

A. Equipment and accounts receivable evidenced by a Security Agreement dated March 4, 1993 and entered into by and between JME Enterprises, Inc., a Missouri corporation, and Lender, and specifically including two (2) after acquired locomotives known as (i) RVRR 1705 (formerly SXR 1705), GP 16 and (ii) RVRR 1729 (formerly CSX 1729), GP 16, as evidenced by UCC-1 Financing Statements recorded with:

(1) The Secretary of State of the State of Texas (#046387);

(2) La Salle County, Texas UCC Records (#3591);

(3) Dimmit County, Texas UCC Records (#13706);

(4) Zavala County, Texas UCC Records (#12065); and

B. Guaranty (Unlimited Amount) dated March 4, 1993 and entered into by and between JME Enterprises, Inc. and Lender.

14. Lone Star Railroad, Inc. consents and agrees and by this First Amendment does hereby agree to be bound by the terms and conditions of the Agreement, as amended, and does hereby pledge the property described in the following instruments as collateral for the Loans:

A. Real Property and improvements owned by Lone Star Railroad, Inc. and located in Taylor County, Texas and Jones County, Texas, as evidenced by a Deed of Trust (with Security Agreement and Assignment of Rents and

Leases) to be filed of record in the Official Public Records of (a) Taylor County, Texas and (b) Jones County, Texas;

B. Real Property and improvements owned by Lone Star Railroad, Inc. and located in Taylor County, Texas and Jones County, Texas, as evidenced by UCC-1 Financing Statement to be filed of record with the Secretary of State of the State of Texas and the Taylor County, Texas UCC Records and the Jones County, Texas UCC Records;

C. Equipment and accounts receivable evidenced by a Security Agreement dated May 25, 1994 and entered into by and between Lone Star Railroad, Inc., a Missouri corporation, and Lender, as evidenced by UCC-1 Financing Statements to be recorded with:

(1) The Secretary of State of the State of Texas;

(2) Taylor County, Texas UCC Records; and

(3) Jones County, Texas UCC Records; and

D. Continuing and Unlimited Guaranty dated May 25, 1994 and entered into by and between Lone Star Railroad, Inc. and Lender.

15. Southern Switching Company consents and agrees and by this First Amendment does hereby agree to be bound by the terms and conditions of the Agreement, as amended, and does hereby pledge the property described in the following instruments as collateral for the Loans:

A. Equipment and accounts receivable evidenced by a Security Agreement dated May 25, 1994 and entered into by and between Southern Switching Company, a Missouri corporation, and Lender, as evidenced by UCC-1 Financing Statement to be recorded with:

(1) Secretary of State of the State of Texas;

(2) Taylor County, Texas UCC Records; and

(3) Jones County, Texas UCC Records; and

B. Continuing and Unlimited Guaranty dated May 25, 1994 and entered into by and between Southern Switching Company and Lender.

16. Section VIII(C)(b) and (d) are hereby deleted in their entirety.

17. The definition of Cash Flow Coverage Ratio, as contained in the "Loan Terms Defined" section of the Agreement, is modified as follows:

> "Cash Flow Coverage Ratio - means consolidated net income of Ironhorse Resources, Inc. (Ironhorse), plus consolidated depreciation of Ironhorse and Greg and Connie Cundiff (Cundiff), plus consolidated amortization of Ironhorse and Cundiff, plus Cundiff's salary, plus Cundiff's other net income, divided by current maturities of long term debt for both Ironhorse and Cundiff (excluding notes payable from Ironhorse to Cundiff and/or notes payable from Cundiff to Ironhorse), plus taxes accrued for both Ironhorse and Cundiff".

18. Section VIII(D)(3) of the Agreement is modified as follows:

> "3. Dividends. Guarantors shall not directly or indirectly declare or pay any dividends in excess of $200,000.00, or make any other distribution upon any shares of its capital stock of any class in excess of said amount, or issue any additional shares of any stock".

Except as modified herein, the terms and conditions of the Agreement shall continue in full force and effect. The Agreement and this First Amendment shall be read together as one document, and all the provisions thereof shall be cumulative.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be duly executed as of the day and year first above-written.

THIS WRITTEN FIRST AMENDMENT TO LOAN AGREEMENT, ALONG WITH THE OTHER LOAN DOCUMENTS REFERENCED HEREIN, AND EXECUTED IN CONNECTION HEREWITH, REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES.

THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

BORROWER:

Greg Cundiff

GREGORY B. CUNDIFF

Connie S. Cundiff

CONNIE S. CUNDIFF

IRONHORSE RESOURCES, INC., a Missouri corporation

By: Gary Cudff

Its: President

GUARANTORS:

RAILROAD SWITCHING SERVICE OF MISSOURI, INC., a Missouri corporation

By: Gary Cudff

Its: President

TEXAS RAILROAD SWITCHING, INC., a Missouri corporation

By: Gary Cudff

Its: President

CSC ENTERPRISES, INC., an Illinois corporation

By: Gary Cudff

Its: President

CRYSTAL CITY RAILROAD, INC., a Missouri corporation

By: Gary Cudff

Its: President

IRONHORSE RESOURCES, INC., a Missouri corporation

By: Greg Cudiff

Its: President

RIO VALLEY RAILROAD, INC., a Missouri corporation

By: Greg Cudiff

Its: President

JME ENTERPRISES, INC., a Missouri corporation

By: Greg Cudiff

Its: President

LONE STAR RAILROAD, INC., a Missouri corporation

By: Greg Cudiff

Its: President

SOUTHERN SWITCHING COMPANY, a Missouri corporation

By: Greg Cudiff

Its: President

Greg Cudiff

GREGORY B. CUNDIFF, Individually

Connie S. Cundiff
CONNIE S. CUNDIFF, Individually

LENDER:

NATIONSBANK OF TEXAS, N.A. - UVALDE BANKING CENTER

By: Kenneth Bennett

Its: Vice President

STATE OF MISSOURI §
CITY § SS:
~~COUNTY~~ OF ST. LOUIS §

On this 25th day of May, 1994, before me, personally appeared Connie S. Cundiff to me known to be the person described in and who executed the foregoing instrument and she acknowledges that she executed the same as her free act and deed.

Adam B. Arnold
Signature of Notary

ADAM B. ARNOLD
NOTARY PUBLIC — STATE OF MISSOURI
MY COMMISSION EXPIRES APRIL 7, 1995
ST. LOUIS COUNTY

My commission expires:

STATE OF MISSOURI §
CITY § SS:
~~COUNTY~~ OF ST. LOUIS §

On this 25th day of May, 1994, before me, personally appeared Gregory B. Cundiff to me known to be the person described in and who executed the foregoing instrument and she acknowledges that she executed the same as her free act and deed.

Adam B. Arnold
Signature of Notary

ADAM B. ARNOLD
NOTARY PUBLIC — STATE OF MISSOURI
MY COMMISSION EXPIRES APRIL 7, 1995
~~ST. LOUIS COUNTY~~

My commission expires:

STATE OF Missouri §
~~COUNTY~~ CITY OF St. Louis § SS:
§

On this 25th day of May, 1994, before me personally appeared Greg Cundiff, to me personally known, who being by me duly sworn says that (s)he is the President of Ironhorse Resources, Inc., a Missouri corporation, that the seal affixed to the foregoing instrument is the corporate seal of the corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and (s)he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Adam B. Arnold
Signature of Notary

ADAM B. ARNOLD
NOTARY PUBLIC — STATE OF MISSOURI
MY COMMISSION EXPIRES APRIL 7, 1995
ST. LOUIS COUNTY

My commission expires:

STATE OF Missouri §
~~COUNTY~~ CITY OF ~~St.~~ St. Louis § SS:
§

On this 25th day of May, 1994, before me personally appeared Greg Cundiff, to me personally known, who being by me duly sworn says that (s)he is the President of Railroad Switching Service of Missouri, Inc., a Missouri corporation, that the seal affixed to the foregoing instrument is the corporate seal of the corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and (s)he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Adam B. Arnold
Signature of Notary

ADAM B. ARNOLD
NOTARY PUBLIC — STATE OF MISSOURI
MY COMMISSION EXPIRES APRIL 7, 1995
ST. LOUIS COUNTY

My commission expires:

STATE OF MISSOURI §
CITY ~~COUNTY~~ OF ST. LOUIS § SS:
§

On this 25th day of May, 1994, before me personally appeared GREG CUNDIFF, to me personally known, who being by me duly sworn says that (s)he is the PRESIDENT of Texas Railroad Switching, Inc., a Missouri corporation, that the seal affixed to the foregoing instrument is the corporate seal of the corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and (s)he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Adam B. Arnold
Signature of Notary

ADAM B. ARNOLD
NOTARY PUBLIC – STATE OF MISSOURI
MY COMMISSION EXPIRES APRIL 7, 1995
ST. LOUIS COUNTY

My commission expires:

STATE OF MISSOURI §
CITY ~~COUNTY~~ OF ST. LOUIS § SS:
§

On this 25th day of May, 1994, before me personally appeared GREG CUNDIFF, to me personally known, who being by me duly sworn says that (s)he is the PRESIDENT of CSC Enterprises, Inc., an Illinois corporation, and that the seal affixed to the foregoing instrument is the corporate seal of the corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and (s)he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Adam B. Arnold
Signature of Notary

ADAM B. ARNOLD
NOTARY PUBLIC – STATE OF MISSOURI
MY COMMISSION EXPIRES APRIL 7, 1995
ST. LOUIS COUNTY

My commission expires:

STATE OF MISSOURI §
CITY ~~COUNTY~~ OF ST. LOUIS § SS:
§

On this 25th day of May, 1994, before me personally appeared GREG CUNDIFF, to me personally known, who being by me duly sworn says that (s)he is the PRESIDENT of Crystal City Railroad, Inc., a Missouri corporation, and that the seal affixed to the foregoing instrument is the corporate seal of the corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and (s)he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Adam B. Arnold
Signature of Notary

NOTARY PUBLIC – STATE OF MISSOURI
MY COMMISSION EXPIRES APRIL 7, 1995
ST. LOUIS COUNTY

My commission expires:

STATE OF MISSOURI §
CITY ~~COUNTY~~ OF ST. LOUIS § SS:
§

On this 25th day of May, 1994, before me personally appeared GREG CUNDIFF, to me personally known, who being by me duly sworn says that (s)he is the PRESIDENT of Rio Valley Railroad, Inc., a Missouri corporation, that the seal affixed to the foregoing instrument is the corporate seal of the corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and (s)he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Adam B. Arnold
Signature of Notary

ADAM B. ARNOLD
NOTARY PUBLIC – STATE OF MISSOURI
MY COMMISSION EXPIRES [illegible]
ST. LOUIS COUNTY

My commission expires:

STATE OF Missouri §
~~COUNTY~~ City OF St. Louis § SS:
§

On this 25th day of May, 1994, before me personally appeared Greg Cundiff, to me personally known, who being by me duly sworn says that (s)he is the President of JME Enterprises, Inc., a Missouri corporation, and that the seal affixed to the foregoing instrument is the corporate seal of the corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and (s)he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Adam B. Arnold
Signature of Notary

My commission expires: ADAM B. ARNOLD NOTARY PUBLIC — STATE OF MISSOURI MY COMMISSION EXPIRES APRIL 7, 1995 ~~ST. LOUIS COUNTY~~

STATE OF Missouri §
~~COUNTY~~ City OF St Louis § SS:
§

On this 25th day of May, 1994, before me personally appeared Greg Cundiff, to me personally known, who being by me duly sworn says that (s)he is the President of Lone Star Railroad, Inc., a Missouri corporation, that the seal affixed to the foregoing instrument is the corporate seal of the corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and (s)he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Adam B. Arnold
Signature of Notary

My commission expires: ADAM B. ARNOLD NOTARY PUBLIC — STATE OF MISSOURI [illegible] APRIL 7, [illegible]

STATE OF MISSOURI §
CITY § SS:
~~COUNTY~~ OF ST. LOUIS §

On this 25th day of May, 1994, before me personally appeared GREG CUNDIFF, to me personally known, who being by me duly sworn says that (s)he is the PRESIDENT of Southern Switching Company, Inc., a Missouri corporation, that the seal affixed to the foregoing instrument is the corporate seal of the corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and (s)he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Adam B. Arnold
Signature of Notary

ADAM B. ARNOLD
NOTARY PUBLIC — STATE OF MISSOURI
MY COMMISSION EXPIRES APRIL 7, 1995
ST. LOUIS COUNTY

My commission expires:

ktb/7418.457
amend1.lst/dmm/2

STATE OF TEXAS §
§ SS:
COUNTY OF UVALDE §

On this 26th day of May, 1994, before me personally appeared KENNETH BONNET, to me personally known, who being by me duly sworn says that he is the Vice President of NationsBank of Texas, N.A., that said instrument was signed and sealed on behalf of said corporation by authority of its board of directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

[SEAL]

VERONICA B. HINOJOSA
NOTARY PUBLIC
STATE OF TEXAS
My Comm. Exp. 03-13-97

Veronica B. Hinojosa
Signature of Notary

My commission expires: 3/13/97

tag\7418.457\bonnet.ack/mhs

EXHIBIT A

All that portion of Lone Star Railroad, Inc. (formerly Burlington Northern Railroad Company and Fort Worth & Denver Railway Company) ("Railroad") right of way, now discontinued varying in width on each side of said Railroad's Main Track centerline as originally located and constructed upon, over and across Jones County and Taylor County, Texas described as follows:

JONES COUNTY

Commencing at milepost 136.5 as located in Section 194 Gabriel Martinez Survey; also,

All that portion of said Railroad's 260.0 foot wide Station Ground property at Hawley, Texas situated in Section 194 Gabriel Martinez Survey located on said Branch Line right of way being 50.0 feet wide on the Easterly side and 210.0 feet wide on the Westerly side of said Main Track centerline bounded on the North by the South line of Avenue "H" and bounded on the South by the North line of Avenue "B"; also,

All that portion of said Railroad's 100.0 foot wide Branch Line right of way, being 50.0 feet wide on each side of said Main Track centerline upon, over and across the S1/2 of said Section 194 Gabriel Martinez Survey, Section 244 B.M. Clopton Survey, W. Greenlee Pre-Emption Survey, Section 39, Block 16, T. & P. RR Co. Survey, Section 243 Henry Millard Survey, Section 6, Block 20 of the T. & P. RR Co. Survey, Sections 48 and 49, Block 16 of the T. & P. RR Co. Survey and the Alex. Thompson Survey No. 20 bounded on the North by the South limits of the Town of Hawley, Texas and bounded on the South by the South line of said Jones County, Texas; also,

TAYLOR COUNTY

All that portion of said Railroad's 100.0 foot wide Branch Line right of way, being 50.0 feet wide on each side of said Main Track centerline upon, over and across Alex. Thompson Survey No. 20, W.W. Sills Survey No. 23, John Jarman Survey No. 82 and Leonard Bowerman Surveys No. 83 and 84, Section 85, Block 14 of the T. & P. RR Co. Survey through North Park Addition to Abilene, Section 35 of the John King Survey of the Blind Asylum Lands through the Northeast corner of Central Park to Abilene, Section 34, Block 2 of the J.N. Simpson Survey and through Block 198 in the City of Abilene, Texas bounded on the Northwest by the North line of Taylor County, Texas and bounded on the South by the South line of said Block 198; also,

An additional parcel of land lying adjacent to and Easterly of the hereinabove described 100.0 foot wide Branch Line right of

way situated in said Section 34, Block 2 of the J.N. Simpson Survey bounded on the South by the South line of said Section 34 bounded on the North by a line drawn parallel with distant 194.5 feet North of said South line of Section 34 and bounded on the East by a line drawn parallel with distant 722 feet East from said Main Track centerline; also,

All of Lots 1 though 8, inclusive, Block 173 and that portion of Lot 9, Block 173, City of Abilene, lying Easterly of a line drawn parallel with distant 12.5 feet Northwesterly, measured radially from said Railroad's North Ley Wye Track centerline, as originally located and constructed; also,

That portion of Lot 6, Block 148, City of Abilene, lying Southerly of a line drawn parallel with distant 40 feet Northwesterly, measured radially from said Railroad's North Ley Wye Track centerline, as originally located and constructed; also,

All of Lots 10 and 11, Block 99, City of Abilene and a 20 foot wide strip through Lot 12, Block 99 being 10 feet on each side of said Railroad's Track No. 4 centerline and the Northeast corner of Lot 1, Block 99 being a triangular parcel of land in the West ley being 17 feet and the North ley being 34 feet; also,

A 20.0 foot wide strip of land through Lots 5 and 6, Block 64 City of Abilene being 10.0 feet wide on each side of said Railroad's Lead Track centerline; also,

An easement across the former Texas and Pacific Railway Company's Depot Grounds (now Union Pacific Railroad) varying in width on each side of Railroad's Main Track centerline, in a Northerly direction from the North line of South First Street 30 feet wide for a distance of 130 feet, 16 feet wide for a distance of 50 feet, 30 feet wide for a distance of 130 feet and 100 feet wide for a distance of 370 feet to the North line of said Depot Grounds; also,

All of Blocks 170 and 140 of the City of Abilene, Taylor County, Texas; also,

All of Lots 1, 2 and 3 and Lots 7 through 12, inclusive, Block 169 of the City of Abilene, Taylor County, Texas together with that portion of Lots 4, 5 and 6 lying Westerly of a line drawn parallel with distant 40.0 feet Easterly, as measured at right angles from said Main Track centerline; also,

All of Lots 7 through 12, inclusive, Block 168 of the City of Abilene, Taylor County, Texas; also,

All of Lots 9 through 12, inclusive, Block 139 of the City of Abilene, Taylor County, Texas and that portion of Lots 3

through 6, inclusive, of said Block 139 lying Southerly of a line drawn parallel with distant 15 feet Northerly, measured radially from said Railroad's Old Passenger Track No. 9 centerline; also,

That portion of Lot 15, Block 62 of the City of Abilene, Taylor County, Texas lying Southerly of a straight line drawn between the Northwest corner and the Southeast corner of said Lot 15; also,

All of Lots 1 through 12, inclusive, and all of Lots 13, 14, 15, 16, 17 and 18, Block 35 of the Original Town of Abilene, Taylor County, Texas; also,

All of Railroad's right, title, claim, demand and interest, if any, upon, over and across streets, alleys and properties within the City of Abilene, Texas given to said Railroad by ordinance or franchise or easement from the City of Abilene, Taylor County, Texas or by others, together with all properties appurtenant or incident to the operation of Railroad's tracks.

EXHIBIT G

TERM PROMISSORY NOTE

$285,500.00 May 25, 1994

1. Payment Schedule and Maturity Date. FOR VALUE RECEIVED, the undersigned (herein called "Maker," whether one or more) hereby promises to pay to the order of NationsBank of Texas, N.A., a national banking association ("Lender"), in immediately available funds in lawful money of the United States of America, at 300 Convent in the City of San Antonio, Bexar County, Texas, the principal sum of TWO HUNDRED EIGHTY-FIVE THOUSAND FIVE HUNDRED AND NO/100 DOLLARS ($285,500.00) (or the unpaid balance of all principal advanced against this Term Promissory Note (this "Note"), if that amount is less) together with interest on the unpaid principal balance of this Note from day to day outstanding as hereinafter provided, as follows:

The principal and interest on this Note shall be due and payable in equal monthly installments of Five Thousand Nine Hundred Thirty Eight and 99/100 Dollars ($5,938.99) each, beginning on June 4, 1994 and continuing regularly and monthly thereafter on the 4th day of each calendar month until May 25, 1999 when all unpaid principal and all accrued but unpaid interest shall be due and payable in full.

2. Security; Loan Documents. The security for this Note includes a Deed of Trust (With Security Agreement and Assignment of Rents and Leases) (which, as it may have been or may be amended, restated, modified or supplemented from time to time, is herein called the "Mortgage") dated May 25, 1994 from Lone Star Railroad, Inc., a Missouri corporation, to Michael F. Hord, Trustee, covering certain property in Taylor County and Jones County, Texas described therein. This Note, the Mortgage and any other documents now or hereafter securing, guaranteeing or executed in connection with the loan evidenced by this Note, are, as the same have been or may be amended, restated, modified or supplemented from time to time, herein sometimes called individually a "Loan Document" and together the "Loan Documents."

3. Interest Rate. Subject to the further provisions of this Section 3, the unpaid principal balance of this Note from day to day outstanding which is not past due shall bear interest at a rate per annum equal to the lesser of (i) the Maximum Rate (hereinafter defined) or (ii) the Stated Rate (hereinafter defined) computed on the Annual Basis (hereinafter defined). The term "Stated Rate" as used in this Note means the rate indicated by (x) below as applicable:

[X] a fixed rate of _____% per annum; or

[ ] a variable rate ("Variable Rate") equal to:

[ ] The Prime Rate of _____ ("Indicator") plus ____% per annum; or

[ ] _____

If a Variable Rate applies, then (i) the Stated Rate shall, unless otherwise specified herein and subject to clause (ii) following, change with each change in such Variable Rate as of the date of any such change, without notice, subject always to the limitations set out in this Section 3; and (iii) if on any day the Variable Rate shall exceed the maximum permitted by application of the Maximum Rate in effect on that day, the Variable Rate shall be limited to, but shall remain at and vary with, the maximum permitted by application of the Maximum Rate on that day and on each day thereafter until the total amount of interest accrued at the Variable Rate on the unpaid balance of this Note equals the total amount of interest which would have accrued if there were no limitation by the Maximum Rate, or until the earlier payment in full of this Note.

The "Annual Basis" referred to in this Note means computation of interest for the actual number of days elapsed and as if each year were composed of the following number of days (x as applicable), and if neither box is checked, 365 applies):

[ ] 365; or [X] 360

However, use of the Annual Basis is subject always to limitation by the Maximum Rate and in no event shall any such computation result in an amount of interest in excess of the Maximum Amount (hereinafter defined). In any event, all interest at the Maximum Rate shall be computed on the Annual Basis of 365 days (366 in a leap year).

The term "Prime Rate" as used in this Note means, on any day, the rate of interest per annum then most recently established by Indicator as its "prime rate." Any such rate is a general reference rate of interest, may not be related to any other rate, and may not be the lowest or best rate actually charged by Indicator to any customer or a favored rate and may not correspond with future increases or decreases in interest rates charged by other lenders or market rates in general.

If the Stated Rate is determined by reference to a rate established or made available by Indicator, and if Lender determines for any reason that Indicator, for a period of 30 days or more, has discontinued the establishment or availability of a "prime rate" or other Indicator's rate specified above as applicable, as the case may be, then at Lender's election the Stated Rate shall be determined, commencing thereafter with the date specified by Lender, using the prime rate of a national bank

designated by Lender (plus the applicable margin, if any, specified above), in lieu of such Indicator's rate; and until the date specified by Lender if Lender makes the election, the Stated Rate shall continue to be determined by reference to the last such rate established or made available by such Indicator.

Any principal of, and to the extent permitted by applicable law, any interest on, this Note which is not paid when due shall bear interest, from the date due and payable until paid, payable on demand, at a rate per annum (the "Past Due Rate") equal to the lesser of (i) the Stated Rate plus <u>four</u> percent (4%) or (ii) the Maximum Rate.

The term "Maximum Rate" as used in this Note means the maximum nonusurious rate of interest per annum permitted by whichever of applicable United States federal law or Texas law permits the higher interest rate, including to the extent permitted by applicable law, any amendments thereof hereafter or any new law hereafter coming into effect to the extent a higher Maximum Rate is permitted thereby. To the extent, if any, that Chapter One ("Chapter One") of Title 79, Texas Revised Civil Statutes, 1925, as amended (the "Texas Credit Code") establishes the Maximum Rate, the Maximum Rate shall be the "indicated rate ceiling" (as defined in Chapter One) and such rate shall fluctuate as and to the extent provided by applicable law if a Variable Rate applies. The Maximum Rate shall be applied by taking into account all amounts characterized by applicable law as interest on the debt evidenced by this Note, so that the aggregate of all interest does not exceed the maximum nonusurious amount permitted by applicable law (the "Maximum Amount").

4. <u>Prepayment</u>. Maker may at any time pay the full amount or any part of the principal balance of this Note without payment of any premium or fee, provided that any such prepayment shall be accompanied by payment of all accrued but unpaid interest on the amount prepaid; and provided further that if this Note is prepaid in full, any commitment of Lender for further advances shall automatically terminate.

5. <u>Cross-Default</u>. On March 4, 1993, the Ironhorse Resources, Inc., a Missouri corporation, executed a Revolving Line of Credit Note payable to the order of NationsBank of Texas, N.A., in the principal amount of $200,000.00 and on March 4, 1993, the undersigned executed (i) a Term Promissory Note payable to the order of NationsBank of Texas, N.A. in the principal amount of $282,000.00 and (ii) a Term Promissory Note payable to the order of NationsBank of Texas, N.A. in the principal amount of $348,000.00 (collectively, the "Additional Notes"). Any default in the payment of either of the Additional Notes or in the performance of the Deed of Trust or other security instruments securing payment of or collateral to them will constitute a default hereunder and, at the

option of the holder hereof, the unpaid principal balance of this Note, together with accrued interest thereon, shall at once become mature and due and payable without notice, presentment or demand for payment, and the lien given to secure the payment of this Note may be foreclosed immediately. Likewise, any default in the payment of this Note or in the performance of the Deed of Trust or other security instruments securing payment of or collateral to it will constitute a default under each of the Additional Notes and, at the option of the holder thereof, the unpaid principal balance of the Additional Notes, together with accrued interest thereon, shall at once become mature and due and payable without notice, presentment or demand for payment, and the liens given to secure the payment of the Additional Notes may be foreclosed immediately.

6. Certain Provisions Regarding Payments. Whenever any payment shall be due under this Note on a day which is not a Business Day, the date on which such payment is due shall be extended to the next succeeding Business Day, and such extension of time shall be included in the computation of the amount of interest then payable. "Business Day" means a day other than a Saturday, Sunday or other day on which national banks in Dallas, Texas are authorized or required to be closed.

All payments made as scheduled on this Note shall be applied, to the extent thereof, to accrued but unpaid interest and to unpaid principal, in such manner and order as Lender may elect in its discretion. All prepayments on this Note shall be applied, to the extent thereof, to accrued but unpaid interest on the amount prepaid and to the remaining principal installments, in such manner and order as Lender may elect in its discretion, including but not limited to application to principal installments in inverse order of maturity. Except to the extent that specific provisions are set forth in this Note or another Loan Document with respect to application of payments, all payments received by the holder hereof shall be applied, to the extent thereof, to the indebtedness secured by the Mortgage in such manner and order as Lender may elect in its discretion, any instructions from Maker or anyone else to the contrary notwithstanding. Remittances in payment of any part of the indebtedness other than in the required amount in immediately available U.S. funds shall not, regardless of any receipt or credit issued therefor, constitute payment until the required amount is actually received by the holder hereof in immediately available U.S. funds and shall be made and accepted subject to the condition that any check or draft may be handled for collection in accordance with the practice of the collecting bank or banks. Acceptance by the holder hereof of any payment in an amount less than the amount then due on any indebtedness shall be deemed an acceptance on account only and shall not in any way excuse the existence of a Default.

7. Defaults. It shall be a default ("Default") under this Note and each of the other Loan Documents if (a) any principal, interest or other amount of money due under this Note is not paid in full when due, regardless of how such amount may have become due; or (b) there shall occur any default or event of default under the Mortgage or any other Loan Document. Upon the occurrence of a Default, the holder hereof shall have the rights to declare the unpaid principal balance and accrued but unpaid interest on this Note at once due and payable (and upon such declaration, the same shall be at once due and payable), to foreclose any liens and security interests securing payment hereof and to exercise any of its other rights, powers and remedies under this Note, under any other Loan Document, or at law or in equity.

Any of the rights, remedies, powers and privileges (together, "Rights") of the holder hereof provided for in this Note and in any other Loan Document are cumulative of each other and of any and all other Rights at law or in equity. The resort to any Right shall not prevent the concurrent or subsequent employment of any other appropriate Right. No single or partial exercise of any Right shall exhaust it, or preclude any other or further exercise thereof, and every Right may be exercised at any time and from time to time. No failure by the holder hereof to exercise, nor delay in exercising any Right, including but not limited to the right to accelerate the maturity of this Note, shall be construed as a waiver of any Default or as a waiver of the Right. Without limiting the generality of the foregoing provision, the acceptance by the holder hereof from time to time of any payment under this Note which is past due or which is less than the payment in full of all amounts due and payable at the time of such payment, shall not (i) constitute a waiver of or impair or extinguish the right of the holder hereof to accelerate the maturity of this Note or to exercise any other Right at the time or at any subsequent time, or nullify any prior exercise of any such Right, or (ii) constitute a waiver of the requirement of punctual payment and performance, or a novation in any respect.

If any holder of this Note retains an attorney in connection with any Default or at maturity or to collect, enforce or defend this Note or any other Loan Document in any lawsuit or in any probate, reorganization, bankruptcy or other proceeding, or if Maker sues any holder in connection with this Note or any other Loan Document and does not prevail, then Maker agrees to pay to each such holder, in addition to principal and interest, all reasonable costs and expenses incurred by such holder in trying to collect this Note or in any such suit or proceeding, including reasonable attorneys' fees.

8. Controlling Agreement. All parties to the Loan Documents intend to comply with applicable usury law. All existing and future agreements regarding the debt evidenced by this Note are

hereby limited and controlled by the provisions of this Section. In no event (including but not limited to prepayment, default, demand for payment, or acceleration of maturity) shall the interest taken, reserved, contracted for, charged or received under this Note or under any of the other Loan Documents or otherwise, exceed the maximum nonusurious amount permitted by applicable law (the "Maximum Amount"). If, from any possible construction of any document, interest would otherwise be payable in excess of the Maximum Amount, then ipso facto, such document shall be reformed and the interest payable reduced to the Maximum Amount, without necessity of execution of any amendment or new document. If the holder hereof ever receives interest in an amount which apart from this provision would exceed the Maximum Amount, the excess shall, without penalty, be applied to the unpaid principal of this Note in inverse order of maturity of installments and not to the payment of interest, or be refunded to the payor if the principal is paid in full. The holder hereof does not intend to charge or receive unearned interest on acceleration. All interest paid or agreed to be paid to the holder hereof shall be spread throughout the full term (including any renewal or extension) of the debt so that the amount of interest does not exceed the Maximum Amount.

9. General Provisions. If more than one person or entity executes this Note as Maker, all of said parties shall be jointly and severally liable for payment of the indebtedness evidenced hereby. Maker and all sureties, endorsers, guarantors and any other party now or hereafter liable for the payment of this Note in whole or in part, hereby severally (i) waive demand, presentment for payment, notice of dishonor and of nonpayment, protest, notice of protest, notice of intent to accelerate, notice of acceleration and all other notices (except any notices which are specifically required by this Note or any other Loan Document), filing of suit and diligence in collecting this Note or enforcing any of the security herefor; (ii) agree to any substitution, subordination, exchange or release of any such security or the release of any party primarily or secondarily liable hereon; (iii) agree that the holder hereof shall not be required first to institute suit or exhaust its remedies hereon against Maker or others liable or to become liable hereon or to enforce its rights against them or any security herefor; (iv) consent to any extensions or postponements of time of payment of this Note for any period or periods of time and to any partial payments, before or after maturity, and to any other indulgences with respect hereto, without notice thereof to any of them; and (v) submit (and waive all rights to object) to non-exclusive personal jurisdiction in the State of Texas, and venue in the county in which payment is to be made as specified on the first page of this Note, for the enforcement of any and all obligations under the Loan Documents.

This Note may not be amended except in a writing specifically intended for the purpose and executed by the party against whom

enforcement of the amendment is sought. The holder of this Note may, from time to time, sell or offer to sell the loan evidenced by this Note, or interests therein, to one or more assignees or participants and is hereby authorized to disseminate any information it has pertaining to the loan evidenced by this Note, including, without limitation, any security for this Note and credit information on the undersigned, any of its principals and any guarantor of this Note, to any such assignee or participant or prospective assignee or prospective participant, and to the extent, if any, specified in any such assignment or participation, such assignee(s) or participant(s) shall have the rights and benefits with respect to this Note and the other Loan Documents as such person(s) would have if such person(s) were Lender hereunder. The terms, provisions, covenants and conditions hereof shall be binding upon Maker and the heirs, devisees, representatives, successors and assigns of Maker. Captions and headings in this Note are for convenience only and shall be disregarded in construing it. **THIS NOTE, AND ITS VALIDITY, ENFORCEMENT AND INTERPRETATION, SHALL BE GOVERNED BY TEXAS LAW (WITHOUT REGARD TO ANY CONFLICT OF LAWS PRINCIPLES) AND APPLICABLE UNITED STATES FEDERAL LAW.**

10. **ARBITRATION. ANY CONTROVERSY OR CLAIM BETWEEN OR AMONG THE PARTIES HERETO INCLUDING BUT NOT LIMITED TO THOSE ARISING OUT OF OR RELATING TO THIS NOTE OR ANY RELATED NOTES OR INSTRUMENTS, INCLUDING ANY CLAIM BASED ON OR ARISING FROM AN ALLEGED TORT, SHALL BE DETERMINED BY BINDING ARBITRATION IN ACCORDANCE WITH THE FEDERAL ARBITRATION ACT (OR IF NOT APPLICABLE, THE APPLICABLE STATE LAW), THE RULES OF PRACTICE AND PROCEDURE FOR THE ARBITRATION OF COMMERCIAL DISPUTES OR JUDICIAL ARBITRATION AND MEDIATION SERVICES, INC. (J.A.M.S.) AND THE "SPECIAL RULES" SET FORTH BELOW. IN THE EVENT OF ANY INCONSISTENCY, THE SPECIAL RULES SHALL CONTROL. JUDGMENT UPON ANY ARBITRATION AWARD MAY BE ENTERED IN ANY COURT HAVING JURISDICTION. ANY PARTY TO THE NOTE MAY BRING AN ACTION, INCLUDING A SUMMARY OR EXPEDITED PROCEEDING, TO COMPEL ARBITRATION OF ANY CONTROVERSY OR CLAIM TO WHICH THIS NOTE APPLIES IN ANY COURT HAVING JURISDICTION OVER SUCH ACTION.**

(A) SPECIAL RULES. THE ARBITRATION SHALL BE CONDUCTED IN THE CITY OF BORROWER'S DOMICILE AT THE TIME OF THE NOTE'S EXECUTION AND ADMINISTERED BY J.A.M.S. WHO WILL APPOINT AN ARBITRATOR. IF J.A.M.S. IS UNABLE OR LEGALLY PRECLUDED FROM ADMINISTERING THE ARBITRATION, THEN THE AMERICAN ARBITRATION ASSOCIATION WILL SERVE. ALL ARBITRATION HEARINGS WILL BE COMMENCED WITHIN 90 DAYS OF THE DEMAND FOR ARBITRATION; FURTHER, THE ARBITRATOR SHALL ONLY, UPON A SHOWING OF CAUSE, BE PERMITTED TO EXTEND THE COMMENCEMENT OF SUCH HEARING FOR AN ADDITIONAL 60 DAYS.

(B) RESERVATION OF RIGHTS. NOTHING IN THIS NOTE SHALL BE DEEMED TO (I) LIMIT THE APPLICABILITY OF ANY OTHERWISE APPLICABLE STATUTES OF LIMITATION OR REPOSE AND ANY WAIVERS CONTAINED IN THIS NOTE; OR (II) BE A WAIVER BY THE BANK OF THE PROTECTION AFFORDED TO

IT BY 12 U.S.C. §91 OR ANY SUBSTANTIALLY EQUIVALENT STATE LAW; OR (III) LIMIT THE RIGHT OF THE BANK HERETO (A) TO EXERCISE SELF HELP REMEDIES SUCH AS (BUT NOT LIMITED TO) SETOFF, OR (B) TO FORECLOSURE AGAINST ANY REAL OR PERSONAL PROPERTY COLLATERAL, OR (C) TO OBTAIN FROM A COURT PROVISIONAL OR ANCILLARY REMEDIES SUCH AS (BUT NOT LIMITED TO) INJUNCTIVE RELIEF, WRIT OF POSSESSION OR THE APPOINTMENT OF A RECEIVER. THE BANK MAY EXERCISE SUCH SELF HELP RIGHTS, FORECLOSURE UPON SUCH PROPERTY, OR OBTAIN SUCH PROVISIONAL OR ANCILLARY REMEDIES BEFORE, DURING OR AFTER THE PENDENCY OF ANY ARBITRATION PROCEEDING BROUGHT PURSUANT TO THIS NOTE. NEITHER THE EXERCISE OR SELF HELP REMEDIES NOR THE INSTITUTION OR MAINTENANCE OF AN ACTION FOR FORECLOSURE OR PROVISIONAL OR ANCILLARY REMEDIES SHALL CONSTITUTE A WAIVER OF THE RIGHT OF ANY PARTY, INCLUDING THE CLAIMANT IN SUCH ACTION, TO ARBITRATE THE MERITS OF THE CONTROVERSY OR CLAIM OCCASIONING RESORT TO SUCH REMEDIES.

The following notice is applicable only if the face amount of this note is in excess of $50,000.00:

THE WRITTEN LOAN DOCUMENTS REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES.

THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

IN WITNESS WHEREOF, Maker has duly executed this Note as of the date first above written.

MAKER:	MAKER:
_____	_____
GREGORY B. CUNDIFF	CONNIE S. CUNDIFF
103 N. Oak O'Fallon, Illinois 62269	103 N. Oak O'Fallon, Illinoiw 62269

Executed by Lender for purposes of the notice of final agreement set forth above.

NATIONSBANK OF TEXAS, N.A.

By: _____
Name: _____
Title: _____

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RECORDATION NO. 18154-C FILED 1425

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INTERSTATE COMMERCE COMMISSION

CERTIFICATE

I, Dina M. Mirenda, a Notary Public in and for the State of Texas, hereby state that I have compared a copy of the Security Agreement attached hereto with the original Security Agreement and have found the copy to be complete and identical in all respects to the original document.

EXECUTED this 3rd day of June, 1994.

NOTARY PUBLIC

STATE OF TEXAS §
§
COUNTY OF BEXAR §

This instrument was acknowledged before me on the 3rd day of June, 1994, by Dina M. Mirenda.

(NOTARY SEAL)

ROSE M. GANNON
Notary Public
State of Texas
Comm. exp. 07-30-97

Notary Public, State of Texas

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cert.10\dmm