THOMPSON COBURN

Attorneys at Law

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May 24, 1996

VIA FEDERAL EXPRESS

RECORDATION NO. 20103 FILED 1425
MAY 28 1996 -11 40 AM
INTERSTATE COMMERCE COMMISSION

MAY 28 11 34 AM '96
RECEIVED SURFACE TRANSPORTATION BOARD

Surface Transportation Board
Recordation Office
12th & Constitution Avenues, N.W.
Room 2303
Washington, D.C. 20423

Attn: Ms. Fort

Dear Ms. Fort:

I have enclosed two originals of the document described below, to be recorded pursuant to Section 11303 of Title 49 of the U.S. Code.

This document is a Rolling Stock Security Agreement, a primary document, dated May 17, 1996.

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

Lender:	First Bank 200 South Lincoln O'Fallon, Illinois 62269-8210
Grantor:	CSC Enterprises, Inc. 103 North Oak Street, P.O. Box 99 O'Fallon, Illinois 62269

A description of the equipment covered by the document is described on Schedule A attached hereto and incorporated herein by reference.

A cashier's check in the amount of $21.00 is enclosed for the filing fee. Please return one original of the document, stamped to show recordation, to Melissa Anne Hall, Thompson Coburn, One Mercantile Center, St. Louis, Missouri 63101.

A short summary of the document to appear in the Index follows:

Rolling Stock Security Agreement dated May 17, 1996, between First Bank ("Lender") and CSC Enterprises, Inc. ("Grantorr"), and covering the locomotives, identified on Schedule A.

Very truly yours,

THOMPSON COBURN

By Melissa Anne Hall
Melissa Anne Hall

MAH/jr

Enclosures

cc: James J. Murphy, Esq.

SCHEDULE A

The Rolling Stock Security Agreement covers the following types (or items) of Property:

All of the following-described property and Debtor's rights, title and interest in such property:

The railcars, engines and other rolling stock or equipment described below and all other rolling stock of Debtor, whether now owned or hereafter acquired and wherever located:

Unit No.	Current Location	Model No.	Engine Serial No.	Year Built	Horse Power	Current Lessee
1233	McAllen TX	SW 1200	64F11104	1964	1500	Rio Valley Switching Company, Inc.
4159	McAllen TX	GP 7	50-H1-1512	1953	1500	Rio Valley Switching Company, Inc.

together with all parts thereof or therefor (including spare parts), attachments, accessories, accessions, equipments, appurtenances and additions that are appertaining, attached, affixed or related thereto and all substitutions, renewals or replacements thereof and all additions, improvements, accessions and accumulations thereto, all books and records (including computer records) in any way related thereto, and all proceeds thereof.

CSC ENTERPRISES, INC.

SURFACE TRANSPORTATION BOARD
WASHINGTON, D.C. 20423-0001

5/28/96

Melissa Anne Hall
Thompson Coburn
One Mercantile Center
St.Louis, Missouri 63101-1693

Dear :Madame:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 5/28/96 at 11:40AM, and assigned recordation number(s). 20103.

Sincerely yours,

Vernon A. Williams

Vernon A. Williams
Secretary

Enclosure(s)

$ 21.00 The amount indicated at the left has been received in payment of a fee in connection with a document filed on the date shown. This receipt is issued for the amount paid and in no way indicates acknowledgment that the fee paid is correct. This is accepted subject to review of the document which has been assigned the transaction number corresponding to the one typed on this receipt. In the event of an error or any questions concerning this fee, you will receive a notification after the Commission has had an opportunity to examine your document.

Signature Janice M. Fort

20103

MAY 2 1996 11 40 AM

ROLLING STOCK SECURITY AGREEMENT

BETWEEN

CSC ENTERPRISES, INC.

AS GRANTOR

AND

FIRST BANK

AS LENDER

DATED AS OF MAY 17, 1996

Filed and recorded with the Surface Transportation Board pursuant to 49 U.S.C. 11303 on 5-28-, 1996, at 11:40 a.m., Recordation No. 20103

ROLLING STOCK SECURITY AGREEMENT

This **ROLLING STOCK SECURITY AGREEMENT** (this "Agreement") dated as of the 17th day of May, 1996, between **CSC ENTERPRISES, INC.**, an Illinois corporation, having its principal office at 103 North Oak, P.O. Box 99, O'Fallon, Illinois 62269 ("Grantor"), and **First Bank**, an Illinois banking corporation, having its principal office at 200 South Lincoln, O'Fallon, Illinois 62269 ("Lender").

In order to induce Lender to extend or continue to extend credit to Gregory and Connie Cundiff (collectively, the "Borrowers"), under the Loan Agreement (as defined below) and the Notes described therein or otherwise, which obligations have been incurred by said Borrowers for Grantor's and other's working capital and general corporate purposes and which have been guaranteed by Grantor, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Grantor hereby agrees with Lender as follows:

I. DEFINITIONS

A. Specific Terms. In addition to terms defined elsewhere in this Agreement or in any exhibit or amendment hereto or document incorporated herein, when used herein, the following terms shall have the following meanings:

"Collateral" shall mean the Rolling Stock, together with all parts thereof or therefor (including spare parts), attachments, accessories, accessions, equipment, appurtenances and additions that are appertaining, attached, affixed or related thereto and all substitutions, renewals or replacements thereof and all additions, improvements, accessions and accumulations thereto, all books and records (including computer records) in any way related thereto, and all proceeds thereof.

"Collateral Location" shall mean the Rio Valley Railroad, including all track, buildings, sheds and storage areas ordinarily used by said railroad.

"Lessee" shall mean any person or entity who now or, with Lender's prior written consent at any time hereafter, shall lease all or any portion of the Collateral from Grantor.

"Loan Agreement" shall mean that certain Revolving Credit and Term Loan Agreement dated the date hereof by and among Borrowers and Lender, as the same may from time to time be amended, modified, extended or renewed in accordance with the terms thereof.

"Obligations" shall mean (i) any and all present and future indebtedness (principal, interest, fees, collection costs and expenses and other amounts), liabilities and obligations of Grantor to Lender evidenced by or arising under that certain Guaranty dated the date hereof executed by Grantor in favor of Lender with respect to the indebtedness of the Borrowers to the Lender, as the same may from time to time be amended, modified, extended or renewed (the "Guaranty"); (ii) any and all present and future indebtedness, liabilities and obligations of Grantor under this Agreement; and (iii) any and all costs of collection and attorneys' fees and expenses incurred by Lender upon the occurrence of an Event of Default under this Agreement, in collecting or enforcing payment of any such indebtedness, liabilities or obligations or in preserving, protecting or realizing on the Collateral hereunder or in representing Lender in connection with bankruptcy or insolvency proceedings.

"Rolling Stock" shall mean the railcars, engines and other rolling stock or equipment described on Exhibit A attached hereto and all other rolling stock of Grantor, whether now owned or hereafter acquired and wherever located.

B. Other Terms. Except as otherwise defined herein, all capitalized terms used in this Agreement shall have the respective meanings given to such terms in the Loan Agreement, and any other terms,

not otherwise defined herein or in the Loan Agreement, which are defined in the Uniform Commercial Code as in effect in the State of Illinois ("UCC") shall have the meanings set forth in the UCC.

II. GRANTING CLAUSE

To secure payment and performance of the Obligations, Grantor hereby pledges, assigns, transfers and sets over to Lender, and grants to Lender a first lien and security interest in and upon all of the Collateral.

III. REPRESENTATIONS AND WARRANTIES

Grantor hereby represents and warrants to Lender that:

A. Grantor is, and Grantor shall require any Lessee or Lessees of any of the Collateral at all times to be, in compliance with all laws of the jurisdictions in which its operations involving the Collateral may extend; Grantor and all Lessees of the Collateral are subject to the interchange rules of the Association of American Railroads, the rules of the United States Department of Transportation, the Surface Transportation Board or other legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Collateral; to the extent that such laws and rules affect title, operation, maintenance or use of the Collateral, or such laws or rules require any alteration, replacement or addition of or to any equipment, Grantor will, or will cause a Lessee of the Collateral to, conform therewith at its own expense.

B. Grantor is the sole and absolute owner of the Collateral free and clear of any and all liens, claims and encumbrances of every kind and nature except for the lien and encumbrance hereby granted and created and liens permitted by this Agreement.

C. Upon appropriate filings with the Surface Transportation Board, the security interest contemplated hereby will at all times constitute a valid, perfected and enforceable first priority security interest in favor of Lender, subject to no other security interest, mortgage, lien or encumbrance.

D. Grantor has signed no financing statements, security agreements or other statements, agreements, or documents of any type granting or proposing to grant any form of security interest or lien on any of the Collateral, except for financing statements and this Agreement in favor of Lender and a financing statement and a rolling stock security agreement in favor of NationsBank of Texas, N.A. which shall be terminated and released immediately upon the funding of the initial loans described in the Loan Agreement. No Collateral is in the possession of any Person (other than Grantor's Lessee, Rio Valley Switching Company, Inc., and Lender) asserting any claim thereto or security interest therein. Exhibit A hereto contains a full and complete list and accurate description of all Rolling Stock now owned by Grantor.

IV. COVENANTS AND AGREEMENTS

Grantor hereby covenants and agrees with Lender that:

A. Operation. Grantor shall, or Grantor shall cause any Lessee, at all times during the term hereof to maintain exclusive possession, control and use of the Collateral and to completely assume all responsibility with respect thereto. Grantor shall cause Rolling Stock to be operated only by safe, careful and licensed engineers who are employed by Grantor or Grantor's Lessees or who are contracted by the Grantor or Grantor's Lessees pursuant to any contract or employment arrangement which has been approved by Lender. Grantor shall, or shall cause Grantor's Lessees to, require each such engineer to operate such train with reasonable care and to use every reasonable precaution to prevent any loss or damage thereto from fire, theft, collision, or otherwise, and to prevent injury to persons or damage to property. Grantor shall, and shall cause Grantor's Lessees to, comply with all applicable federal and state inspection, licensing and registration requirements, and all other federal, state and local laws, regulations and other governmental requirements

applicable to any Collateral or the use or operation thereof. Grantor shall not use, and shall not permit Grantor's Lessees to use, the Collateral in any manner which is in violation of any provision of any insurance policy. Grantor shall not, and shall not permit Grantor's Lessees to attach or affix any of the Collateral in any manner to or have any portion of the Collateral become a part of any real estate or to any personal property, without the prior written consent of Lender.

B. Location/Inspection. Grantor shall cause all of the Collateral to at all times be located within the continental United States of America, and shall provide to Lender, from time to time, notice if the Collateral is moved from a Collateral Location and, upon request of Lender, a list of the items of Collateral specifying the physical location and condition of each material item. Lender may examine and inspect the Collateral or any part thereof, wherever located, at any reasonable time or times.

C. Identification of Collateral. Grantor shall, at all times, cause the Collateral to be kept numbered with identification numbers as shall be set forth in this Agreement, or any amendment or supplement hereto. Grantor will not change the identification number of any unit of Collateral unless and until (1) a statement of new number or numbers to be substituted therefore shall have been filed with Lender and filed, recorded and deposited by Grantor and all public offices where this Agreement shall have been filed, recorded and deposited and (2) Grantor shall have furnished to Lender an opinion of counsel in form and substance reasonably satisfactory to Lender to the effect that such statement has been so filed, recorded and deposited, such filing, recordation and deposit will protect Lender's interest in such Collateral and that no other filing, recording, deposit or giving of notice with or to any other Federal, State or local government or agency thereof is necessary to protect the interest of Lender in the Collateral.

D. Liens. Grantor shall not create or permit to exist any lien, encumbrance or security interest upon or with respect to any Collateral now owned or hereafter acquired, in favor of anyone other than Lender except as may be permitted by the Loan Agreement, and Grantor will defend the Collateral against all claims and demands of all persons at any time claiming the same or any interest therein. Grantor shall further perform any and all acts reasonably requested by Lender to establish, perfect, maintain and continue Lender's security interests and liens upon the Collateral, including, but not limited to: (i) executing financing statements, documents or certificates of title and any and all other instruments and documents (including, without limitation, any instruments to be filed with the Surface Transportation Board) when and as reasonably requested by Lender, and (ii) causing the Lessees and/or the owners and/or mortgagees of the real property on which any Collateral may be located to execute and deliver to Lender waivers or subordinations satisfactory to Lender with respect to any rights in such Collateral.

E. Alterations and Maintenance. Except upon the prior written consent of Lender, Grantor shall not make or permit any material alterations to any Collateral which might reduce or impair its market value or utility. Grantor shall at all times keep the Collateral in at least as good condition, order and repair as on the date hereof, ordinary wear and tear excepted and excepting any loss, damage or destruction which is fully covered by proceeds of insurance (subject to any applicable deductible). Grantor shall pay or cause to be paid all obligations arising from the repair and maintenance of such Collateral, as well as all obligations with respect to the premises where any Collateral is or may be located, except for any such obligations being contested by Grantor or any Lessee in good faith by appropriate proceedings being diligently conducted and for which adequate reserves in form and amount acceptable to Lender have been provided. Without limiting the foregoing, Grantor shall, or shall cause Grantor's Lessees to, at its sole cost and expense, make all repairs and replacements to each item of Collateral as may be necessary to (A) keep and maintain such item in all respect in first-class mechanical condition and repair, and (B) comply with all applicable federal, state and local laws and other governmental requirements.

F. Taxes. Grantor shall pay or cause to be paid, promptly, and in every case prior to becoming delinquent all taxes and assessments on or relating to the Collateral, or for its use or operation, or upon this Agreement or any of the Obligations, or with respect to the perfection of any security interest or other lien

hereunder (except as otherwise required by law); provided, however, that Grantor shall not be required to pay any such tax or assessment the payment of which is being contested in good faith and by appropriate proceedings being diligently conducted and for which adequate reserves in form and amount acceptable to Lender have been provided, except that Grantor shall cause (i) to be paid all taxes and assessments upon the commencement of proceedings to foreclose upon any lien on the Collateral unless such foreclosure is stayed by the filing of an appropriate bond, and (ii) any arrest, seizure, levy, custody of or other detainer of any of the Collateral to be released within ten (10) days by filing an appropriate bond or undertaking or be securing such discharge or release by stipulation or otherwise and Grantor shall execute and deliver to Lender, on demand, appropriate certificates attesting to the payment or deposit thereof.

G. Insurance. Grantor shall, at all times, keep all Collateral insured against loss, damage, theft and other risks, by maintaining policies in such amounts and with companies and under such policies and in such form, all as shall be acceptable to Lender. Grantor shall maintain single limit public liability and property damage insurance of not less than $5,000,000.00 per occurrence, or such greater or lesser amount as Lender may from time to time request on notice to Grantor. Grantor shall cause such insurance policies to be written with loss payable clauses providing in effect that the proceeds of any property insurance policy paid on account of any loss shall be paid to Lender, which proceeds shall be disbursed by Lender to Grantor for repair, restoration or replacement of the damaged property or applied by Lender as provided in Section IV(H) below. Grantor shall maintain such other insurance as may be required by law. Grantor shall furnish Lender with a copy or certificate of each such policy or policies and, prior to any expiration or cancellation, each renewal or replacement thereof.

H. Event of Loss. Proceeds of insurance received by Grantor on account of any partial loss may be used by Grantor or Grantor's Lessee for the purpose of making repairs to such Collateral so long as (i) no Default or Event of Default under this Agreement has occurred and is continuing and (ii) Grantor provides certification to Lender of the repairs made on completion of such repairs. If a Default or Event of Default under this Agreement has occurred and is continuing, all insurance proceeds received by Lender on account of any loss of or damage to any of the Collateral may, at the option of Lender, either (i) be used and applied for the sole purpose of paying the cost of repair, restoration or replacement of the Collateral damaged or destroyed, and Grantor shall provide Lender with an appropriate certification by a qualified engineer that any such repair, restoration or replacement which exceeds $50,000.00 in cost has been completed, or (ii) be applied to the payment of the Obligations in such order and manner as Lender may elect.

I. Notice of Certain Events. Grantor shall give Lender immediate notice of any attachment, lien, judicial process, encumbrance or claim affecting, or any other event which may adversely impact, any Collateral and any casualty to or accident involving any Collateral.

J. Hazardous Cargo. Grantor shall not use the Collateral, or permit it to be used, for the transportation or storage of any substance which is categorized as or required to be labeled as, "Poison" or "Poisonous", "Explosive" or "Radioactive" (or any categories or labels substituted for such categories or labels as in effect on the day hereof) or under 49 C.F.R. 171 or other applicable Federal Rules in effect from time to time regulating the transportation of hazardous materials.

K. General Indemnity. In addition to the payment of expenses pursuant to Section VI(H), whether or not the transactions contemplated hereby shall be consummated, Grantor hereby agrees to indemnify, pay and hold Lender and any holder of the Notes, and the officers, directors, employees, agents and affiliates of Lender and any such holder or holders (collectively, the "Indemnitees") harmless from and against any and all other liabilities, obligations, losses, damages, penalties, actions, judgments, suits, claims, costs, expenses and disbursements of any kind or nature whatsoever (including, without limitation, the reasonable fees and disbursements of counsel for such Indemnitees in connection with any investigative, administrative or judicial proceeding commenced or threatened, whether or not such Indemnitees shall be designated a party thereto), that may be imposed on, incurred by or asserted against the Indemnitees, in any manner relating to or arising out of this Agreement, the Notes, the Loan Agreement or any other agreement, document or instrument executed and

delivered by Grantor in connection herewith or therewith, the statements contained in any commitment letters delivered by Lender, Lender's agreement to make the loans evidenced by the Notes or the use or intended use of the proceeds of such loans (collectively, the "indemnified liabilities"); provided that Grantor shall have no obligation to an Indemnitee hereunder with respect to indemnified liabilities arising from the gross negligence or willful misconduct of that Indemnitee as determined by a court of competent jurisdiction in a final, non-appealable order. To the extent that the undertaking to indemnify, pay and hold harmless set forth in the preceding sentence may be unenforceable because it is violative of any law or public policy, Grantor shall contribute the maximum portion that it is permitted to pay and satisfy under applicable law to the payment and satisfaction of all indemnified liabilities incurred by the Indemnitees or any of them. The provisions of the undertakings and indemnification set out in this Section IV(K) shall survive satisfaction and payment of the Notes and Grantor's Obligations and the termination of this Agreement.

L. Lender's Performance. Grantor will allow Lender, at its option, from time to time, to perform any agreement of Grantor hereunder which Grantor shall fail to perform and take any other action which Lender deems necessary for the maintenance or preservation of any of the Collateral or its interest therein (including, without limitation, the discharge of taxes, except as such taxes are being contested in good faith as permitted by Section IV(F) above, or liens of any kind against the Collateral or the procurement of insurance or the payment of warehousing charges, landlord's bills or other charges), and Grantor agrees to forthwith reimburse Lender for all costs and expenses incurred by Lender in connection with the foregoing, together with interest thereon at a rate per annum equal to the lesser of 18% per annum or the highest rate allowed by law from the date incurred until reimbursed by Grantor. Lender may for the foregoing purposes act in its own name or that of Grantor and may also so act for the purposes of adjusting, settling or, upon the occurrence and continuation of an Event of Default, cancelling any policy of insurance on the Collateral or endorsing any draft received in connection therewith in payment of a loss or otherwise, for all of which purposes Grantor hereby grants to Lender its power of attorney, irrevocable during the Term of this Agreement. In the event Lender, in its sole discretion, undertakes any action under this Section IV(L) at any time or from time to time, Lender shall be under no obligation to undertake any such action on any subsequent occasion, and Lender shall not be required to provide Grantor or any other Person with any notice to take any action hereunder or of its intent not to take any action hereunder at any time or from time to time.

V. DEFAULTS AND REMEDIES

Upon the occurrence of any one of the following Events of Default:

A. Grantor shall fail to make any payment of any of the Obligations as and when the same shall become due and payable, whether by reason of demand, maturity, acceleration or otherwise; or

B. Any representation, warranty, certification or statement of Grantor made in this Agreement, in any other Transaction Document or in any certificate, financial statement, other agreement, instrument or statement furnished or made or delivered pursuant hereto or thereto or in connection herewith or therewith, is false or misleading in any material respect as of the date when made or effected; or

C. Grantor shall fail to perform or observe any term, covenant or provision contained in this Agreement; or

D. Any "Event of Default" (as defined therein) shall occur under or within the meaning of the Loan Agreement;

then and in each such event:

(i) Lender may declare the principal of and the interest on all of the Obligations of Grantor to Lender to be forthwith due and payable, whereupon all such indebtedness, liabilities

and other obligations shall become forthwith due and payable, without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by Grantor;

(ii) Whether or not such indebtedness, liabilities or other obligations are declared to be forthwith due and payable, Lender shall have the right to take immediate possession of the Collateral covered hereby, and, for that purpose may pursue the same wherever said Collateral may be found, and may enter upon any of the premises of Grantor with or without force or process of law, wherever said Collateral may be or may be supposed to be, and search for the same, and, if found, take possession of and remove and sell, transfer, assign and dispose of said Collateral, or any part thereof; and

(iii) Lender may exercise any one or more of the rights and remedies accruing to a secured party under the UCC of the relevant state or states and any other applicable law upon default by a debtor.

E. Foreclosure. Foreclosure on the Collateral covered hereby may be had at public or private sale or sales, disposing of such portion or portions of the Collateral at each such sale, for cash or on credit, on such terms, at such place or places, and with or without the Collateral being present at such sale, all as Lender in its sole and absolute discretion shall determine from time to time. In the case of public sale, notice thereof shall be deemed and held to be adequate and reasonable if such notice shall appear three (3) times in a newspaper of general circulation in the City or County wherein the sale is to be held, the first such publication being at least ten (10) days before such sale and the last such publication being not more than three (3) days before such sale. In the case of a private sale, notice thereof shall be deemed and held to be adequate and reasonable if such notice shall be mailed to Grantor at its last known address at least ten (10) days before such sale. The enumeration of these methods of notice shall not be deemed or construed to render unreasonable any other method of notice which would otherwise be reasonable under the circumstances.

F. Application of Proceeds and Deficiency. Lender may apply the net proceeds of any sale, lease or other disposition of the Collateral, after deducting all costs and expenses of every kind incurred therein or incidental to the retaking, holding, preparing for sale, selling, leasing or the like of the Collateral on Grantor's premises, or elsewhere, or in any way related to Lender's rights thereunder (including, without limitation, attorneys' fees and expenses, court costs, bonds and other legal expenses, insurance, security guard and alarm expenses incurred in connection with the holding of the Collateral, advertisements of sale of the Collateral, and rental and utilities expense on the premises or elsewhere in connection with storage and sale of the Collateral) to the payment, in whole or in part, of the Obligations of Grantor to Lender, whether due or not due, absolute or contingent, and only after payment by Lender of any other amounts required by any existing or future provision of law (including Section 9-504(1)(c) of the UCC or any comparable statutory provision of any jurisdiction in which any of the Collateral may at the time be located) need Lender account to Grantor for the surplus, if any. Grantor shall remain liable to Lender for the payment of any deficiency, with interest.

G. Lender's Care of Collateral. Lender shall be deemed to have exercised reasonable care in the custody and preservation of any of the Collateral in its possession if it takes such action for that purpose as Grantor requests in writing, but failure of Lender to comply with any such request shall not of itself be deemed a failure to exercise reasonable care, and no failure of Lender to preserve or protect any rights with respect to such Collateral against prior parties, or to do any act with respect to the preservation of such Collateral not so requested by Grantor, shall be deemed a failure to exercise reasonable care in the custody or preservation of such Collateral.

VI. MISCELLANEOUS

A. Amendments; Waivers; Remedies Cumulative. No delay or failure on the part of Lender in the exercise of, and no course of dealing with respect to, any right hereunder shall operate as a waiver thereof

and no single or partial exercise by Lender of any right shall preclude other or further exercise thereof or the exercise of any other right hereunder, under any of the other Transaction Documents or applicable law. A waiver by Lender of any right or remedy hereunder on any one occasion shall not be construed as a bar to any right or remedy which Lender would have on any future occasion. Each and every right granted to Lender hereunder, under the other Transaction Documents or any other instrument, document or agreement, or at law or in equity, shall be deemed cumulative and may be exercised from time to time. Neither this Agreement, nor any provision hereof, may be waived, modified, supplemented, amended, rescinded, discharged or terminated except by a writing duly signed by Lender, and then only to the extent therein set forth.

B. Durable Power of Attorney. Grantor hereby makes, constitutes and appoints Lender the true and lawful agent and attorney-in-fact of Grantor with full power of substitution to do any and all things necessary and take such action in the name and on behalf of Grantor to carry out the intent of this Agreement, including, without limitation, the grant of the security interest granted under this Agreement, to perfect and protect the security interest granted to Lender in respect to the Collateral and Lender's rights created under this Agreement and to act on behalf of Grantor for the purposes set forth in Section IV(L), which power of attorney is irrevocable during the term of this Agreement. Grantor agrees that neither Lender nor any of its shareholders, directors, officers, employees, agents, designees or attorneys-in-fact will be liable for any acts of commission or omission, or for any error of judgment or mistake of fact or law in respect to the exercise of any power of attorney provided for under this Agreement. This power of attorney shall not be affected by the subsequent dissolution of Grantor and shall in all respects constitute a durable power of attorney. Grantor agrees that neither Lender nor any of its agents, designees or attorneys-in-fact will be liable for any acts of commission or omission, or for any error of judgment or mistake of fact or law in respect to the exercise of the power of attorney granted under this Section.

C. Notices. All notices, requests and other communications to any party hereunder shall be in writing (including prepaid overnight courier, telex, facsimile transmission or similar writing) and shall be given to such party at its address or telecopy or telex number set forth below, or at such other address or telecopy or telex number as such party may hereafter specify for the purpose of notice to Lender and Grantor. Each such notice, request or other communication shall be effective (i) if given by telex or telecopy, when such telex or telecopy is transmitted to the telex or telecopy number specified in this Section and the appropriate answer back is received (in the case of telex) or telephonic confirmation of receipt thereof is obtained (in the case of telecopy), or (ii) if given by mail, prepaid overnight courier or any other means, when received at the address specified in this Section or when delivery at such address is refused.

If to Grantor:

CSC Enterprises, Inc.
103 North Oak
P.O. Box 99
O'Fallon, Illinois 62269
Attention: Gregory Cundiff
Telecopy: (618) 632-4562

If to Lender:

First Bank
200 South Lincoln
O'Fallon, Illinois 62269
Attention: Douglas R. Distler
Telecopy: (618) 632-2748

D. Applicable Law and Severability. It is the intention of the parties hereto that this Agreement is entered into pursuant to the provisions of the UCC. Any applicable provisions of the UCC, not specifically included herein, shall be deemed a part of this Agreement in the same manner as if set forth herein at length; and any provisions of this Agreement that might in any manner be in conflict with any provision of the UCC shall be deemed to be modified so as not to be inconsistent with the UCC and to that extent the provisions hereof shall be severable and the invalidity of one shall not invalidate another. In all respects this Agreement and all transactions, assignments and transfers hereunder, and all the rights of the parties shall be governed as to the validity, construction, enforcement and in all other respects by the laws of the State of Illinois as applied to agreements made, executed and performed within the State of Illinois. To the extent any provision of this Agreement is not enforceable under applicable law, such provision shall be deemed null and void and shall have no effect on the remaining portions of this Agreement. The headings of the paragraphs hereof shall not be considered in the construction or interpretation of this Agreement.

E. Successors and Assigns. This Agreement shall be binding upon Grantor and its successors and permitted assigns, and shall inure to the benefit of Lender and its successors and assigns. Grantor may not assign or delegate any of its rights or obligations under this Agreement without the prior written consent of Lender.

F. Other Obligations. Nothing contained in this Agreement shall be deemed or held to impair or limit in any way the enforcement of the terms of any instrument evidencing any indebtedness, liability or other obligation of the Borrowers to Lender or of Grantor to Lender.

G. Duration of Security Interest. This Agreement shall continue in full force and effect and the security interest granted hereby and the representations, warranties, covenants, agreements, and liabilities of Grantor hereunder and all the terms, conditions, and provisions hereof relating thereto shall continue to be fully operative until Grantor shall pay or cause to be paid or otherwise discharge all Obligations of Grantor to Lender and the Guaranty shall have been released by Lender. Grantor expressly agrees that to the extent a payment or payments to Lender, or any part thereof, are subsequently invalidated, declared to be void or voidable, set aside and are required to be repaid to a trustee, custodian, receiver, or any other party under any bankruptcy act, state or federal law, common law or equitable cause, then to the extent of such payment or repayment, the obligation or part thereof intended to be satisfied shall be revived and continued in full force and effect as if said payment had not been made.

H. Costs, Expenses and Taxes. Grantor agrees to pay all reasonable fees and out-of-pocket expenses of Lender (including, but not limited to, reasonable fees and expenses of outside counsel and auditors) in connection with the administration and enforcement of this Agreement. In addition, Grantor shall pay or reimburse Lender for any and all costs and expenses incidental to or incurred in connection with the execution, delivery and/or recording of this Agreement or any financing statement in connection herewith and the perfection, maintenance or termination of the security interest granted hereby, including any filing and recording fees, fees for obtaining and transferring certificates of ownership or title and all taxes and legal and clerical fees and expenses paid or incurred by Lender in connection with any of the foregoing. If any suit or proceeding arising from any of the foregoing is brought against Lender, Grantor, to the extent and in the manner directed by Lender, shall resist and defend such suit or proceeding with counsel approved by Lender. The obligations of Grantor under this paragraph shall survive the expiration or termination of this Agreement and the discharge of the other Obligations of Grantor.

I. Further Assurances. Grantor agrees to do such further acts and things and to execute and deliver to Lender such additional agreements, instruments and documents as Lender may reasonably require or deem advisable to carry into effect the purposes of this Agreement, or to confirm unto Lender its rights, powers and remedies under this Agreement.

J. Jurisdiction; Waiver; Acknowledgment. (i) GRANTOR ACKNOWLEDGES THAT THIS AGREEMENT IS BEING ACCEPTED BY LENDER IN PARTIAL CONSIDERATION OF LENDER'S RIGHT AND OPTION, IN ITS SOLE DISCRETION, TO ENFORCE THIS AGREEMENT IN EITHER THE STATE OF ILLINOIS OR IN ANY OTHER JURISDICTION WHERE GRANTOR OR ANY COLLATERAL MAY BE LOCATED. IF SO ELECTED BY LENDER, GRANTOR CONSENTS TO JURISDICTION IN THE STATE OF ILLINOIS AND VENUE IN ANY STATE OR FEDERAL COURT IN THE STATE OF ILLINOIS FOR SUCH PURPOSES, AND GRANTOR WAIVES ANY AND ALL RIGHTS TO CONTEST SAID JURISDICTION AND VENUE. GRANTOR WAIVES ANY RIGHTS TO COMMENCE ANY ACTION AGAINST LENDER IN ANY JURISDICTION EXCEPT IN THE STATE OF ILLINOIS. (ii) LENDER AND GRANTOR HEREBY EACH EXPRESSLY WAIVE ANY AND ALL RIGHTS TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT BY EITHER OF THE PARTIES AGAINST THE OTHER PARTY WITH RESPECT TO ANY MATTER WHATSOEVER RELATING TO, ARISING OUT OF OR IN ANY WAY CONNECTED WITH THE LOAN AGREEMENT, THIS AGREEMENT AND/OR ANY OF THE TRANSACTIONS WHICH ARE THE SUBJECT OF THE LOAN AGREEMENT OR THIS AGREEMENT. (iii) GRANTOR ACKNOWLEDGES THAT IT HAS READ THIS AGREEMENT, UNDERSTANDS ITS TERMS AND CONDITIONS AND CONSENTS AND AGREES TO ALL OF THEM.

IN WITNESS WHEREOF, this Agreement has been executed as of the day and year first above written.

CSC ENTERPRISES, INC.

By: _____
Name: Gregory Cundiff
Title: President

STATE OF ILLINOIS)
) SS.
COUNTY OF ST. CLAIR)

On this 17th day of May, 1996, before me personally came Gregory Cundiff, to me personally known, who, being by me duly sworn, did depose and say that he is President of CSC Enterprises, Inc., an Illinois corporation, that the foregoing instrument was signed in behalf of said corporation by authority of its Board of Directors and said Gregory Cundiff acknowledged said instrument to be the free act and deed of said corporation.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal at my office in said County and State the day and year last above written.

(Seal)

_____
Notary Public

My Commission Expires:

9/18/98

OFFICIAL SEAL
Deborah A. Zellerman
Notary Public, State of Illinois
My Commission Expires 9/18/98

EXHIBIT A

CSC ENTERPRISES, INC. EQUIPMENT ROSTER

Locomotives

Unit No.	Location	Model #	Engine Serial #	Year Built	Horse Power
Lessee:	**Rio Valley Switching Company, Inc.**				
1233	McAllen, TX	SW 1200	64F11104	1964	1500
4159	McAllen, TX	GP 7	50-H1-1512	1953	1500

TOTAL: 0 RAIL CARS, 2 LOCOMOTIVES

BLANKET REMAINDER OF EQUIPMENT