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May 26, 1993

RECORDATION NO. 18243 FILED 1485
MAY 26 1993 3:05 PM

INTERSTATE COMMERCE COMMISSION

Mr. Sidney L. Strickland, Jr.
Secretary
Interstate Commerce Commission
Washington, D.C. 20423

Dear Mr. Strickland:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11303(a) are two duly executed and acknowledged copies of a Chattel Mortgage and Security Agreement, dated April 27, 1993, a primary document as defined in the Commission's Rules for the Recordation of Documents under 49 C.F.R. Section 1177.

The names and addresses of the parties to the enclosed document are:

Debtor: Residual Based Finance Corporation
Three First National Plaza, Suite 1240
Chicago, Illinois 60602

Secured
Party: Ogden Allied Financial Services Corporation
2 Penn Plaza, 25th Floor
New York, New York 10121

A description of the railroad equipment covered by the enclosed document is:

one hundred and eight (108) railcars bearing OFSX road marks and numbered 84001 - 84110 (excluding 84045 and 84060).

Handwritten signature

New No.

Mr. Sidney L. Strickland, Jr.
May 26, 1993
Page 2

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

Kindly return one stamped copy of the enclosed document to Robert W. Alvord, Esq., Alvord and Alvord, 918 Sixteenth Street, N.W., Washington, D.C. 20006.

Very truly yours,


Robert W. Alvord

RWA/bg
Enclosures

18248

RECORDATION NO. _____ FILED 1446

MAY 26 1993 3-05 PM

CHATTEL MORTGAGE AND SECURITY AGREEMENT

INTERSTATE COMMERCE COMMISSION

THIS CHATTEL MORTGAGE AND SECURITY AGREEMENT (this "Agreement") dated as of April 21, 1993 between Residual Based Finance Corporation, an Illinois corporation with its principal place of business and chief executive office located at Three First National Plaza, Suite 1240, Chicago, Illinois 60602 ("Debtor"), and Ogden Allied Financial Services Corporation, a Delaware corporation with its principal place of business located at 2 Penn Plaza, 25th Floor, New York, New York 10121 ("Ogden").

NOW, THEREFORE, in consideration of any loan heretofore, now or hereafter made by Ogden to Debtor, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by Debtor, the parties hereto hereby agree as follows:

1. Definitions. In addition to terms defined elsewhere herein, when used herein the following terms shall have the following meanings:

"Event of Default" shall mean the occurrence of any of the following: (a) Debtor shall fail to pay when due any amount of principal or interest due under the Note or any other Indebtedness, as hereinafter defined, and such failure shall continue for a period of five business days after notice from Ogden to Debtor of the same; or (b) Debtor shall fail to pay for a period of five business days after the date when due, any amounts payable by it under the terms of this Agreement; or (c) any representation or warranty made by the Debtor under or in connection with this Agreement or the Note shall prove to have been incorrect in any material respect when made; or (d) the Debtor shall fail to perform or observe any other covenant, obligation or term of this Agreement and such failure shall remain unremedied for thirty (30) days after written notice thereof shall have been given to Debtor by Ogden; or (e) an Event of Default shall have occurred and be continuing with respect to any material indebtedness (other than the Indebtedness, as hereinafter defined, and excluding indebtedness that is not recourse to Debtor in any respect) of Debtor and such indebtedness shall be accelerated; or (f) the Debtor shall: (1) file a petition seeking relief for itself under Title 11 of the United States Code, as now constituted or hereafter amended, or file an answer consenting to, admitting the material allegations of or otherwise not controverting, or fail timely to controvert a petition filed against it seeking relief under Title 11 of the United States Code,

as now constituted or hereafter amended; or (2) file such petition or answer with respect to relief under the provisions of any other now existing or future applicable bankruptcy, insolvency, or other similar law of the United States of America or any State thereof or of any other country or jurisdiction providing for the reorganization, winding-up or liquidation of corporations or arrangement, composition, extension or adjustment with creditors; or (g) an order for relief shall be entered against the Debtor under Title 11 of the United States Code, as now constituted or hereafter amended, which order is not stayed; or upon the entry of an order, judgment or decree by operation of law or by a court having jurisdiction in the premises which is not stayed adjudging it a bankrupt or insolvent under, or ordering relief against it under, or approving as properly filed a petition seeking relief against it under the provisions of any other now existing or future applicable bankruptcy, insolvency or other similar law of the United States of America or any State thereof or of any other country or jurisdiction providing for the reorganization, winding-up or liquidation of corporations or any arrangement, composition, extension or adjustment with creditors, or appointing a receiver, liquidator, assignee, sequestrator, trustee or custodian of the Debtor or of any substantial part of its property, or ordering the reorganization, winding-up or liquidation of its affairs, or upon the expiration of thirty (30) days after the filing of any involuntary petition against it seeking any of the relief specified in clause (f) hereof or this clause (g) without the petition being dismissed prior to that time; or (h) the Debtor shall (i) make a general assignment for the benefit of its creditors or (ii) consent to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, or custodian of all or a substantial part of its property, or (iii) admit its insolvency or inability to pay its debts generally as they become due, or (iv) fail generally to pay its debts as they become due, or (v) take any action looking to the dissolution, termination or liquidation of the Debtor; or (i) an Event of Default shall have occurred and be continuing under the Lease (as hereinafter defined).

"Indebtedness" shall mean all of Debtor's liabilities, obligations, and indebtedness to Ogden of any and every kind and nature, whether heretofore, now or hereafter owing, arising, due or payable and howsoever evidenced, created, incurred, acquired, or owing, whether primary, secondary, direct, contingent, fixed or otherwise (including obligations of performance) and whether arising or existing under written agreement, oral

agreement or operation of law, including without limitation all of Debtor's indebtedness and obligations to Ogden under this Agreement.

"Lessee" shall mean Tucson Electric Power Company, an Arizona corporation.

"Lease" shall mean that certain Lease of Railroad Equipment dated as of April 27, 1993 between Debtor, as lessor, and Lessee, as lessee, as the same may be amended, modified or supplemented from time to time.

"Permitted Encumbrances" shall mean the matters described on Schedule 2 hereto.

"Railroad Equipment" shall mean those railway cars described on Schedule 1 hereto, together with all accessories, equipment, parts and appurtenances appertaining or attached to any of such equipment, whether now owned or hereafter acquired, and all substitutions, renewals or replacements of and additions, improvements, accessions and accumulations to any and all of said equipment other than any of the foregoing which are owned by Lessee as to which removal of the same would not materially impair the value or utility of the cars (individually, an "Item of Equipment"), together with all the rents, issues, income, profits and avails therefrom.

2. **Grant of Security.** To secure the payment and performance of the Indebtedness, Debtor hereby mortgages and grants to Ogden a continuing security interest in, and hereby transfers and assigns to Ogden, for security, all of the following: (i) the Lease and all proceeds thereof, and all books, records and documents at any time evidencing or relating to any of the foregoing; and (ii) the Railroad Equipment, together with all proceeds thereof. All of the foregoing property and interests in property described in clauses (i) and (ii) is herein referred to, collectively, as the "Collateral".

3. **Warranties and Representations and Agreements.** Debtor warrants and represents to, and agrees with, Ogden as follows:

a. Debtor is duly organized and validly existing in good standing under the laws of the state of Illinois; Debtor has full power and authority to enter into and perform its obligations under this Agreement; the execution, delivery and performance of this Agreement have been duly authorized by all necessary action of Debtor's board of directors and will not violate Debtor's articles or certificate of incorporation, bylaws or other governing instruments.

b. This Agreement is the valid and binding obligation of Debtor, enforceable in accordance with its terms.

c. Debtor is the owner of the Collateral, and none of the Collateral is subject to any lien, security interest, encumbrance or claim in favor of any third party, except for Permitted Encumbrances, and no financing statement or mortgage is on file in any public office covering any of the Collateral, except for Permitted Encumbrances and except in favor of Ogden.

d. Debtor's address in the preamble to this Agreement is the Debtor's sole place of business and Debtor's chief executive office.

e. Any part of the Collateral consisting of accounts or chattel paper does and will evidence bona fide sales or leases to the parties named in Debtor's books, and no defense to any account or chattel paper does or will exist.

4. Agreements of Debtor. Debtor agrees that:

a. Debtor will not cause or permit any lien, security interest or encumbrance to be placed on any Collateral, except in favor of Ogden or for Permitted Encumbrances, and will not sell, lease, assign or transfer any Collateral or permit any Collateral to be transferred by operation of law.

b. Debtor will maintain all records concerning the Collateral at Debtor's address appearing on the first page of this Agreement and will keep all Collateral (other than Railroad Equipment being owned or operated by or on behalf of Debtor or Lessee in the ordinary course of business) at the present location or locations of the Collateral.

c. Debtor will furnish Ogden with such information regarding the Collateral and the maintenance thereof as Ogden shall from time to time reasonably request and is available to Debtor under the Lease and will allow Ogden at any reasonable time to inspect the Collateral (subject to the rights of Lessee) and Debtor's records (financial, operating and otherwise) regarding the Collateral.

d. Debtor will execute, file, record, or procure from third persons, such financing statements, chattel mortgages, assignments, subordination agreements and other documents, and take all such other action, as Ogden may reasonably deem necessary to perfect, to continue perfection of, or to maintain first priority of, Ogden's security interest in the Collateral (subject to Permitted Encumbrances), and Debtor will, upon Ogden's request, place upon the Collateral (other than the Railroad Equipment) and/or documents evidencing the Collateral such notice of Ogden's security interest as Ogden may from time to time require.

e. The Debtor will cause each Item of Equipment to be kept numbered with its road number as set forth in Schedule 1 hereto. The Debtor will not change, or permit any other party to change, the road number of any Item of Equipment except with the consent of Ogden and in accordance with a statement of any road numbers to be substituted therefor, which consent and statement previously shall have been filed, recorded or deposited in all public offices where this Agreement shall have been filed, recorded or deposited.

f. Ogden may file a photocopy of this Agreement as a financing statement evidencing Ogden's security interest in the Collateral.

g. Debtor will immediately notify Ogden in writing (i) of any change in Debtor's name, identity or corporate structure, (ii) if Debtor now has only one place of business, of any change in its location and of the locations of each additional place of business established by Debtor, (iii) if Debtor now or hereafter has more than one place of business, of any change in the location of Debtor's chief executive office, and (iv) if Debtor has neither a place of business nor a chief executive office, of any change in the location of Debtor's residence.

h. Debtor will cause the Lessee to maintain insurance on the Equipment as required under the Lease.

i. In the event any of the Railroad Equipment shall be or become, in the reasonable opinion of Debtor, lost, stolen, confiscated, permanently rendered unfit for use or irreparably damaged (such event called a "Casualty Occurrence"), Debtor shall notify Ogden (or shall cause Ogden to be notified) within 30 days of the determination by Debtor of a Casualty Occurrence.

j. Debtor will indemnify Ogden with respect to all losses, damages, liabilities and expenses (including attorneys' fees) incurred by Ogden by reason of any failure of Debtor to comply with any of Debtor's obligations under this Agreement or by reason of any warranty or representation made by Debtor to Ogden in this Agreement being false in any material respect.

5. Ogden's Right to Perform. If Debtor fails to perform any obligation of Debtor under this Agreement, Ogden may without giving notice to or obtaining the consent of Debtor, perform that obligation on behalf of Debtor. To the extent necessary, Debtor appoints Ogden as Debtor's agent and attorney-in-fact with full power and authority to perform any such obligation after the occurrence of an Event of Default. Debtor will reimburse Ogden on demand for any expense that Ogden incurs in performing any such obligation and will pay to Ogden interest thereon, from the date the expense was incurred by Ogden, at an annual rate equal to the lesser of (a) five percent (5%) above the rate of interest

announced from time to time by Citibank, N.A. as its "prime" interest rate, or (b) the highest rate to which Debtor could lawfully agree in writing. Ogden is not required to perform an obligation that Debtor has failed to perform. If Ogden does so, that will not be a waiver of Ogden's right to declare the Indebtedness immediately due and payable by reason of Debtor's failure to perform.

6. **Remedies.** Ogden shall have all the rights and remedies of a secured party under applicable laws. Without limiting those rights and remedies, upon the occurrence of an Event of Default:

a. (i) Without notice or demand to Debtor, Ogden shall be entitled to notify account debtors and obligors on the Collateral, including without limitation Lessee, to make all payments directly to Ogden, and Ogden shall have the right to take all actions that Ogden considers necessary or desirable to collect upon the Collateral, including, without limitation, prosecuting actions against, or settling or compromising disputes and claims with, account debtors and obligors on the Collateral, (ii) without notice or demand to Debtor, Ogden may receive, open, dispose of, and notify the postal authorities to change the address of, mail directed to Debtor, and (iii) upon demand by Ogden, Debtor shall forthwith deliver to Ogden, at such place as Ogden shall designate, all proceeds of the Collateral and all books, records, agreements, documents and instruments evidencing or relating to the Collateral.

b. Upon demand by Ogden, Debtor shall deliver the Collateral and proceeds of Collateral to Ogden at such place as Ogden shall designate.

(i) For the purpose of delivering possession of any Railroad Equipment to Ogden as above required, the Debtor shall, subject to the rights of Lessee, at his own cost, expense and risk forthwith place such Railroad Equipment on the lines of any single railroad designated by the Debtor, subject to the approval of Ogden (which approval shall not be unreasonably withheld), in such reasonable storage place as Ogden may designate or, in the absence of such designation of a storage place, as the Debtor may select; provided that, in the event Ogden shall designate storage tracks which are then unavailable or because such tracks are then being used to store equipment owned by a third party pursuant to a contractual obligation of the Debtor to provide storage therefor or because the storage of the Railroad Equipment on such tracks would materially impair the ability of such railroad to meet its obligations to perform services as a common carrier to the public, then the Debtor agrees, at its own cost, to so store the Railroad Equipment upon such other storage

tracks as shall then be so available and nearest to such storage tracks designated by Ogden.

(ii) The assembly, delivery, storage and transporting of the Railroad Equipment as hereinbefore provided are of the essence of this Agreement, and upon application to any court of equity having jurisdiction in the premises, Ogden shall be entitled to a decree against the Debtor requiring specific performance of the covenants of the Debtor so to assemble, deliver and store the Railroad Equipment.

(iii) Without in any way limiting the obligation of the Debtor under the foregoing provisions of this Section 6, the Debtor hereby irrevocably appoints Ogden as the agent and attorney of the Debtor, with full power and authority, at any time while the Debtor is obligated to deliver possession of any Railroad Equipment to Ogden, to demand and take possession of such Railroad Equipment in the name and on behalf of the Debtor from whomsoever shall be at the time in possession of such Railroad Equipment.

c. In addition to the foregoing, upon notice to Debtor Ogden shall have the right (but not the obligation), to enter into and upon any place or places where the Collateral or any part thereof may then be (subject to the terms of the Lease) and to retake the same and thereupon the sale of the Collateral, pursuant to that certain Purchase Agreement of even date herewith between the parties hereto, shall be rescinded and Ogden or its assigns shall be entitled to retain all payments made without obligation to Debtor as to resale or otherwise, except as specifically required by law.

d. Ogden may dispose of the Collateral in any commercially reasonable manner. Any notification required to be given by Ogden to Debtor regarding any sale or other disposition of Collateral shall be considered reasonable if mailed at least five days before the sale or other disposition.

e. Ogden shall have the right (but no obligation) to continue any operations in connection with any part of the Collateral and, for such purpose, to enter and remain upon or in any land or buildings that are possessed by Debtor or that Debtor has the right to possess. Debtor will reimburse Ogden on demand for any expense that Ogden incurs in connection therewith and will pay to Ogden interest thereon, from the date the expense was incurred by Ogden, at the rate specified in Section 5 hereof.

f. The proceeds of any collection or disposition of the Collateral shall be applied first to Ogden's attorneys' fees and expenses, as provided in Section 7 hereof, and then to the

Indebtedness, in such manner as Ogden shall determine, and Debtor shall be liable for any deficiency remaining.

All rights and remedies of Ogden shall be cumulative and may be exercised from time to time.

7. **Expenses.** Debtor shall reimburse Ogden on demand for all attorneys' fees, legal expenses and other expenses that Ogden incurs in protecting and enforcing its rights under this Agreement. This includes fees and expenses incurred in trying to take possession of Collateral from Debtor, a trustee or receiver in bankruptcy or any other person. Ogden may apply any proceeds of disposition or collection of Collateral to Ogden's reasonable attorneys' fees, legal expenses and other expenses.

8. **Amendments and Waivers.** No provision of this Agreement may be modified or waived except by a written agreement signed by Ogden. Ogden will continue to have all of its rights under this Agreement even if it does not fully and promptly exercise them on all occasions.

9. **Notices.** Any notice to Debtor or to Ogden shall be deemed to be given if and when mailed, with postage prepaid, to the respective address of Debtor or Ogden appearing in the preamble hereto, or if and when delivered personally.

10. **Rights of Lessee.** This Agreement shall be subject to the right of Lessee under the Lease to use and possess the Railroad Equipment subject thereto.

11. **Other.** In this Agreement, "maturity" of any of the Indebtedness means the time when that Indebtedness has become due and payable, for whatever reason (including, for example, acceleration due to default or bankruptcy). This Agreement shall be binding upon and inure to the benefit of Debtor and Ogden and their respective successors and assigns.

IN WITNESS WHEREOF, the parties hereto have entered into this Agreement on this 27 day of April, 1993 as of the day and year first written above.

OGDEN ALLIED FINANCIAL SERVICES CORPORATION

By: *John Cui*
Title: *Vice President*

[SEAL]
ATTEST:
Henry S. Springer
Secretary

RESIDUAL BASED FINANCE CORPORATION

By: *[Signature]*

Title: PRG

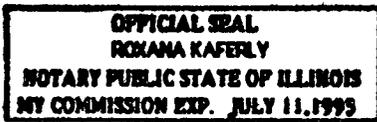


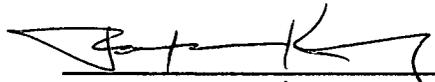
[Signature]
Secretary

State of Illinois)
) SS
County of Cook)

On this 27th day of April, 1993, before me personally appeared, Vincent A. Kolber, to me personally known, who being by me duly sworn, says that he is the President of Residual Based Finance Corporation, that the seal affixed to the foregoing instrument is the corporate seal of the corporation, that the instrument was signed and sealed on behalf of the 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 the corporation.

[SEAL]





Notary Public

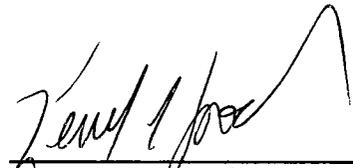
My commission expires July 11, 1993

State of New York)
) SS
County of New York)

On this 27th day of April, 1993, before me personally appeared, Peter Cain, to me personally known, who being by me duly sworn, says that he is the Vice President of Ogden Allied Financial Services Corporation, that the seal affixed to the foregoing instrument is the corporate seal of the corporation, that the instrument was signed and sealed on behalf of the 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 the corporation.

[SEAL]

KENNETH S. GOODWIN
NOTARY PUBLIC, State of New York
No 60-4E87319
Qualified in Westchester County
Commission Expires Feb 23, 1995



Notary Public

My commission expires Feb. 23, 1995

SCHEDULE 1

DESCRIPTION OF ITEMS OF EQUIPMENT

OFSX 84001-84110
(excluding 84045 and 84060)

SCHEDULE 2

Permitted Encumbrances

(i) liens securing the payment of taxes, either not yet due or the validity of which is being contested in good faith by appropriate proceedings, and as to which the Debtor shall, if appropriate under generally accepted accounting principles, have set aside on its books and records adequate reserves;

(ii) deposits under workmen's compensation, unemployment insurance, social security and other similar laws, or to secure the performance of bids, tenders or contracts (other than for the repayment of borrowed money) or to secure indemnity, performance or other similar bonds for the performance of bids, tenders or contracts (other than the repayment of borrowed money) or to secure statutory obligations or surety or appeal bonds, or to secure indemnity, performance or other similar bonds in the ordinary course of business;

(iii) the liens and security interests in favor of Ogden;

(iv) liens which arise by operation of law;

(v) the Lease;

(vi) zoning restrictions, easements, licenses, covenants and other restrictions affecting the use of real property; and

(vii) other liens and encumbrances on property, which do not, in the Ogden's reasonable determination, (a) materially impair the use of such property, or (b) materially lessen the value of such property for the purposes for which the same is held by Debtor.