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OF COUNSEL
URBAN A LESTER

20629-A,

April 14, 1997

Mr Vernon A Williams
Secretary
Surface Transportation Board
Washington, D C. 20423

Dear Mr Williams

Enclosed for recordation pursuant to the provisions of 49 U S.C Section 11301(a), are two (2) copies of a Loan and Security Agreement, dated April 7, 1997, a primary document as defined in the Board's Rules for the Recordation of Documents and two (2) copies of each of the following secondary documents related thereto a Security Agreement, dated April 7, 1997, and a Rider to Loan and Security Agreement, dated April 7, 1997

The names and addresses of the parties to all of the enclosed documents are

Debtor: Southern Rail Leasing, Inc
955 South Virginia Street
Reno, Nevada 89502

Secured Party: Charter Financial, Inc
153 East 53rd Street
New York, NY 10022

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

ten (10) gondola railcars SIRX 2200 through SIRX 2209

Also enclosed is a check in the amount of $72 00 payable to the order of the Surface Transportation Board covering the required recordation fee

Kindly return one stamped copy of the enclosed document to the undersigned

Very truly yours,

Robert W Alvord

RWA/bg
Enclosures

RECORDATION NO. FILED 20629-B

APR 14 '97 2-46PM

RIDER TO LOAN AND SECURITY AGREEMENT NO. 3082
AND SECURITY AGREEMENT DATED April 7, 1997

Rider to Loan and Security Agreement No. 3082 between Southern Rail Leasing, Inc. ("Debtor") and Charter Financial, Inc. ("Secured Party") dated April 7, 1997 and the Security Agreement dated April 7, 1997 between Debtor and Secured Party (collectively, the "Agreements").

Notwithstanding anything to the contrary in the Agreements, Debtor and Secured Party agree as follows:

1. Except as expressly provided in this Rider, it is understood that the Debtor shall have no personal liability or obligation with respect to payment of any amount under the Agreements, which is payable solely from the proceeds derived from the Debtor's right, title and interest in and to the collateral described in the Agreements (hereinafter the "Collateral"), except that the Debtor shall have personal liability for any loss or liability of the Secured Party arising out of a breach of Debtor's representations or warranties and covenants contained hereunder or in the Agreements and the payment therefor shall not be limited to the proceeds of the Collateral

2. Debtor warrants and represents to and covenants with Secured Party that

   a. the Rail Road Car Lease dated August 7, 1997 (hereinafter the "Lease") between Debtor as lessor and 7-7, Inc. as lessee (hereinafter the "Customer") is genuine and enforceable against Customer (and all others who are parties thereto) and is the only agreements executed with respect to the equipment related thereto (hereinafter the "Equipment"), and the copies given to Secured Party by Debtor are the only originals thereof;

   b. the Equipment is free and clear of all security interests, claims, liens and encumbrances of any kind or nature whatsoever (except those in favor of Secured Party);

   c. Debtor has the full legal right, power and authority to enter into each of the Agreements and to consummate all of the transactions contemplated by each of the Agreements, the execution and delivery of each of the Agreements by Debtor has been approved by all necessary corporate or other action, and none of Debtor's obligations hereunder will result in any breach of any provision of any agreement or instrument to which Debtor is a party or by which Debtor is bound;

   d. all signatures, names, addresses, amounts and other statements contained in the Lease are true and correct;

e. the Lease conforms to all applicable laws and regulations and is legally enforceable in the state or states where the Customer and the Equipment are located, and if filing or recording of the Lease or any chattel mortgage, mortgage, trust deed, financing statement or similar instrument is required or permitted by law, the same has been so filed or recorded as to be effective against all persons;

f. the Equipment has been delivered to and accepted by Customer in a condition satisfactory to Customer;

g. Debtor has complied and will continue to comply with all its representations, warranties, covenants and all other obligations to Customer under the Lease;

h. Debtor will indemnify and hold Secured Party harmless from and defend Secured Party against any liability or expense under, on account of or relating to the Lease the Equipment or the breach or falsity of the representations, warranties, covenants or agreements made hereunder or in the Agreements;

i. Customer has received the terms of the Lease and has neither disputed any obligation arising under any of the Lease nor shall Customer have any claim, defense or right of offset or abatement with respect to any of the payments set forth in the Lease or any of Customer's obligations thereunder;

j. Customer's obligation to make all of the payments in the amounts set forth in the Lease is absolute, irrevocable and unconditional and shall not be affected by any circumstances whatsoever;

k. no amount due under the Lease has been prepaid by Customer, and no deposit has been paid by Customer except as specifically stated in the Lease delivered to Secured Party;

l. the Equipment is presently located within the borders of the continental United States and Customer is not permitted to move the Equipment beyond the borders of the continental United States except upon the prior written consent of Secured Party;

m. Debtor has not made any prior sale or assignment of the Lease or any item of Equipment to any person, firm or corporation, or granted any waiver under or agreed to any modification or amendment of the Lease;

n. Customer has complied with all of its obligations to Debtor under the Lease, and Customer is not now and has not been in default of any of such obligations;

o. if the Lease is a true lease, Debtor is the lawful owner of the Equipment thereunder and hereby grants to Secured Party a first priority security interest in and to each and every item of Equipment which is the subject of said true lease; otherwise, Debtor assigns to Secured Party a first priority security interest in each and every item of Equipment;

p. the remaining payments due and owing under the Lease are as follows: 54 payments of $5,230.00 each, due on the first day of each consecutive month, with the next payment due on April 1, 1997;

q. the Equipment has been used and Debtor shall use or cause the Equipment to be used in accordance with all governmental laws, regulations, requirements and rules, including but not limited to, any present or future federal, foreign, state or local law, ordinance, order, rule or regulation and all judicial, administrative and regulatory decrees, judgments and order, pertaining to health, industrial hygiene, the use disposal or transportation of hazardous substances, environmental contamination, or pertaining to the protection of the environment, including, but not limited to, the Comprehensive Environmental Response, Compensation, and Liability Act ("CERCLA") (42 U.S.C. §9601 et seq.), the Hazardous Material Transportation Act (49 U.S.C. §1801 et seq.), the Federal Water Pollution Control Act (33 U S C. §1251 et seq.), the Resource Conservation and Recovery Act (42 U.S.C. §6901 et seq.), the Clean Air Act (42 U.S.C. §7401 et seq.), the Toxic Substances Control Act (15 U.S.C. §2601 et seq.), as these laws have been or may be amended or supplemented, and any successor thereto, and any analogous foreign, state or local statutes, and the rules, regulations and orders promulgated pursuant thereto; and

r. in the event of a casualty loss with respect to the Equipment, Debtor shall pay to Secured Party all Liabilities (as such term is defined in the Loan and Security Agreement) due and to become due, less the net amount of the recovery, if any, actually received by Secured Party from insurance or otherwise for such destruction, damage, loss, theft, requisition or taking and Secured Party shall not have the right to require Debtor to provide substitute collateral therefor.

3. Secured Party shall not be responsible to perform any of Debtor's obligations under the Lease, and nothing herein shall relieve Debtor of any of its obligations under the Lease.

4 Debtor shall have no authority to, and will not, without Secured Party's prior written consent, accept collections, repossess or consent to the return of the Equipment, or modify or amend, in any respect, the terms of the Lease

5. Notwithstanding anything to the contrary contained in the Lease or elsewhere, Debtor expressly waives, relinquishes and releases any security interest, lien or other claim which it may otherwise retain in or to any of the Equipment referred to in the Lease by

virtue of any cross collateral language contained in the Lease or otherwise. Any such cross collateral language contained in the Lease shall inure solely to the benefit of Secured Party to the extent that such language covers the Equipment and/or other collateral assigned to Secured Party hereunder.

6. Secured Party and Debtor covenant and agree that (i) upon an event of default under the Agreements, the requirements of reasonable notice for a public or private sale or other intended disposition of the Collateral shall be met if notice is sent via E-Mail or Facsimile and U.S Mail not less than ten (10) days prior to the sale or other disposition; (ii) Debtor's year end financial statements required to be sent to Secured Party pursuant to the Agreements may be compiled and not certified by an independent accounting firm acceptable to Secured Party.

7. Notwithstanding anything to the contrary contained herein or in any other agreement, if Debtor breaches any of its warranties, covenants, agreements or other obligations to Secured Party hereunder or under the Agreements or any representation made to Secured Party hereunder or under the Agreements shall be false, Debtor shall repay the indebtedness due under the Loan and Security Agreement to Secured Party, for the total amount of all unpaid payments thereunder, discounted using the simple interest method and a discount rate of seven percent (7%), together with any other charges, costs or breakage fees owed by Debtor under the Agreements or incurred by Secured Party, and all costs of enforcement, including but not limited to attorney's fees. Debtor shall pay said amounts to Secured Party within ten (10) days after receipt of notice that such breach or misrepresentation has occurred.

8 If Secured Party shall retain an attorney for the purpose of enforcing any of its rights against Debtor hereunder or under the Agreements, Debtor shall be responsible for and reimburse Secured Party for all such reasonable attorney's fees and costs.

9 Notwithstanding anything to the contrary contained herein or in the Agreements, the Collateral shall not shall not serve as additional collateral security for the repayment of any indebtedness of Debtor to Secured Party other than the indebtedness of Debtor to Secured Party related to, or in connection with the Agreements, the Lease and the Equipment.

10. Section 10(g) in the Loan and Security Agreement shall be deleted in its entirety.

11. All other terms and conditions of the Agreement shall remain in full force and effect. In the event that there is any conflict between the terms and conditions of this Rider and the terms and conditions of the Agreements, the terms and conditions of this Rider shall govern. All of the terms, conditions and provisions hereunder shall be deemed to be an indivisible part of the Agreements

IN WITNESS WHEREOF, Secured Party and Debtor have duly executed this Rider to the Agreements as of the date first above written.

Debtor: SOUTHERN RAIL LEASING, INC.

By: _____ Vice President
(Name and Title)

Secured Party: CHARTER FINANCIAL, INC.

By: _____ VP
(Name and Title)

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STATE OF California)
: s.s.:
COUNTY OF San Diego

On this 7th day of April, 1997 before me, personally appeared Philip W. Hoffman ~~to me~~ personally known, who being by me duly sworn,says that he resides at Encinitas, CA, that he signed the foregoing Loan and Security Agreement on 4-7-97.; and he acknowledges that the execution of the foregoing instrument was his free act and deed.

SUSAN D. PARKER
Commission #1071299
Notary Public - California
San Diego County
My Commission Exp. SEP 4, 1999

Susan D Parker
Notary Public (SEAL)

My commission expires SEP 4, 1999

STATE OF NEW YORK)
: s.s.:
COUNTY OF NEW YORK)

On this 10th day of APRIL, 1997 before me, personally appeared BRIAN TWOMEY to me personally known, who being by me duly sworn,says that he resides at OSSINING, NY, that he signed the foregoing Loan and Security Agreement on APRIL 10, 1997; and he acknowledges that the execution of the foregoing instrument was his free act and deed.

Stewart Abramson
Notary Public (SEAL)

My commission expires 2/21/98

STEWART ABRAMSON
Notary Public, State of New York
No 02AB5039736
Qualified in Rockland County
Commission Expires Feb 21, 1998

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