

ALVORD AND ALVORD
ATTORNEYS AT LAW
1600 K STREET, NW
SUITE 200
WASHINGTON, D.C.
20006-2973
—
(202) 393-2266
FAX (202) 393-2156

ELIAS C. ALVORD (1942)
ELLSWORTH C. ALVORD (1964)

OF COUNSEL
URBAN A. LESTER

April 12, 2002

RECORDATION NO. 23940 FILED

APR 12 '02 11-50 AM

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

SURFACE TRANSPORTATION BOARD

Dear Ms. Farr:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are two (2) copies of a Memorandum of Commercial Security Agreement, dated as of April 12, 2002, a primary document as defined in the Board's Rules for the Recordation of Documents.

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

Secured Party: First Mid-Illinois Bank and Trust, NA
12616 State Route 143
Highland, Illinois 62249

Debtor: Midwest Railcar Corp
9876 213th Avenue, N.W.
Elk River, Minnesota 55330

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

Twenty-five (25) boxcars: GNWR 97014 – GNWR 97038 (formerly within the series CHTT 731474 - CHTT 731734).

A short summary of the document to appear in the index is:

Mr. Vernon A. Williams
April 12, 2002
Page 4

Also enclosed is a check in the amount of \$30.00 payable to the order of the Surface Transportation Board covering the required recordation fee.

Kindly return stamped copies of the enclosed document to the undersigned.

Very truly yours,

A handwritten signature in black ink, appearing to read "Alvord", with a stylized flourish at the end.

Robert W. Alvord

RWA/anm
Enclosures

MEMORANDUM OF COMMERCIAL SECURITY AGREEMENT

dated April 12, 2002

by and between

**MIDWEST RAILCAR CORPORATION,
as Debtor**

and

**FIRST MID-ILLINOIS BANK AND TRUST, NA
as Secured Party**

REGISTRATION NO. 23940 FILED

APR 12 '02 11-50AM

SURFACE TRANSPORTATION BOARD, I

MEMORANDUM OF COMMERCIAL SECURITY AGREEMENT

THIS MEMORANDUM OF COMMERCIAL SECURITY AGREEMENT (this "Memorandum") is made this 12th day of April, 2002, by and between MIDWEST RAILCAR CORPORATION, an Illinois corporation ("Borrower"), and FIRST MID-ILLINOIS BANK AND TRUST, NA, a state-chartered Federal Reserve Member bank organized under the laws of the State of Illinois ("Bank").

A. The Borrower and the Bank are parties to that certain Loan Agreement ("Agreement") dated April 12th, 2002 pursuant to which the Bank agreed to make to the Borrower the loan described in the Agreement.

B. To secure the Borrower's Obligations (as defined in the Agreement) to the Bank, the Borrower executed and delivered to the Bank a Commercial Security Agreement dated April 12th, 2002 pursuant to which the Borrower granted to the Bank a continuing, first priority security interest in and to, and lien on, the following collateral:

(a) Twenty-five (25) boxcars described on Exhibit A attached hereto (each, a "Railcar", collectively, the "Railcars") and all replacements and substitutions thereof;

(b) all improvements, additions, modifications, accessions, attachments, appurtenances and parts appertaining or attached to the Railcars, whether now owned or hereafter acquired;

(c) all logs, books and records pertaining to the use, operation and/or maintenance of the Railcars or otherwise relating to any of the collateral described herein;

(d) all rights, claims and causes of action, if any, which the Borrower may have now or in the future against any manufacturer, rebuilder or seller of the Railcars (or any component thereof) or any other Person, by contract or otherwise, in respect of any defect in the Railcars or any part thereof;

(e) any agreement now or hereafter entered into for leasing the Railcars to any third party, including, without limitation, Schedule #4 dated January 14, 2002 between the Borrower and Georgia & Florida Railnet, Inc. , and the right to receive all payments and other sums due and to become due from time to time thereunder, to receive all notices and give consents, to exercise any election or option, to declare defaults and to demand payment of any sum due in connection therewith;

(f) all rent, damages and other moneys from time to time payable to or receivable by the Borrower in respect of the Railcars;

(g) all proceeds (cash and non-cash), including insurance proceeds, settlement proceeds and condemnation awards thereof.

[SIGNATURES APPEAR ON THE FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties have caused this Memorandum to be executed as of the date first above written.

WITNESS:

MIDWEST RAILCAR CORPORATION

By: *Richard M. Murphy, III*
Richard M. Murphy, III, President

WITNESS:

FIRST MID-ILLINOIS BANK AND TRUST, NA

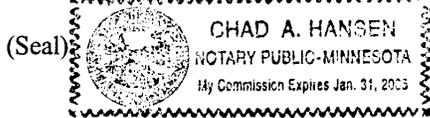
William J. Wagner

By: *Gordon D. Smith*

STATE OF MINNESOTA, County OF Shelburne

On this 10 day of April, 2002, before me, a Notary Public of the City and State aforesaid, personally appeared Richard M. Murphy, III, to me personally known, who being by me duly sworn, says that he is the President of Midwest Railcar Corporation, an Illinois corporation, that the seal affixed to the foregoing instrument is the seal of said association, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

AS WITNESS my hand and notarial seal



My commission expires: Jan. 31, 2005

Chad A. Hansen
Notary Public

STATE OF ILLINOIS, County of Madison

On this 13 day of April, 2002, before me, a Notary Public of the City and State aforesaid, personally appeared Gordon D. Smith, to me personally known, who being by me duly sworn, says that he is a Community President of FIRST MID-ILLINOIS BANK AND TRUST, NA, that the seal affixed to the foregoing instrument is the seal of First Mid-Illinois Bank and Trust, NA, that said instrument was signed and sealed on behalf of First Mid-Illinois Bank and Trust, NA by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of First Mid-Illinois Bank and Trust, NA.

AS WITNESS my hand and notarial seal



Andrea Ruffer
Notary Public

My commission expires:

1-6-2006

EXHIBIT A

DESCRIPTION OF RAILCARS

Twenty-Five (25) 50ft. 70-ton Plate "C" Boxcars built by FMC in 1976, bearing the following car marks and numbers:

OLD MARKS & NUMBERS

NEW MARKS & NUMBERS

1. CHTT 731493	GNWR 97014
2. CHTT 731635	GNWR 97015
3. CHTT 731681	GNWR 97016
4. CHTT 731494	GNWR 97017
5. CHTT 731533	GNWR 97018
6. CHTT 731625	GNWR 97019
7. CHTT 731496	GNWR 97020
8. CHTT 731677	GNWR 97021
9. CHTT 731691	GNWR 97022
10. CHTT 731734	GNWR 97023
11. CHTT 731669	GNWR 97024
12. CHTT 731530	GNWR 97025
13. CHTT 731692	GNWR 97026
14. CHTT 731582	GNWR 97027
15. CHTT 731474	GNWR 97028
16. CHTT 731547	GNWR 97029
17. CHTT 731620	GNWR 97030
18. CHTT 731576	GNWR 97031
19. CHTT 731722	GNWR 97032
20. CHTT 731733	GNWR 97033
21. CHTT 731726	GNWR 97034
22. CHTT 731611	GNWR 97035
23. CHTT 731520	GNWR 97036
24. CHTT 731492	GNWR 97037
25. CHTT 731602	GNWR 97038