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OFFICES IN
WASHINGTON, D C

NEW YORK
NEW JERSEY

February 10, 1990

HAND DELIVERED

Ms. Noretta R. McGee
Secretary
Interstate Commerce Commission
12th and Constitution Avenue
Washington, D.C. 20423

0-044A070
16759-A
RECORDED IN FEB 13 1990

FEB 13 1990 -1 10 PM

INTERSTATE COMMERCE COMMISSION

Dear Ms. McGee:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11303(a) is one (1) original and one (1) conformed copy of the Loan Agreement, Chattel Mortgage and Security Agreement dated as of January 31, 1990 (the "Loan Agreement"). The Loan Agreement relates to a Railroad Equipment Lease dated as of October 18, 1989 (the "Lease"), which Lease has been duly recorded and filed with the Interstate Commerce Commission pursuant to 49 U.S.C. Section 11303 on the date hereof. The Loan Agreement is a primary document as defined in the Commission's Rules for the Recordation of Documents.

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

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

Borrower: U.S. Railcar, Inc.
2333 Waukengan Road, N-200
Bannockburn, Illinois 60015

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

Also enclosed is our check in the amount of \$15.00 payable to the order of the Interstate Commerce Commission covering the required recordation fee.

Counterparts - Deborah M. Madigan

RECORDED
FEB 13 1990

Ms. Noreta R. McGee
February 10, 1990
Page 2

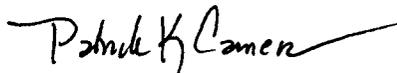
Kindly return a filed-stamped copy of the enclosed document
to:

Patrick K. Cameron, Esq.
Ober, Kaler, Grimes & Shriver
1600 Maryland National Bank Building
10 Light Street
Baltimore, Maryland 21202

A short summary of the enclosed Loan Agreement to appear in
the Commission's index is:

Loan Agreement, Chattel Mortgage and Security agreement dated
as of January 31, 1990, between The First National Bank of
Maryland, Lender, and U.S. Railcar, Inc., Borrower, covering
fifty (50) 100-ton Gondola cars.

Very truly yours,


Patrick K. Cameron

PKC/pml
Enclosures

SCHEDULE 1

Fifty (50) 100-ton Gondola cars bearing The Pittsburgh and Lake Erie Railroad Company road nos.

19029	19430
19041	19450
19042	19458
19043	19466
19132	19471
19136	19486
19146	19487
19147	19517
19162	19518
19177	19544
19186	19562
19202	19570
19205	19576
19228	19651
19259	19667
19260	19708
19289	19751
19293	19758
19304	19804
19306	19806
19355	19849
19381	19855
19391	19887
19404	19897
19406	19905

RECORDATION NO. 16759-A FILED 1425

FEB 13 1990 - 1 10 PM
INTERSTATE COMMERCE COMMISSION

LOAN AGREEMENT, CHATTEL MORTGAGE AND SECURITY AGREEMENT

between

U.S. RAILCAR, INC.

and

THE FIRST NATIONAL BANK OF MARYLAND

Dated as of January 31, 1990

Covering Fifty (50) 100-ton Gondola Railcars

Filed and recorded with the Interstate Commerce Commission pursuant to the Interstate Commerce Act, 49 U.S.C. §11303 on the ____ day of February, 1990, at ____ .m., Recordation No. _____

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LOAN AGREEMENT, CHATTEL MORTGAGE AND SECURITY AGREEMENT

This LOAN AGREEMENT, CHATTEL MORTGAGE AND SECURITY AGREEMENT (the "Agreement") is dated as of the 31st day of January, 1990, by and between U.S. RAILCAR, INC., an Illinois corporation (the "Borrower"), and THE FIRST NATIONAL BANK OF MARYLAND, a national banking association (the "Bank") (with certain terms used herein being defined in Article 10):

WHEREAS, the Borrower has applied to the Bank for a loan up to a maximum principal amount of \$665,000 (which amount, or such lesser amount as may actually be advanced to the Borrower hereunder, is hereinafter referred to as the "Loan") for the purpose of financing and/or reimbursing the Borrower for a portion of the acquisition cost of fifty (50) 100-ton gondola railcars to be purchased from Pittsburgh and Lake Erie Railroad Company (each a "Railcar" and collectively, the "Railcars"); such extension of credit to be evidenced by a promissory note from the Borrower to the Bank in the form attached hereto as Exhibit A; and

WHEREAS, the Bank is willing to make the Loan to the Borrower subject and pursuant to the terms and conditions of this Agreement; and

WHEREAS, the Bank proposes to secure the Loan by Borrower's grant to the Bank of a security interest in the Collateral (as hereinafter defined) and all proceeds thereof.

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 1

MAKING OF THE LOAN

Section 1.01. Making of the Loan. Subject to fulfillment of the terms and conditions specified herein, the Bank agrees to lend to the Borrower, under the terms and conditions of this Agreement and on the date to be specified by the Borrower upon not less than three (3) Business Days' prior written notice to the Bank (the "Closing Date"), an amount not to exceed \$665,000. On the Closing Date, the Borrower shall execute and deliver to the Bank, to evidence the Loan made to the Borrower on such date, its promissory note (the "Promissory Note") in substantially the form attached hereto as Exhibit A. The Loan evidenced by the Promissory Note shall bear interest and be repayable in the manner, on the dates and at the times specified in the Promissory Note.

Section 1.02. Advance Under the Loan. No advance of the proceeds of the Loan will be made until all conditions precedent to the making of the Loan provided for in Section 2.01 of this Agreement are satisfied.

Section 1.03. Notice of Borrowing. The Borrower shall give the Bank written notice at least three (3) Business Days before the requested making of the advance under the Loan. The notice shall specify (i) the Closing Date for the requested advance and (ii) the amount of the requested advance.

Section 1.04. (a) Subject to the third sentence of this sub-part (a) and to the provisions of Section 8.06 hereof, the Loan shall be expressly non-recourse to Borrower and all payments to be made under the Promissory Note shall be made only from the income and proceeds from the Collateral (as hereinafter defined) and only to the extent that Borrower shall have sufficient income and proceeds from the Collateral to make such payments in accordance with the terms of the Promissory Note. Subject to the third sentence of this sub-part (a) and to the provisions of Section 8.06 hereof, the Bank agrees that it will look solely to the income and proceeds from the Collateral, and without recourse against Borrower and that Borrower shall not be personally liable to the Bank for any amounts payable under the Promissory Note. The foregoing limitation of recourse shall not limit, restrict or impair the rights of the Bank to accelerate the maturity of the Promissory Note upon a default thereunder, to bring suit and obtain a judgment against the Borrower on the Promissory Note or to exercise all rights and remedies provided under this 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, or holding Borrower personally liable for its failure to comply with the provisions of Section 4.02 of this Agreement.

(b) Any rents or other sums paid under the Midsouth Lease and received by the Bank pursuant to this Agreement shall be held by the Bank as part of the Collateral and, so long as no Event of Default referred to in Section 6.01 hereof shall have occurred, or event which, with the lapse of time or the giving of notice, or both, would constitute an Event of Default has then 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 which constitute payment of rents under the Midsouth Lease shall be applied: first, to any unpaid costs (including, without limitation, those contained in Section 9.01 hereof) or expenses of the Bank incurred pursuant to this Agreement or the

Promissory Note; second, to unpaid late charges; third, to interest then due and payable on the Promissory Note; fourth, to principal in accordance with the Promissory Note; and fifth, any excess then remaining promptly shall be remitted to the Borrower (provided, however, that in the event that an instrument making a rent payment is subsequently dishonored, the Borrower promptly shall refund to the Bank the amount of any such excess payment).

(2) Casualty Payments. Any amounts received by the Bank which constitute payment on account of a casualty pursuant to the Midsouth Lease shall be applied: first, in accordance with clauses first, second and third of sub-part (b)(1) of this Section 1.04; second, to prepayment (in whole or in part, as applicable) of the principal of the Promissory Note, in inverse order of maturity; and third, any excess then remaining promptly shall be remitted to the Borrower.

(3) Lease Default Payments. Any amounts received by the Bank pursuant to the exercise of the remedies provided in the Midsouth Lease (or otherwise available at law or in equity as a result of the occurrence of an event of default under the Midsouth Lease) shall be applied: first, in accordance with clauses first and second of sub-part (b)(2) of this Section 1.04; and second, any excess then remaining promptly shall be remitted to the Borrower.

(c) Any payments received by the Bank as amounts paid by Midsouth pursuant to the Midsouth Lease in connection with the payment or reimbursement of taxes, fees or other charges (hereinafter collectively referred to as "Tax Payments") promptly shall, so long as Borrower is not in default of its obligations hereunder, be remitted to the Borrower.

(d) Borrower shall establish and maintain a cash collateral account with the Bank (the "Cash Collateral Account") and shall direct Midsouth to make all future payments of rent and other sums becoming due under the Midsouth Lease directly to the Cash 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 Midsouth to acknowledge a notice of assignment in substantially the form attached hereto as Exhibit D (the "Notice") directing Midsouth to make all payments under the Midsouth Lease directly to the Cash Collateral Account.

Section 1.05. Evidence of Indebtedness. The Loan and the Borrower's obligation to repay the Loan with interest shall be evidenced by this Agreement, the records of the Bank and the Promissory Note.

ARTICLE 2

CONDITIONS TO THE ADVANCE UNDER THE LOAN

Section 2.01. Conditions Precedent to the Making of the Loan. The Bank's obligation to make the Loan hereunder shall be subject to its receipt of each of the following, in form and substance, and in the case of (a), (b), (c), (f), (g) and (n) certified in a manner, satisfactory to the Bank:

(a) a certificate of the Secretary or an Assistant Secretary of the Borrower substantially in the form of Schedule 2.01(a) with respect to the officers of the Borrower authorized to execute and deliver this Agreement and the other Loan Documents, to which shall be attached copies of the resolutions and bylaws referred to in such certificate;

(b) a copy of the Articles of Incorporation of the Borrower, certified by the Secretary of State of Illinois;

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

(d) two (2) originally executed counterparts of this Agreement;

(e) the executed Promissory Note in the maximum principal amount of \$665,000 and in substantially the form of Exhibit A hereto;

(f) an executed full warranty Bill of Sale, dated as of May 1, 1989, from Pittsburgh and Lake Erie Railroad Company to the Borrower, conveying to the Borrower good and marketable title to fifty (50) Railcars, free and clear of all liens and encumbrances;

(g) (1) copies of all insurance policies and endorsements thereto of the Borrower or Midsouth covering the Railcars showing that there exists adequate liability, casualty and hazard insurance coverage, including casualty insurance coverage in an amount at all times equal to the greater of the full replacement cost of the Railcars and \$665,000; and (2) loss payable endorsements satisfactory to the Bank and in favor of the Bank with respect to all property insurance;

(h) the Purchase Agreement, dated as of January __, 1990, duly executed on behalf of Erman Corporation, Inc.;

(i) a signed opinion of counsel to the Borrower dated the date hereof, substantially in the form of Schedule 2.01(i);

(j) 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, desirable to perfect the security interest granted hereunder;

(k) two (2) originally executed counterparts of the Railroad Equipment Lease dated as of October 18, 1989 (the "Midsouth Lease"), between the Borrower and Midsouth Corporation ("Midsouth");

(l) evidence of the filing of the Midsouth Lease with the ICC pursuant to 49 U.S.C. §11303;

(m) evidence of the filing of this Agreement with the ICC pursuant to 49 U.S.C. §11303;

(n) a copy of the Certificate of Acceptance (in substantially the form of Exhibit C to the Agreement), duly executed on behalf of Borrower and Midsouth covering the Railcars; and

(o) a fully executed copy of the Notice, duly acknowledged by Midsouth.

ARTICLE 3

CERTAIN REPRESENTATIONS AND WARRANTIES OF THE BORROWER

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

Section 3.01. Organization; Power; Qualification. The Borrower is a corporation duly organized, validly existing and in good standing under the laws of the State of Illinois; has the full power and authority to own its properties and to carry on its business as now being and hereafter proposed to be conducted; and is duly qualified and is in good standing as a foreign corporation, and authorized to do business, in all jurisdictions in which the character of its properties or the nature of its businesses requires such qualification or authorization, except for qualifications and authorizations the lack of which, singly or in the aggregate, have not had and will not have a Materially Adverse Effect upon the Borrower.

Section 3.02. Authorization of and Compliance with Agreement, Other Loan Documents and Borrowing. The Borrower has the full power, and has taken all necessary corporate (including stockholder, if necessary) action to authorize it to execute, deliver and perform this Agreement and the other Loan Documents in accordance with their respective terms and to borrow hereunder in the amount of the Loan. This Agreement and the other Loan Documents have been duly executed and constitute legal, valid and

binding obligations of the Borrower, enforceable against the Borrower in accordance with the terms thereof. The execution, delivery and performance of this Agreement and the other Loan Documents in accordance with their respective terms, and the borrowing hereunder, do not and will not (i) require (a) any consent or approval of the stockholders or holders of any indebtedness of the Borrower or (b) 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 3.02; (ii) violate or conflict with, result in a breach of, or constitute a default under, (a) any Contract to which the Borrower is a party or by which the Borrower or its properties may be bound or affected or (b) any Applicable Law, the failure to comply with which would have a Materially Adverse Effect upon the Borrower or upon its assets or (iii) result in or require the creation of any Lien upon any assets of the Borrower other than Permitted Liens.

Section 3.03. Litigation. Except as set forth in Schedule 3.03, there are not, in any court or before any arbitrator of any kind or before or by any governmental or non-governmental body, any actions, suits or proceedings pending with respect to which there is a reasonable possibility of an adverse decision, 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 (i) the Collateral, or (ii) this Agreement or any of the other Loan Documents.

Section 3.04. 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 Agreement or the other Loan Documents or the Collateral.

Section 3.05. Collateral. Except for the liens in favor of the Bank, the Borrower has good and marketable title to the Collateral, free and clear of any and all security interests, liens, claims and encumbrances. The purchase price paid by the Borrower for the Collateral was equal to its then fair market value.

Section 3.06. Regulatory Approvals. All approvals, consents and dismissals of objections by governmental regulatory agencies and bodies having jurisdiction over the Borrower, necessary for the execution, delivery and performance of this Agreement and each of the other Loan Documents have been obtained and remain in full force and effect.

Section 3.07. Principal Place of Business. The principal place of business and chief executive offices of the Borrower are at 2333 Waukegan Road N-200, Chicago, Illinois 60015.

ARTICLE 4

COVENANTS

The Borrower covenants and agrees that so long as any Obligations remain outstanding,

A. The Borrower shall:

Section 4.01. Preservation of Existence and Properties, Scope of Business, Compliance with Law, Payment of Taxes and Claims. (a) Preserve and maintain its corporate existence and all of its other material 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, (b) preserve, protect and maintain, or use its best efforts to cause Midsouth to preserve, protect and maintain, in good repair, working order and condition the Railcars and make all replacements and repairs to the Railcars, their equipment and appliances to the extent required by the terms hereof, the Interchange Rules of the Association of American Railroads and the laws and regulations of any Federal, State or other governmental body having jurisdiction over the same; (c) comply with all Applicable Laws; and (d) pay or discharge when due, or use its best efforts to cause Midsouth to pay or discharge when due, all Taxes and all claims which might become a Lien on the Collateral except for any such Taxes and claims which the Borrower is contesting in good faith, by appropriate and diligent legal proceedings and with respect to which the Borrower has established adequate reserves in accordance with Generally Accepted Accounting Principles.

Section 4.02. Liability and Casualty Insurance. Maintain at its expense, or cause Midsouth to maintain at its own expense, insurance (including liability, casualty and hazard insurance) in accordance with the provisions of Section 18 of the Midsouth Lease, as may be required by Applicable Law or as may be reasonably requested by the Bank (and, in the case of property insurance, under policies of insurance naming the Bank as mortgagee or loss payee); provided, however, that the Borrower shall in all events maintain or cause Midsouth to maintain casualty insurance coverage in an amount at least equal to the greater of the full replacement cost of the Railcars and 110% of the principal balance outstanding from time to time under the Promissory Note; and provided, further, that the amount payable to the Bank in the event of a casualty to each Railcar shall be at least equal to 1/50th of the principal amount of the Loan then outstanding plus accrued but unpaid interest due thereon. Notwithstanding the foregoing, the Borrower may self-insure for loss or damage to the Railcars.

Section 4.03. Visits and Inspections. Permit representatives (whether or not officers or employees) of the Bank, from time to time, as often as may be reasonably requested, but only during normal business hours, to (a) visit and inspect the 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 which the Bank may have with respect to the same.

Section 4.04. Use of Proceeds. Use the proceeds of the Loan only for financing and/or reimbursing the Borrower for the cost of the acquisition of the Railcars. None of the proceeds of the Loan shall be used to purchase or carry, or to reduce or retire or refinance any credit incurred to purchase or carry, any margin stock (within the meaning of Regulations U and X of the Board of Governors of the Federal Reserve System) or to extend credit to others for the purpose of purchasing or carrying any margin stock. If requested by the Bank, the Borrower will furnish to the Bank statements in conformity with the requirements of Federal Reserve Form U-1 referred to in Regulation U.

Section 4.05. Environmental Laws. Conduct its business with respect to the Collateral and cause Midsouth to do the same so as to comply in all material respects with all applicable environmental, health and safety laws and regulations in all jurisdictions in which the Collateral is or may or Midsouth is or may at any time be doing business, including, without limitation, the federal Resource Conservation and Recovery Act, the federal Comprehensive Environmental Response, Compensation and Liability Act, the federal Toxic Substances Control Act, the federal Water Pollution Control Act (commonly known as the federal Clean Water Act), the federal Clean Air Act and the federal Occupational Safety and Health Act, including any amendments of each and reauthorizations of each.

Section 4.06. Repossession of Railcars. Immediately upon the request of the Bank, exercise any rights it may have to repossess the Railcars covered by the Midsouth Lease pursuant to Section 1168 of Title 11 of the United States Code or any successor statute.

Section 4.07. Compliance with AAR Regulations. Comply, and use its best efforts to cause Midsouth to comply, in all material respects, with the rules and regulations of the Association of American Railroads and any successor organization thereof as they relate to or affect the Collateral.

Section 4.08. Notice of Litigation. Give prompt notice in writing, with a full description to the Bank, of all litigation and of all proceedings before any court or any governmental or regulatory agency affecting the Collateral or the performance by the Borrower of its obligations under the Loan Documents.

Section 4.09. Notice of Casualty. Give the Bank prompt written notice of any event or condition constituting a casualty to any item of Collateral, upon a responsible officer of the Borrower having actual knowledge of such event or condition and providing the details of the occurrence thereof. For purposes of this Section 4.09, a "responsible officer" shall mean any corporate officer of the Borrower who, in the normal performance of his operational responsibilities, would have knowledge of such event or condition and the requirements of this Agreement with respect thereto. The Borrower agrees that it will provide the Bank with an officer's certificate, certifying to the existence of such an occurrence and whether or not the Borrower has repaired or replaced the item or items of Collateral affected thereby. This certificate shall be provided to the Bank within ten (10) Business Days of the Borrower having actual knowledge of such event.

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

Section 4.10. Liens. Create, assume or incur, or permit or suffer to exist or to be created, assumed or incurred, any Lien upon the Collateral, or upon any income or profits therefrom.

Section 4.11. Lease Assignment. Assign any of its rights under the Midsouth Lease to any Person other than the Bank or permit Midsouth to assign its obligations to any other Person, it being understood that Midsouth may engage in inter-line sharing of Railcars to the extent customary in the railroad industry.

Section 4.12. Midsouth Lease. Agree to amend, supplement or modify any provision of the Midsouth Lease.

ARTICLE 5

INFORMATION

From the Closing Date until such time as all of the Obligations have been paid in full, the Borrower shall furnish to the Bank, at the Bank's Office:

Section 5.01. Quarterly Financial Statements. Within sixty (60) days after the close of each quarterly accounting period in each fiscal year of the Borrower, 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 5.01.

(150) Section 5.02. Year-End Financial Statements. ^{Within One Hundred Fifty} ~~Within ninety~~ ~~(90)~~ days after the end of each fiscal year of the Borrower, 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 certified by independent certified public accountants of recognized standing satisfactory to the Bank, and whose certificates shall be in scope and substance satisfactory to the Bank.

Section 5.03. Additional Materials. From time to time and promptly upon request of the Bank, such data, certificates, reports, statements, documents or further information regarding this Agreement, any of the other Loan Documents, the Midsouth Lease, Midsouth and/or the Railcars, in each case in form and substance and certified in a manner satisfactory to the Bank.

Section 5.04. Notice of Defaults, Litigation and Other Matters. Prompt notice of: (a) any Default or Event of Default hereunder; (b) any event of default under the Midsouth Lease; and (c) the commencement of any actions, suits, proceedings or investigations in any court or before any arbitrator of any kind or by or before any governmental or non-governmental body against or in any other way relating adversely to, or affecting, the Collateral or Midsouth.

Section 5.05. Lease Notices. Promptly, copies of all notices received or sent by it or to it in connection with the Midsouth Lease.

ARTICLE 6

DEFAULT

Section 6.01. Events of Default. Each of the following shall constitute an event of default (an "Event of Default"), 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 or non-governmental body:

(a) any payment of principal or interest due hereunder or under the Promissory Note shall not be made as and when due (whether at maturity, by acceleration or otherwise) and such default shall continue unremedied for a period of three (3) Business Days after notice thereof to Borrower;

(b) any Representation or Warranty shall at any time prove to have been incorrect or misleading in any material respect when made;

(c) the Borrower shall default in the performance or observance of:

(i) any term, covenant, condition or agreement contained in Section 4.01(a) (insofar as such Section requires the preservation of the corporate existence of the Borrower), Section 4.02, Section 4.04, Sections 4.10 through and including Section 4.12, or Section 5.04 or Section 5.05; or

(ii) any term, covenant, condition or agreement contained in this Agreement or any other Loan Document (other than a term, covenant, condition or agreement a default in the performance or observance of which is elsewhere in this Section specifically dealt with) and in the case of any such default which is curable by the Borrower, such default shall continue unremedied for a period of thirty (30) days; provided, however, that in the event such default cannot be cured within said thirty (30) day period, the cure period under this clause will, upon notice by the Borrower to the Bank, be extended for an additional thirty (30) days for as long as the Borrower is making diligent efforts to remedy such default and such default will not cause a sale, loss or forfeiture of the Collateral, or, if earlier, until it is determined that such default cannot be cured;

(d) (i) the Borrower shall (A) commence a voluntary case under the federal bankruptcy laws (as now or hereafter in effect), (B) 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, (C) 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, (D) 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, (E) 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, (F) make a general assignment for the benefit of creditors, or (G) take any corporate action for the purpose of effecting any of the foregoing; or

(ii) a case or other proceeding shall be commenced against the Borrower in any court of competent jurisdiction seeking (A) 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 (B) 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 and such case or proceeding shall continue undismissed or unstayed for a period of sixty (60) calendar days, or 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 6.02. Remedies upon Event of Default.

(a) Upon the occurrence and during the continuance of any Event of Default (other than one specified in Section 6.01(d)) and in every such event, the Bank, upon notice to the Borrower, may take any one or more of the following actions:

(i) by written notice to the Borrower declare the entire principal amount of the Promissory Note to be immediately due and payable, whereupon the Promissory Note shall become due and payable, both as to principal and interest, without presentment, demand or protest of any kind, all of which are hereby expressly waived, anything contained herein or in the Promissory Note to the contrary notwithstanding;

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

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

(iv) 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;

(v) 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 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;

(vi) 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 and sell or dispose of all or any part of the same, free from any and all claims of Borrower or of any other party claiming by, through or under 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 Borrower or advertisement of any such sale or other disposal, except that the Bank shall provide Borrower with at least ten (10) days' prior notice of such sale by certified mail, return-receipt requested; 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 Borrower under, applicable law are hereby waived by 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;

(vii) demand, collect, and retain all rentals, earnings and all other sums due and to become due pursuant to subsections (v) or (vi) of this Section 6.02 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;

(viii) if and to the extent the Event of Default results from a breach by 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

(ix) exercise any and all of its other rights under Applicable Law, hereunder and under the other Loan Documents. Upon the occurrence of an Event of Default specified in Section 6.01 (d), automatically and without any notice to the Borrower (A) the principal of and interest outstanding hereunder and under the Promissory Note and all other amounts owing under this Agreement, the Promissory Note and the other Loan Documents shall be immediately due and payable to the Bank, and (B) the Bank may exercise any and all of its other rights under Applicable Law, hereunder and under the other Loan Documents, including the rights set forth above in this subsection 6.02(a).

(b) Notice. If the Bank must give prior notice to the Borrower of any of the foregoing acts, the Borrower hereby covenants and agrees that a notice sent to it in writing by certified mail, return-receipt requested, at least ten (10) days before the date of any such act (or such longer period as may be required by Applicable Law), at its address provided hereunder shall be deemed to be reasonable notice of such act and, specifically, reasonable notification of the time and place of any public sale hereunder and the time after which any private sale or other intended disposition is to be made hereunder.

(c) Application of Proceeds. The proceeds from the sale of the Collateral pursuant to any of the provisions of this Section shall be applied by the Bank as follows:

(i) first, to the payment of all costs and expenses of foreclosure or suit, if any, and of such sale, and of all proper expenses, liability and advances, including legal expenses and reasonable attorney's fees, incurred or made hereunder by the Bank, and of all taxes, assessments or liens superior to the lien of these presents, except any taxes, assessments or other superior lien subject to which said sale may have been made;

(ii) second, to the payment to the Bank of the amounts of principal and accrued interest unpaid on the Promissory Note; and in case such proceeds shall be insufficient to pay in full the amount unpaid on the Promissory Note, first, to the unpaid interest thereof, and thereafter to the unpaid principal payments thereof in inverse order of maturity; and

(iii) third, to the payment of the surplus, if any, to the Borrower, its successors and assigns, or to whosoever may be lawfully entitled to receive the same.

Section 6.03. 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 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 Section 6.02 above; and the Borrower, for itself and all who may claim through 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 Agreement may order the sale of the Collateral as an entirety.

Section 6.04. Right to Purchase Collateral. At any sale pursuant to Section 6.02 hereof, 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 use any claim for Indebtedness payable to it as a credit 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 6.05. 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; and 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; and 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 6.06. Midsouth's Right of Quiet Enjoyment. So long as Midsouth is not in default of any of its obligations under the Midsouth Lease, the Bank shall not disturb Midsouth's right to peacefully use the Railcars in accordance with and subject to the terms of the Midsouth Lease.

ARTICLE 7

SECURITY

Section 7.01. Grant of Security. (a) In order to secure the prompt payment of the principal of, prepayment premium, if any, and interest on the Promissory Note (whether now or hereafter outstanding) and of all other moneys payable and to be payable to the Bank under this Agreement (collectively the "Indebtedness"), and the timely and faithful performance and observance by the Borrower of all of the agreements, covenants and provisions contained in this Agreement and in the Promissory Note, the Borrower has granted, conveyed, pledged, sold, mortgaged, assigned, transferred and set over a security interest, and does hereby grant, convey, pledge, sell, mortgage, assign, transfer and set over a first priority lien on and continuing security interest unto the Bank in (i) the Railcars; (ii) the Borrower's interest in 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 items (i) and (ii) herein being hereinafter sometimes collectively called the "Equipment Collateral"), together with all the rents, issues, income, profits, proceeds and avails therefrom and the proceeds thereof; (iii) all proceeds (including, without limitation, insurance and indemnity payments) from the sale, loss or other disposition of the Equipment Collateral; (iv) all rights, claims and causes of action, if any, which the Borrower may have against 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; (v) any agreement now or hereafter entered into for leasing the Railcars to any third party, including, without limitation, the Midsouth Lease (such documents collectively referred to as the "Assigned Documents"), together

with all of the Borrower's estate, right, title, interest, claims and demand in, to and under the Assigned Documents, 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 under the Assigned Documents, (vi) all rent, damages and other moneys from time to time payable to or receivable by the Borrower in respect of the Equipment Collateral and (vii) the Cash Collateral Account and all proceeds thereof (such Equipment Collateral, proceeds, rights, claims, causes of action and the Assigned Documents described in items (i) through (vii) above being herein sometimes collectively called 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;

(b) The parties acknowledge and agree that the Equipment Collateral is now or is intended to be subject to the Midsouth Lease. Except for the leasehold interest of Midsouth thereunder, the Borrower may not dispose of any of the Collateral without the prior written consent of the Bank, notwithstanding the fact that proceeds constitute a part of the Collateral hereunder. The Borrower further agrees that with respect to the Collateral, 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 Maryland Uniform Commercial Code (the "UCC") as in effect from time to time.

(c) PROVIDED FURTHER, and these presents are on the condition that, if the Borrower, or its successors or assigns, shall pay or cause to be paid to the Bank all of the Indebtedness hereunder in accordance with its terms, as provided in this Agreement and the Promissory Note and shall well and faithfully perform and observe all of the agreements, covenants, and provisions hereof and thereof at the times and in the manner specified, then all rights herein assigned to the Bank shall cease and terminate, all estate, right, title and interest of the Bank in and to the Collateral shall revert to the Borrower and this Agreement and the rights and powers granted herein and hereby shall cease to be binding and shall be of no further force and effect; and

(d) PROVIDED FURTHER, that, subject to the terms and provisions hereof and unless otherwise stated herein, the Borrower may retain possession, use and enjoyment of the Collateral, as long as no Event of Default shall have occurred and be continuing.

Section 7.02. The Bank as Agent. Subject to Section 7.01 hereof, 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, to demand, receive, compromise, sue for, and

give acquittance for, any and all rentals, profits, moneys and claims for money due and to become due with respect to the Security Equipment or otherwise arising out of this Article 7, to endorse any checks or other instruments or orders in connection therewith, and following an Event of Default hereunder, to make all waivers and agreements and to file any claims or take any actions or institute any proceedings with respect thereto which 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 7 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 7; provided, however, that the Bank will notify the Borrower if any payment due by Midsouth under the Midsouth Lease is not received by the Bank on the scheduled due date for payment or if received, is less than the amount then due and payable by Midsouth thereunder.

Section 7.03. Perfecting Interest in Collateral. The Borrower shall, from time to time and at its own 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 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 7, 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 statements, notices and additional security agreements 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 7.03 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.

Section 7.04 Usage. So long as no Event of Default shall have occurred and be continuing, the Borrower shall be entitled

to the possession and use of the Railcars in accordance with the terms of this Agreement.

Section 7.05. Marking of Railcars. The Borrower shall, at its expense, cause the Railcars to be kept numbered with the identifying road numbers set forth in Schedule 1 hereto, or in the case of any item of equipment not there listed, such identifying number as shall be set forth in any amendment or supplement hereto extending this Agreement to cover such equipment, and will keep and maintain, plainly, distinctly, permanently and conspicuously marked on each side of the Railcars the words "Ownership Subject to a Loan Agreement, Chattel Mortgage and Collateral Agreement filed with the Interstate Commerce Commission," or other appropriate markings approved in writing by the Bank, with appropriate changes thereof in order to protect the Bank's security interest in the Equipment Collateral, including the Railcars and its rights under this Agreement. The Borrower shall, at its expense, replace promptly any such markings which may be removed, defaced, obliterated or destroyed and shall not change the numbers of the Railcars except in accordance with a statement of new number or numbers to be substituted therefor, which statement previously shall have been filed with the Bank and filed, recorded and deposited by the Borrower in all public offices where this Agreement shall have been filed, recorded and deposited.

Section 7.06. Registration of Railcars. The Borrower shall, at its expense, register or cause to be registered the Railcars and any substitute equipment in accordance with any and all applicable federal, state, and local registration requirements of the AAR and the ICC or any of their successor organizations.

Section 7.07. Protection of Collateral. The Borrower shall not:

(a) permit any of the Collateral to be levied upon under legal process or to fall under any other lien or encumbrance of whatever nature arising as a result of claims against the Borrower; and

(b) except as otherwise provided in this Agreement or with the prior written consent of the Bank (which consent shall not be unreasonably withheld) and upon the terms and conditions, if any, specified in such consent, sell, assign (including by virtue of assignments by operation of law), mortgage, pledge or otherwise transfer or encumber any of the Collateral (except as contemplated herein) or take any action which would permit any party other than the Bank to perfect any security interest in the Collateral, whether for purchase money or otherwise.

Section 7.08. Indemnity for Misrepresentations or Breaches of Covenants. The Borrower covenants and agrees with the Bank that in any suit, proceeding or action brought or taken by the Bank under this Agreement or any bill of sale relating to the Equipment Collateral, the Borrower will save, indemnify and keep

the Bank harmless from and against all expense (including legal fees), loss or damage suffered by the Bank as a result of any misrepresentation or any breach by the Borrower of any of its obligations hereunder.

Section 7.09. Taxes. The Borrower will pay all Taxes in connection with the issuance, sale or delivery of the Promissory Note and the execution and delivery of this Agreement and any other agreements and instruments contemplated hereby and any modification of the Promissory Note, this Agreement or such other agreements and instruments 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, assessments or charges which may be levied on the Promissory Note or interest thereon, except any income tax imposed under the laws of the United States of America, any state or other governmental entity thereof or of any foreign country, and will save the Bank harmless, without respect to all such taxes, assessments or charges. The obligations of the Borrower under this Section 7.9 shall survive the payment or prepayment of the Promissory Note and the termination of this Agreement.

Section 7.10. 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 thereto; and the Bank shall have no liability or obligation arising out of any such claims, known or unknown, with respect to the Collateral.

Section 7.11. Assigned Documents. The Borrower agrees to provide promptly to the Bank the original of each Assigned Document (not delivered at the Closing) entered into by Borrower at any time this Agreement is in effect.

ARTICLE 8

MISCELLANEOUS

Section 8.01. Notices. All notices and other communications under this Agreement and the other Loan Documents, including but not limited to, materials delivered pursuant to Article 5, shall (a) except in those cases where a telephone notice is expressly permitted, be in writing (which shall include communications by telex, telecopy or certificated messenger service), (b) be (i) sent by registered or certified mail, postage prepaid, return-receipt requested, by prepaid telex or telecopier, (ii) delivered by hand or (iii) where so specified, given by telephone, (c) be given at the following respective addresses and telex, telecopier, and telephone numbers:

(i) if to the Borrower, at:

U.S. Railcar, Inc.
2333 Waukengan Road, N-200
Bannockburn, Illinois 60015
Telephone No.: (708) 948-1000
Facsimile No.: (708) 948-8109
Attention: Stanley H. Rosenbloom

(ii) if to the Bank, at:

The First National Bank of Maryland
25 S. Charles Street
15th Floor
Baltimore, Maryland 21201
Facsimile No.: 301-244-4142
Telephone No.: 301-244-4823
Attention: Michael Dockman
Transportation Division

with a copy to:

Ober, Kaler, Grimes & Shriver
120 E. Baltimore Street
Baltimore, Maryland 21202-1643
Facsimile No.: 301-547-0699
Telephone No.: 301-685-1120
Attention: Patrick K. Cameron, Esq.

or at such other address or telex, telecopier or telephone 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", and (d) 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 telex or telecopier, when such communication is transmitted to the appropriate number determined as above provided in this Section 8.01 and the appropriate answer-back is received or receipt is otherwise acknowledged, (iii) if given by hand delivery, when left at the address of the addressee addressed as above provided, and (iv) if given by telephone, when communicated to the Person or to the holder of the office specified as the Person or officeholder to whose attention communications are to be given, and notices to the Bank under Article 1 or Article 2 shall not be effective and materials furnished to the Bank pursuant to Article 5 shall not be deemed delivered or furnished, until received. Notices under Article 1 or Article 2 may be by telephone, in each case promptly confirmed in writing, provided that failure to provide written confirmation of any notice previously provided by telephone shall not impair the effectiveness of such notice; provided, however, that in the event of a discrepancy between telephonic notice and the written confirmation thereof, or in the event written

confirmation of such notice is not furnished, the telephonic notice as understood by the Bank will be deemed the effective notice.

Section 8.02. Expenses. Whether or not the Loan is made hereunder, the Borrower will, on demand, (a) pay or reimburse the Bank for all out-of-pocket costs and expenses, including legal fees and disbursements (not to exceed \$2500 with respect to the preparation, execution and delivery of this Agreement) and fees and disbursements of other experts, incurred by the Bank in connection with (i) the preparation, execution and delivery of this Agreement, and any other Loan Documents, 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 Agreement, the Promissory Note, the other Loan Documents or the Midsouth Lease, including, without limitation, any losses suffered by reason of any defense, setoff, counterclaim or recoupment by Midsouth or its successors under the Midsouth Lease (except, in the case of any claim brought by the Borrower or Midsouth, to the extent such claim results in a final Judgment in favor of the Borrower or Midsouth 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 obligation under this Section 8.02 shall survive the repayment of principal of, prepayment premium, if any, and interest hereunder and under the Promissory Note.

Section 8.03. Rights Cumulative. The rights and remedies of the Bank under this Agreement and the other Loan Documents shall be cumulative and not exclusive of any rights or remedies which the Bank would otherwise have, and no failure or delay by the Bank in exercising any right shall operate as a waiver of it, nor shall any single or partial exercise of any power or right preclude its other or further exercise or the exercise of any other power or right.

Section 8.04. 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;

provided, however, that except as may be required by Applicable Law, nothing herein shall authorize the Bank to disclose proprietary information to the Borrower's competitors.

Section 8.05. Waivers; Amendments. Any term, covenant, agreement or condition of this 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 8.06. Set-Off. In the event any representation, or warranty contained herein or in the Promissory Note shall prove to be untrue or to have been breached by the Borrower, the Bank and each of its branches and offices is hereby authorized by the Borrower, at any time and from time to time, without notice, (a) to set against, and to appropriate and apply to the payment of, the Obligations (whether matured or unmatured, fixed or contingent or liquidated or unliquidated) any and all amounts owing by the Bank or any such office or branch to the Borrower (whether payable in Dollars or any other currency, whether matured or unmatured, and, in the case of deposits, whether general or special, time or demand and however evidenced) and (b) pending any such action, to the extent necessary, to hold such amounts as collateral to secure the Obligations and to return as unpaid for insufficient funds any and all checks and other items drawn against any deposits so held as the Bank in its sole discretion may elect.

Section 8.07. Assignment. All the provisions of this 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 without the prior written consent of the Bank (which consent shall not be unreasonably withheld), 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 8.08. Participations. The Bank may from time to time sell or otherwise grant participations in this Agreement and the Promissory Note, and the holder of any such participation, if the participation agreement so provides, shall, with respect to its participation, be entitled to all of the rights of the Bank with respect to the Collateral as fully as though the Borrower were directly indebted to the holder of such participation in the amount of such participation.

Section 8.09. Governing Law. This 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.

Section 8.10. Judicial Proceedings; Service of Process. Any judicial proceeding brought against the Borrower with respect to this Agreement or any of the other Loan Documents, may be brought in any court of competent jurisdiction in the State of Maryland, and, by execution and delivery of this Agreement, the Borrower (a) accepts, generally and unconditionally, the non-exclusive jurisdiction of such courts and any related appellate court, and irrevocably agrees to be bound by any judgment rendered thereby in connection with this Agreement or any of the other Loan Documents and (b) irrevocably waives any objection it may now or hereafter have as to the venue of any such suit, action or proceeding brought in such a court or that such court is an inconvenient forum. The Borrower hereby waives personal service of process and consents that service of process upon it may be made by certified or registered mail, return receipt-requested, at its address specified or determined in accordance with the provisions of Section 8.01, and service so made shall be deemed completed on the third (3rd) Business Day after such service is deposited in the U.S. mails. Nothing herein shall affect the right to serve process in any other manner permitted by law or shall limit the right of the Bank to bring proceedings against the Borrower in the courts of any other jurisdiction. Any judicial proceeding by the Borrower against the Bank involving, directly or indirectly, any matter in any way arising out of, related to, or connected with this Agreement, any of the other Loan Documents or any Lease shall be brought only in a court located in the State of Maryland.

Section 8.11. Taxes. All taxes (excluding income taxes) payable or ruled payable by any federal, state or local authority in respect of the Loan Documents or the transactions contemplated thereby shall be paid by the Borrower, together with interest and penalties thereon, if any.

Section 8.12. Severability of Provisions. Any provision of this 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 8.13. Counterparts. This Agreement and each of the other Loan Documents may be executed in any number of counterparts, each of which shall be deemed to be an original and shall be binding upon all parties, their successors and assigns.

Section 8.14. Entire Agreement. This 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 8.15. Loan Fee. Upon execution of this Agreement, the Borrower shall pay to the Bank a loan fee in the amount of \$1,662, which fee is fully earned and nonrefundable.

ARTICLE 9

ADDITIONAL LOAN PROVISIONS

Section 9.01. Regulatory Changes. If any Regulatory Change:

(a) 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 Agreement or any of the other Loan Documents, or shall, in the determination of the Bank, change the basis of taxation of payments to the Bank of the principal of, premium, if any, or interest on the Loan or its obligation to maintain the Loan; or

(b) 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 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 Commitment or amount loaned hereunder, or (z) to require the Bank to make any payment on or calculated by reference to the gross amount of any amount received by it hereunder or under the Promissory Note, then, within fifteen (15) days after request by the Bank, the Borrower shall, subject to the provisions of Section 1.04 hereof, 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 which will entitle the Bank to compensation pursuant to this Section 9.01, but the failure to give such notice shall not affect the Bank's right to such compensation.

Section 9.02. Determinations. In making the determinations contemplated by Section 9.01, 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 9.02 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 Article 9 and the assumptions underlying such computations.

ARTICLE 10

INTERPRETATION

Section 10.01. Definitions. (a) Defined Terms. For the purposes of this Agreement:

"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 8.05 of this Agreement.

"Applicable Law" means, anything in Section 8.09 of this Agreement to the contrary notwithstanding, all material applicable provisions of all (a) constitutions, statutes, rules, regulations and orders of governmental bodies, (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 Applicable Law of the State of Maryland applicable to maximum permitted rates of interest.

"Bank's Office" means the address of the Bank specified in or determined in accordance with the provisions of Section 8.01.

"Borrower" means U.S. Railcar, Inc., an Illinois corporation.

"Business Day" means any day other than a Saturday, Sunday or other day on which banks in Chicago, Illinois or Baltimore, Maryland are authorized to close.

"Cash Collateral Account" shall have the meaning set forth in Section 1.04 hereof.

"Certificate of Acceptance" means a Certificate of Acceptance substantially in the form of Exhibit C hereto.

"Closing Date" means the date on which the proceeds of the Loan are advanced to the Borrower under this Agreement.

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

"Collateral" shall have the meaning set forth in Section 7.01 hereof.

"Commitment" means the commitment of the Bank to lend to the Borrower certain amounts pursuant to Article 1 hereof, in no event to exceed \$665,000.

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

"Dollars" and the sign "\$" mean lawful money of the United States of America.

"Event of Default" means any of the events specified in Section 6.01 of this Agreement.

"Equipment Collateral" shall have the meaning set forth in Section 7.01.

"Generally Accepted Accounting Principles" means generally accepted accounting principles as in effect from time to time in the United States of America.

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

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

"Indebtedness" shall have the meaning set forth in Section 7.01.

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

"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 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 which 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.

"Loan" means the advance made to the Borrower on the Closing Date.

"Loan Documents" means this Agreement, the Promissory Note, the financing statements and all other instruments, documents or agreements relating to the Obligations, both now or hereafter 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 Agreement, any Contract or any other obligation, a materially adverse effect, as to any party thereto, upon the binding nature, validity or enforceability thereof.

"Midsouth Lease" means the Railroad Equipment Lease dated as of October 18, 1989, between the Borrower and Midsouth Corporation.

"Notice" shall have the meaning set forth in Section 1.04 hereof.

"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 Borrower's liabilities, obligations and indebtedness to the Bank under this Agreement, the Promissory Note and the other Loan Documents.

"Person" means an individual, corporation, partnership, trust or unincorporated organization, a government or any agency or political subdivision thereof.

"Promissory Note" shall mean the Promissory Note in the maximum principal amount of \$665,000 entered into as of the date of this Agreement by the Borrower and substantially in the form of Exhibit A.

"Purchase Agreement" means the agreement between the Bank and Erman Corporation, Inc. for the sale by the Bank, at its sole option, of its rights in and to the Railcars, the Midsouth Lease and this Agreement following an Event of Default hereunder.

"Regulation D" means Regulation D of the Board of Governors of the Federal Reserve System and any successor regulation.

"Regulatory Change" means (a) the enactment after the Closing Date of any new, or the enactment or other effectuation of any change in any existing, Applicable Law, (b) the adoption after the Closing Date 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.

"Representation or Warranty" means (a) each representation and warranty made pursuant to Sections 3.01 through 3.5 and any other provision of this Agreement, and (b) each statement contained in any certificate, financial statement, legal opinion or other instrument or document delivered by or on behalf of the Borrower pursuant to or in connection with this Agreement (including, but not limited to any representation, warranty or statement made in or in connection with any amendment of this Agreement).

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

(b) Other Definitional Provisions.

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

(ii) The words "herein", "hereof" and "hereunder" and words of similar import, when used in this Agreement, shall refer to this Agreement as a whole and not to any provision of this Agreement, and "Section", "subsection", "Schedule" and respective references are to this Agreement unless otherwise specified.

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

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

Section 10.02. 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 Generally Accepted Accounting Principles.

Section 10.03. Representations and Warranties. All Representations and Warranties shall be made at and as of the Closing Date and, in the case of any particular Representation and Warranty, at such other time or times as such Representation

and Warranty is made or deemed made in accordance with the provisions of this Agreement.

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.

ATTEST:

U.S. RAILCAR, INC.

Leonard A. Marchok

By: Stanley H. Rosenblum (SEAL)
~~Homer Jones~~ STANLEY H. ROSENBLUM
~~President~~ TREASURER

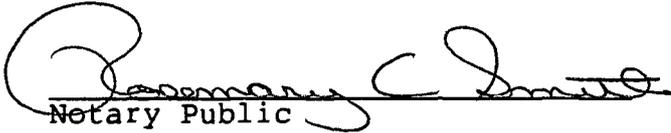
THE FIRST NATIONAL BANK
OF MARYLAND

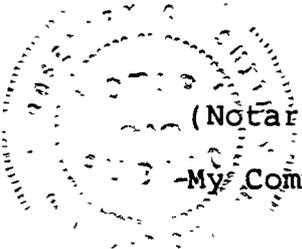
Leonard A. Marchok

By: Michael F. Dockman (SEAL)
Michael F. Dockman
International Banking Executive

STATE OF ~~ILLINOIS~~)
 MARYLAND)
) SS:
~~COUNTY OF COOK~~)
CITY OF BALTIMORE)

STANLEY H. ROSENBLUM On this 7th day of February, 1990, before me personally appeared Homer Jones, ~~to~~ me personally known, who being by me duly sworn, says that he is the ~~President~~ ^{TREASURER} of U.S. Railcar, Inc., an Illinois corporation, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.


Notary Public



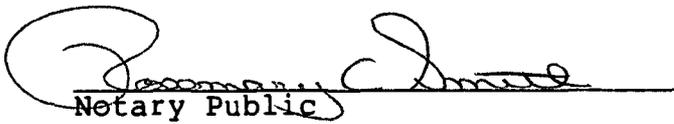
(Notarial Seal)

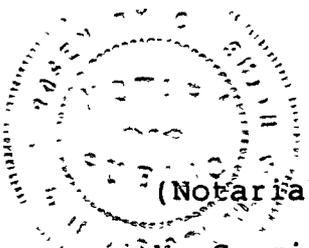
Rosemary C. Smith
Notary Public, State of Maryland
My Commission Expires July 1, 1993

My Commission Expires: July 1, 1993

STATE OF MARYLAND)
) SS:
CITY OF BALTIMORE)

On this 7th day of February, 1990, before me personally appeared Michael F. Dockman, to me personally known, who being by me duly sworn, says that he is an International Banking Executive of The First National Bank of Maryland, a national banking association, that the seal affixed to the foregoing instrument is the seal of said association, that said instrument was signed and sealed on behalf of said association 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 association.


Notary Public



(Notarial Seal)

Rosemary C. Smith
Notary Public, State of Maryland
My Commission Expires July 1, 1993

My Commission Expires: July 1, 1993

SCHEDULE 2.01(a)
to
Loan Agreement, Chattel Mortgage
and Security Agreement
dated as of January 31, 1990

U.S. RAILCAR, INC.
CERTIFICATE AS TO RESOLUTIONS, ETC.
AND CONSENT OF SHAREHOLDERS

I, Stanley H. Rosenbloom, Secretary of U.S. Railcar, Inc., an Illinois corporation, (the "Borrower"), DO HEREBY CERTIFY, pursuant to Section 2.01(a) of the Loan Agreement, Chattel Mortgage and Security Agreement dated as of January 31, 1990, between the Borrower and The First National Bank of Maryland (the "Bank"), 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>
Homer Jones	President	_____
Stanley H. Rosenbloom	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 _____, 19__ . Such resolutions have not been amended, modified or revoked and are in full force and effect on the date hereof.

3. The Loan Agreement, Chattel Mortgage and Security Agreement, the Promissory Note (as defined in the Loan Agreement, Chattel Mortgage and Security Agreement) and each other "Loan Document" (as defined in the Loan Agreement, Chattel Mortgage and Security 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. There has been no amendment to the Articles of Incorporation of the Borrower.

5. Attached hereto as Annex B 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 _____, 1990.

Secretary

I, Homer Jones, President of the Borrower, DO HEREBY CERTIFY that Stanley H. Rosenbloom, Secretary, 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 his genuine signature.

IN WITNESS WHEREOF, I have signed this Certificate this ____
day of _____, 1990.

President

Annex A

Board Resolutions

Attached as part of closing transcript.

Annex B

Bylaws

Attached as part of closing transcript.

SCHEDULE 2.01(i)
to
Loan Agreement, Chattel Mortgage
and Security Agreement
dated as of January 31, 1990

OPINION OF BORROWER'S COUNSEL

1. U.S. Railcar, Inc. ("U.S. Railcar") is a corporation duly organized, validly existing and in good standing under the laws of the State of Illinois, has full power and authority to own its property and carry on its business as currently conducted.

2. U.S. Railcar has the full power and authority to execute, deliver and perform the Loan Documents.

3. The Loan Documents have each been duly authorized, executed and delivered by U.S. Railcar, do not require the consent or approval of the stockholders and assuming due authorization, execution and delivery by the Bank thereto, constitute the legal, valid and binding obligations of U.S. Railcar, enforceable against U.S. Railcar in accordance with their respective terms.

4. No authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the due execution, delivery and performance by U.S. Railcar of the Loan Documents, except for the filing of the Loan Agreement, Chattel Mortgage and Security Agreement with the Interstate Commerce Commission ("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 for Cook County, Illinois.

5. Neither the execution, delivery or performance by U.S. Railcar of the Loan Documents nor compliance with the terms and provisions thereof, conflicts or will conflict with or will result in a breach or violation of any of the terms, conditions or provisions of any law, governmental rule or regulation or the Articles of Incorporation or By-Laws of U.S. Railcar, or to the best of our knowledge after due inquiry, of any order, writ, injunction or decree of any court or governmental authority against U.S. Railcar or by which it or any of its properties is bound, or of any indenture, mortgage or contract or other agreement or instrument to which U.S. Railcar is a party or by which it or any of its properties is bound, or constitutes or will constitute a default thereunder or will result in the imposition of any lien not permitted by the Loan Documents upon any of its properties.

Very truly yours,

By: _____

SCHEDULE 3.02
to
Loan Agreement, Chattel Mortgage
and Security Agreement
dated as of January 31, 1990

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 for the execution, delivery and performance of the Loan Agreement, Chattel Mortgage and Security Agreement, the Promissory Note, the other Loan Documents, and the Midsouth Lease:

None.

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

SCHEDULE 3.03
to
Loan Agreement, Chattel Mortgage
and Security Agreement
dated as of January 31, 1990

LITIGATION

None.

SCHEDULE 5.01
to
Loan Agreement, Chattel Mortgage
and Security Agreement
dated as of January 31, 1990

U.S. RAILCAR, INC.
CERTIFICATE AS TO
FINANCIAL STATEMENTS

I, _____, [President] [Chief Financial Officer] of U.S. Railcar, Inc. (the "Borrower"), hereby certify pursuant to Section 5.01 of the Loan Agreement, Chattel Mortgage and Security Agreement dated as of January 31, 1990, between the Borrower and The First National Bank of Maryland (the "Bank") that:

1. The accompanying unaudited financial statements of the Borrower as at _____ and for the _____ months ending _____, 19____, 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:

Dated: _____, 19__.

[President]
[Chief Financial Officer]

EXHIBIT A
to
Loan Agreement, Chattel Mortgage
and Security Agreement
dated as of January 31, 1990

FORM OF PROMISSORY NOTE

\$665,000.00

Baltimore, Maryland
January 31, 1990

FOR VALUE RECEIVED, U.S. RAILCAR, INC., an Illinois corporation (the "Borrower"), hereby promises to pay to the order of THE FIRST NATIONAL BANK OF MARYLAND (together with its successors and assigns, the "Bank") the principal sum of SIX HUNDRED SIXTY-FIVE THOUSAND and 00/100 DOLLARS (\$665,000.00), or so much thereof as shall have been actually advanced by the Bank to the Borrower pursuant to that certain Loan Agreement, Chattel Mortgage and Security Agreement of even date herewith between the Bank and the Borrower (the "Loan Agreement"), together with interest thereon from the date hereof until paid in full, as provided below.

Principal and interest shall be payable as follows:

(a) Sixty (60) consecutive monthly installments of principal and interest; each installment of principal and interest to be in the amount shown on the attached Schedule of Payments and payable on the dates specified therein, commencing February 1, 1990.

(b) The balance of any unpaid principal, together with all accrued but unpaid interest and all other sums then due under the Loan Documents (as defined in the Loan Agreement) shall be due and payable in full on January 1, 1995.

(c) Interest shall be payable on the sums advanced from the date hereof until paid in full at an annual rate equal to _____ percent (____%) per annum (the "Interest Rate") and after maturity or demand at a rate which is two percent (2%) in excess of the then applicable Interest Rate (in no event shall either such rate exceed the maximum rate allowed by law). Interest shall be computed on the basis of a 360-day year for the actual number of days elapsed.

Notwithstanding the foregoing, any amounts received from time to time by the Bank which constitute payment for a casualty to a Railcar (as such term is defined in the Loan Agreement) shall be applied by the Bank in accordance with the provisions of Section 1.04(b)(2) of the Loan Agreement.

All payments of principal and interest shall be payable in lawful money of the United States of America, which shall be

legal tender in payment of all debts and dues, public and private, at the time of payment.

Subject to the third sentence of this paragraph and the provisions of Section 8.06 of the Loan Agreement, all payments due hereunder shall be non-recourse to the Borrower and shall be made only from the income and proceeds from the Collateral (as such term is defined in the Loan Agreement) and only to the extent that the Borrower has sufficient income and proceeds from the Collateral to make such payments. Subject to the third sentence of this paragraph and the provisions of Section 8.06 of the Loan Agreement, the Bank agrees that it will look solely to the income and proceeds of the Collateral, and without recourse against the Borrower and that the Borrower shall not be personally liable to the Bank for any amounts payable hereunder. The foregoing limitation of recourse shall not limit, restrict or impair the rights of the Bank to accelerate the maturity of the Promissory Note upon a default hereunder, to bring suit and obtain a judgment against the Borrower on the Promissory Note or to exercise all rights and remedies provided hereunder, at law or in equity, or to 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 holder of this Promissory Note in the event any representation or warranty contained herein or in the Loan Agreement shall prove to be untrue or to have been breached or holding the Borrower personally liable for its failure to comply with the provisions of Section 4.02 of the Loan Agreement.

Except as otherwise provided above with respect to a casualty to a Railcar, the Borrower shall have the right to prepay the Promissory Note in whole on any principal installment due date after giving thirty (30) days prior written notice to the Bank of the Borrower's intention to make such prepayment, by paying, in addition to such prepayment, all accrued but unpaid interest and all other sums due under the Promissory Note, 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 Months</u>	<u>Percentage</u>
1-12	3%
13-24	2%
25-36	1%
37-60	0%

All payments received hereunder shall be applied in accordance with the provisions of Section 1.04 of the Loan Agreement, unless otherwise agreed to by the Bank.

This Promissory Note is the Promissory Note referred to in the Loan Agreement and is secured by a grant of security made by

the Borrower to the Bank pursuant to the Loan Agreement. Reference is hereby made to the Loan Agreement for description of the property assigned, the nature and extent of the security and the rights of the Bank in respect of such security.

The Borrower shall also pay prior to judgment, costs of collection, including a reasonable attorney's fee, if this Promissory Note is referred to an attorney for collection following default.

This Promissory Note, havingg 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. Venue for any action hereunder or related hereto shall be in any state or Federal court of competent jurisdiction in the State of Maryland, and the Borrower submits to the jurisdiction of such courts.

Payments of principal and interest shall be made by check or wire transfer at 25 S. Charles, Street, Baltimore, Maryland 21201 or in such other manner and/or at such other address as the holder hereof shall have designated to the Borrower in writing; and shall be effective upon receipt.

In the event of the declaration by the Bank of an Event of Default (as defined therein) under the Loan Agreement, then this Promissory Note shall be in default and the balance of the principal sum then due hereunder, together with all accrued but unpaid interest thereon, shall become immediately due and payable without further notice, such further notice being expressly waived, and the Borrower shall be liable to the holder hereof for reasonable attorney's fees and costs of suit.

The rights and remedies of the holder of this Promissory 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.

In the event that any one or more of the provisions (or any part of any provision) of this Promissory 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 Promissory Note operates or would prospectively operate to invalidate this Promissory 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 Promissory Note and the remaining provisions (or remaining part of the affected provision) of this Promissory 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 Promissory Note, and expressly agrees that this Promissory Note or any payment hereunder may be extended from time to time without in any way affecting the liability of the Borrower.

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

ATTEST:

U.S. RAILCAR, INC.

By: _____ (SEAL)

EXHIBIT C
to
Loan Agreement, Chattel Mortgage
and Security Agreement
dated as of January 31, 1990

FORM OF
CERTIFICATE OF ACCEPTANCE

TO: U.S. Railcar, Inc. ("Lessor"):

I, a duly appointed and authorized representative of Midsouth Corporation ("Lessee") under the Railroad Equipment Lease dated as of October 18, 1989 (the "Lease") do hereby certify that I have on this date inspected, received, approved and accepted delivery under the Lease of the railcars listed on the attached Schedule.

I do further certify that the foregoing railcars are in good order and condition, and appear to conform to the specifications applicable thereto, and the Lessee has no knowledge of any defect in any of the foregoing railcars with respect to design, manufacture, condition or in any other respect and that the railcars have been marked as required by the Lease.

I do further certify that the insurance policies required by the Lease have been obtained and are in full force and effect.

The execution of this Certificate will in no way relieve or decrease the responsibility of the manufacturer or any seller for any warranties it has made with respect to the locomotives.

Dated: _____, 19__

Inspector and Authorized
Representative of _____

EXHIBIT D
to
Loan Agreement, Chattel Mortgage
and Security Agreement
dated as of January 31, 1990

FORM OF ACKNOWLEDGMENT OF
NOTICE AND ASSIGNMENT

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

Reference is made to the Railroad Equipment Lease dated as of October 18, 1989 (the "Lease") between U.S. Railcar, Inc., an Illinois corporation ("Lessor") and Midsouth Corporation, a corporation ("Lessee"), relating to the lease of fifty (50) 100-ton gondola railcars described in Exhibit A thereto. Words and phrases not otherwise defined herein shall have the meanings assigned thereto in the Lease.

Lessee has been notified by Lessor that Lessor has assigned, transferred and granted to The First National Bank of Maryland (the "Bank"), as collateral security for the obligations of the Lessor to the Bank under a Loan Agreement, Chattel Mortgage and Security Agreement between the Lessor and the Bank dated as of January 31, 1990 (the "Agreement"), a security interest in the Lease and the railcars leased pursuant thereto.

Lessee, intending to be legally bound hereby and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the Lessee, does hereby:

A. Acknowledge and consent to the assignment by Lessor to the Bank, for collateral security purposes only, all of Lessor's right, title, interest, claims and demands of Lessor in, to and under the Lease and the railcars leased pursuant thereto, including, without limitation:

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

(ii) the right, following an Event of Default under the Agreement, to make all waivers and amendments and to enter into any agreements relating to the Lease or any provisions thereof; and

(iii) the right to take such action upon the occurrence of a default or an event of default under the Lease as shall be permitted by the Lease or by law, and to do any and all other things whatsoever which Lessor is or may be entitled to do under the Lease.

B. Acknowledge and agree 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 and the Lessee agrees that it shall look solely to the Lessor for the discharge, performance or satisfaction of any such liability, duty or obligation.

C. Represent and warrant that the Lease and this Acknowledgment of Notice and Assignment have been duly authorized, executed and delivered by the Lessee and constitute the legal, valid and binding agreements of the Lessee enforceable against the Lessee in accordance with their terms.

D. Represent and warrant that no event of default, or event which with the lapse of time or giving of notice, or both, would constitute an event of default under the Lease has occurred and is continuing.

E. Represent and warrant that it has made no prepayment of rent to the Lessor and that no offset or deduction exists with respect to Lessee's obligation to pay rent, casualty value or any other sums payable by the Lessee to Lessor under and pursuant to the terms of the Lease.

F. Represent and warrant that Lessee has accepted delivery of all fifty (50) railcars for purposes of the Lease and will provide to the Bank evidence that the railcars are adequately insured against loss or damage, in amounts and with insurers acceptable to the Bank and will name the Bank as a loss payee, as its interest may appear, on all such insurance policies.

G. Agree, effective immediately, to wire transfer all payments to be made by it under the Lease directly to the Bank at the following address, or such other address as the Bank shall notify to Lessee in writing:

The First National Bank of Maryland
25 South Charles Street
15th Floor
Baltimore, Maryland 21201
Attention: Transportation Division
Account No. 1669355-1

H. Represent and warrant that the document attached as Exhibit A hereto is the true, correct and complete chattel paper copy of the Lease, that such document has not since the date of its execution and delivery been amended or modified in any

respect, that the Lease sets forth the entire agreement between the Lessor and Lessee 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 the Lessee in any proceeding in which such copy is reasonably necessary to permit the Lessee to enforce the Lease.

This Acknowledgment of Notice and 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.

MIDSOUTH CORPORATION

By: _____

Attest:

Its:
Dated:

ACCEPTED AND AGREED TO:

THE FIRST NATIONAL BANK
OF MARYLAND

By: _____
Michael F. Dockman
International Banking Executive

Schedule 1

List of Borrower's road numbers for the fifty (50) 100-ton gondola railcars:

19029	19430
19041	19450
19042	19458
19043	19466
19132	19471
19136	19486
19146	19487
19147	19517
19162	19518
19177	19544
19186	19562
19202	19570
19205	19576
19228	19651
19259	19667
19260	19708
19289	19751
19293	19758
19304	19804
19306	19806
19355	19846
19381	19855
19391	19887
19404	19997
19406	19905