



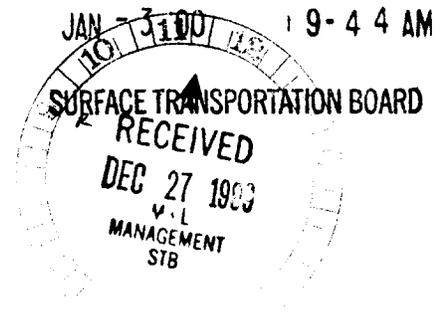
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December 23, 1999

Taleda Stokes
Surface Transportation Board
Recordation Office
1925 K Street, N.W., Suite 70
Washington D.C. 20423

RECORDATION NO. 19891-B FILED



Dear Taleda,

Enclosed are two (2) originals of the Assignment and assumption agreement and consent dated December 17, 1999 between the following parties: This is a secondary document.

Lessor: THE CIT GROUP/EQUIPMENT FINANCING INC

Lessee: ST. MARYS RAILROAD, LLC; ST MARYS RAILROAD CORPORATION

The equipment involved in this transaction is as follows:

Equipment: (400) Box cars bearing SM reporting marks
Flat cars bearing SM reporting marks 6001-6060; 3401-3418;
3420-3434; 3436-3500; 4201-4300

A Memorandum of Railcar Mortgage and Security was duly filed with the Surface Transportation Board and recorded on January 17, 1996. As a result of the transfer caused by the reorganization, an assignment and assumption agreement and consent dated as of July 22, 1999 was recorded with the Surface Transportation Board October 22, 1999.

Please file this Memorandum as a supplementary document to Recordation No. 19891 and return one (1) stamped originals to my attention. A check covering the filing fee of \$26.00 is enclosed.

If you have any questions regarding the filing, please feel free to call me at 800-634-9738 ext. 20100.

Thank you for your prompt assistance.

Sincerely,

Sherry Lewey
Assistant Administrator

JAN - 3 '00 19-44 AM

ASSIGNMENT AND ASSUMPTION AGREEMENT AND CONSENT
SURFACE TRANSPORTATION BOARD

ASSIGNMENT AND ASSUMPTION AGREEMENT AND CONSENT, dated December 17, 1999 (the "Agreement"), by and among ST. MARYS RAILROAD, LLC, a Delaware limited liability company ("Assignor"), ST. MARYS RAILROAD CORPORATION, a Delaware corporation ("Assignee") and THE CIT GROUP/EQUIPMENT FINANCING, INC., a New York corporation ("CIT").

Statement of Facts

1. CIT and St. Marys Railroad Company ("SMRC") entered into a Loan Agreement, dated as of December 15, 1995 ("Loan Agreement"), and a Railcar Mortgage and Security Agreement, dated as of January 17, 1996 ("Mortgage"). Pursuant to the Loan Agreement and the Mortgage, CIT made a Loan to SMRC which, in consideration therefor, granted CIT a first priority security interest, in and a first priority mortgage and lien, on the Collateral (as defined in the Mortgage). Included as part of the Collateral was a bank account and the contents thereof at Nationsbank, N.A. (South) ("Bank"), Account Number 01 02099471, control or dominion over which is governed by an Assignment and Pledge Agreement, dated as of January 17, 1996, between SMRC and CIT, to which the Bank expressly consented ("Pledge"; the Agreement, the Mortgage and the Pledge, together with any other documents executed pursuant thereto, "Loan Documents").

2. On January 14, 1999 SMRC, Assignor, Assignee and certain of their affiliates undertook a reorganization (the "Reorganization") as the result of which, inter alia, SMRC transferred, directly or indirectly, to Assignor substantially all of its rights and assets and obligations and liabilities, including its rights and obligations under the Loan Documents.

3. A Memorandum of Railcar Mortgage and Security was duly filed with the Surface Transportation Board (Interstate Commerce Commission) and recorded on January 17, 1996, and given recordation number 19891. As a result of the transfer caused by the Reorganization, an Assignment and Assumption Agreement and Consent, dated as of July 22, 1999, was recorded with the Surface Transportation Board on October 22, 1999.

4. Now, as a result of the pending sale of the Assignor by the Assignee, Assignor wishes to transfer all of Assignor's rights and obligations under the Loan Documents and the Collateral to the Assignee prior to such sale.

5. For federal income tax purposes, Assignor is disregarded as an entity separate from Assignee pursuant to Treasury Regulations Section 301.7701-3 and, accordingly, it is intended that the transfer of all of Assignor's rights and obligations under the Loan Documents and the Collateral to the Assignee shall be treated as a non-taxable transaction for such purposes.

6. Subsection 4.02(j) of the Loan Agreement requires that an agreement such as this be entered into to permit the consummation of the matters set forth in the preceding paragraph number 4.

In consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto hereby agree as follows:

Statement of Terms

1. Terms used herein which are defined in the Loan Documents are used herein with the respective meanings set forth in the Loan Documents.

2. Assignor hereby sells, assigns, transfers and conveys to Assignee, as of December 15, 1999, all of the its right, title and interest in, to and under the Loan Documents and the Collateral; and Assignee hereby accepts and receives all such right, title and interest therein, excluding any claim, cause of action, liability or obligation of any nature or description or other right to payment accruing, arising or relating to any period on or prior to the date hereof or payable by reason of any act, event or omission occurring or existing on or prior to the date hereof, whether know or unknown, contingent or otherwise, as of the date hereof to have and to hold the same unto Assignee, its successors and assigns, forever.

3. Assignee hereby confirms that effective as of December 15, 1999, Assignee will unconditionally assume and agree to pay, discharge, satisfy and perform, to the extent provided in the Loan Documents and the Mortgage, any and all liabilities and obligations of Assignor under the Loan Documents and the Mortgage and any other document executed pursuant thereto, of every kind and nature, whether matured or unmatured, liquidated or unliquidated, direct or indirect, absolute or contingent, secured or unsecured, known or unknown as of that date, either at that time or at any future time.

4. Without limiting the generality of the foregoing assumption of rights, obligations and liabilities, Assignee expressly affirms (a) that the assumption of rights, obligations and liabilities of Assignor by Assignee and the agreement by Assignee to pay and discharge the same, as contained and set forth herein, is, to the extent provided in the Loan Agreement and the Mortgage, an unconditional promise of payment and performance by Assignee, and Assignee's duties and obligations with respect thereto shall be construed to be that of a principal and not that of a surety, (b) that neither the Loan Agreement nor the Mortgage may be cancelled or terminated except as expressly provided therein and (c) that Lender has a first priority security interest in, and a first priority lien and mortgage on, the Collateral.

5. In order to induce CIT to consent to this Agreement, Assignee hereby represents and warrants to CIT as follows:

(a) Assignee is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware;

(b) Assignee has full power, authority and legal right to execute, deliver and perform this Agreement;

(c) this Agreement has been duly authorized, executed and delivered by Assignee and constitutes a legal, valid and binding obligation of Assignee enforceable in accordance with its terms;

(d) to the best of Assignee's knowledge, the Statement of Facts outlined in this Agreement is a true and accurate summary;

(e) Assignee has received a copy of the Loan Documents and confirms that each of the Loan Documents constitutes its legal, valid and binding obligation, enforceable against it in accordance with the terms contained therein;

(f) the execution of this Agreement and assumption of Assignor's obligations under the Loan Documents (i) does not require any approval, consent or authorization from any shareholder, trustee, holder of any indebtedness of Assignee, public regulatory authority or other person or entity, except for such approvals, consents and authorizations which have been duly obtained; (ii) will not contravene any laws or regulations, including, without limitation, any judgment or decree applicable to Assignee or the certificate of incorporation or bylaws of Assignee or contravene any provision of, or constitute a default under, or result in the creation of any lien upon any property of Assignee under any mortgage, instrument or other agreement to which Assignee is a party or by which it or its assets may be bound or affected; and (iii) no authorization, approval, license, filing or registration with any court or governmental agency or instrumentality is necessary in connection with the execution, delivery, performance, validity and enforceability of this Agreement, except for such authorizations and approvals which have been duly obtained;

(g) Assignee shall have been deemed to have made all of the representations and warranties, *mutatis mutandis*, set forth in the Loan Agreement, the Supplements executed pursuant thereto and the Mortgage;

(h) the Equipment is being operated pursuant to the Equipment Use Agreements set forth on Exhibit A hereto;

(i) no Event of Default (as defined in the Loan Agreement or the Mortgage) or event or condition which could mature into an Event of Default under the Loan Agreement or the Mortgage has occurred and is continuing; and

(j) Assignee has notified each other party to Loan Documents of the matters contemplated by this Agreement.

6. CIT consents to the transfer of Assignor's assets and the assumption of Assignor's obligations under the Loan Documents by Assignee, which consent shall become effective upon all of the following conditions precedent having been fulfilled:

(a) CIT shall have received an executed copy of this Agreement, duly executed by an authorized officer of each of Assignee and Assignor not later than December 15, 1999.

(b) CIT shall have received an opinion of counsel, as required by Subsection 4.02(j)(v) of the Loan Agreement.

(c) CIT shall have received evidence satisfactory to it as to the compliance by Assignee with the provisions regarding insurance contained in the Mortgage.

(d) CIT shall have received an executed copy of the Guaranty, duly executed by an authorized officer of HG Estate not later than December 15, 1999.

Until such time as CIT's consent becomes effective, Assignor remains the "Borrower" under the Loan Agreement and "Mortgagor" under the Mortgage and shall not be released by CIT from its obligations under the Loan Documents.

7. Assignee shall, not later than December 31, 1999, deliver to CIT duly executed Uniform Commercial Code financing statements. CIT shall make a filing of this Agreement with the Surface Transportation Board and shall make such other filings and take such other actions as CIT deems necessary to protect its interest in the Collateral. Assignor and Assignee hereby agree to cooperate in all of the foregoing as CIT may request.

8. The obligations of Assignee under this Agreement are unconditionally and irrevocably guaranteed by HG Estate, LLC, a Delaware limited liability company ("HG Estate"), pursuant to a guaranty dated the date hereof (the "Guaranty"), subject to the terms, conditions and limitations contained therein.

9. All notices, demands and other communications under any Loan Document or this Agreement shall be in writing and shall be deemed to have been given or made when sent by telecopier, by hand, by courier against receipt or when deposited in the United States mail, first class postage prepaid, addressed as follows or to such other address as any of the following persons may from time to time designate in writing to the other persons listed below:

CIT:	The CIT Group/Equipment Financing, Inc. 1211 Avenue of the Americas, 21st Floor New York, New York 100236
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ATTENTION: Senior Vice President/Credit
Telecopier No.: 212-536-1385

Assignee:

St. Marys Railroad Corporation
1000 Osborne Street
St. Marys GA 31558
ATTENTION: President
Telecopier No.: 912-882-7944

10. This Agreement shall be governed by and construed in accordance with the internal laws of the State of New York. This Agreement may be executed by the parties hereto on any number of separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, Assignor, Assignee, and CIT have each executed this Agreement as of the day and year first above written.

ST. MARYS RAILROAD, LLC

(Assignor)

By: Natalie P. Moody
Title: Vice President

THE CIT GROUP/EQUIPMENT FINANCING, INC.

By: [Signature]
Title: Vice President

ST. MARYS RAILROAD CORPORATION

(Assignee)

By: Natalie P. Moody
Title: Vice President

STATE OF NY)
COUNTY OF NY)

On this 16th day of Dec., 1999, before me appeared the above-identified officer or agent of each of Assignor and Assignee, who acknowledged execution of this Assignment and Assumption Agreement and Consent as a free act on behalf of each of Assignor and Assignee.

ACCEPTED AND ACKNOWLEDGED:

St. Marys Railroad, LLC

BY: Natalie P. Moody
Name: Natalie P. Moody
Title: Vice President

[Signature]
HARRY F. BROWN III
Notary Public, State of New York
No. 31-4816925
Qualified in New York County
Commission Expires March 30, 2001

ACCEPTED AND ACKNOWLEDGED:

St. Marys Railroad Corporation

BY: Natalie P. Moody
NATALIE P. MOODY
Vice President

STATE OF NEW YORK)
)
COUNTY OF NEW YORK) ss.

On the 16th day of December, 1999 before me, personally appears Thomas J. Clark to me personally known, who by me duly sworn, says that he ~~is~~ is the Vice President of THE CIT GROUP/EQUIPMENT FINANCING, INC., (the "Company"), that the foregoing instrument was signed on behalf of the said Company by authority of its Board of Directors, and he ~~is~~ acknowledged that the execution of the foregoing instrument was the free act and deed of the said Company.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

Indra Bedasie
Notary Public

[SEAL]

My Commission Expires:

INDRA BEDASIE
Notary Public, State of New York
No. 01BE6014602
Qualified in Queens County
Certificate Filed in New York County
Commission Expires October 19, 2000

Name:
Title:

Exhibit A

See attached

Description of Equipment Use Agreements and Users

1. Letter Agreement between the Borrower and CSX Transportation, Inc. dated March 1, 1995, relating to flat cars bearing SM reporting marks 6001-6060 and box cars bearing SM reporting marks.
2. Letter Agreements between the Borrower and Burlington Northern Railroad Company dated March 1, 1995 and April 14, 1993, relating to box cars bearing SM reporting marks 3401-3418, 3420-3434, 3436-3500 and 4201-4300.
3. Lease Agreement between the Borrower and Valdosta Southern Railroad Company dated as of August 1, 1990, relating to approximately 400 box cars bearing SM reporting marks.