

RECORDATION NO. 24612 FILED

SEP 26 '03

4-48 PM

SURFACE TRANSPORTATION BOARD

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

OF COUNSEL
URBAN A. LESTER

September 25, 2003

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 Memorandum of Chattel Mortgage and Security Agreement, dated September 26, 2003, 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:

Borrower:	Radnor Rail, Ltd. Suite 112 150 Strafford Avenue Radnor, Pennsylvania 19087
Lender:	ORIX Financial Services, Inc. 600 TownPark Lane 3 rd Floor Kennesaw, GA 30144

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

Fifty three (53) locomotives with AGR, CORP, DGNO, GSWR, IORY, ISRR, MNA, NECR, PIR, TPW, VSRR and WTLR reporting marks and road numbers as shown on Exhibit A attached to the document.

Mr. Vernon A. Williams
September 25, 2003
Page Two

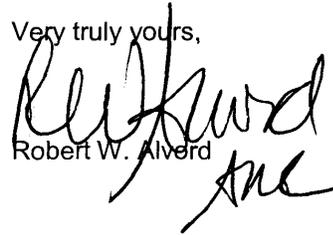
A short summary of the document to appear in the index is:

Memorandum of Chattel Mortgage and Security Agreement

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,


Robert W. Alverd

RWA/anr
Enclosures

RECORDATION NO. 24612 FILED

SEP 26 '03

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SURFACE TRANSPORTATION BOARD

**MEMORANDUM OF CHATTEL MORTGAGE
AND SECURITY AGREEMENT**

dated September 26, 2003

by and between

**RADNOR RAIL, LTD.,
as Debtor**

and

**ORIX FINANCIAL SERVICES, INC.,
as Secured Party**

**MEMORANDUM OF CHATTEL MORTGAGE AND
SECURITY AGREEMENT**

THIS MEMORANDUM OF CHATTEL MORTGAGE AND SECURITY AGREEMENT (this "Memorandum") is made this 26th day of September, 2003, by and between RADNOR RAIL, LTD., a Pennsylvania corporation (the "Borrower"), and ORIX FINANCIAL SERVICES, INC. (the "Lender").

A. The Borrower and the Lender are parties to that certain Loan Agreement ("Agreement") dated September 26, 2003, pursuant to which the Lender 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 Lender, the Borrower executed and delivered to the Lender a Chattel Mortgage and Security Agreement dated September 26, 2003, pursuant to which the Borrower granted to the Lender a continuing, first priority and only security interest in and to, and lien on, the following collateral:

(a) Fifty-three (53) locomotives described on Exhibit A attached hereto (each, a "Locomotive," collectively, the "Locomotives") and all replacements and substitutions thereof;

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

(c) all logs, books and records pertaining to the use, operation and/or maintenance of the Locomotives 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, rebuilders or seller of the Locomotives (or any component thereof) or any other Person, by contract or otherwise, in respect of any defect in the Locomotives or any part thereof;

(e) any agreement now or hereafter entered into for leasing the Locomotives to any third party, including, without limitation, Schedule No. 1 dated as of December 28, 2000, among the Borrower, RailTex, Inc. and RailAmerica, Inc. to Master Lease Agreement dated December 28, 2000, among the Borrower, RailTex, Inc. and RailAmerica, 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 Locomotives;

(g) all monies and other funds from time to time received by the Lender from RailTex, Inc. or RailAmerica, Inc. and all rights incident thereto; and

(h) 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:

RADNOR RAIL, LTD.

[Signature]

By: *Kent S. Zehner*
Kent S. Zehner, President

WITNESS:

ORIX FINANCIAL SERVICES, INC.

By: _____

COMMONWEALTH OF PENNSYLVANIA, County OF Delaware

On this 24th day of September, 2003, before me, a Notary Public of the City and State aforesaid, personally appeared Kent S. Zehner, to me personally known, who being by me duly sworn, says that he is the President of Radnor Rail, Ltd., a Pennsylvania 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

(Seal)

Karen W. Maffei
Notary Public

My commission expires:

Notarial Seal
Karen W. Maffei, Notary Public
Radnor Twp., Delaware County
My Commission Expires Dec. 4, 2004
Member, Pennsylvania Association of Notaries

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

WITNESS: RADNOR RAIL, LTD.

_____ By: _____
Kent S. Zehner, President

WITNESS: ORIX FINANCIAL SERVICES, INC.

_____ By: FR Ruchel

COMMONWEALTH OF PENNSYLVANIA, _____ OF _____

On this ____ day of _____, 2003, before me, a Notary Public of the City and State aforesaid, personally appeared Kent S. Zehner, to me personally known, who being by me duly sworn, says that he is the President of Radnor Rail, Ltd., a Pennsylvania 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

(Seal)

Notary Public

My commission expires:

STATE OF Georgia, County OF Cobb

On this ____ day of _____, 2003, before me, a Notary Public of the City and State aforesaid, personally appeared Frank Rick Rucker, to me personally known, who being by me duly sworn, says that he is a Vice President of ORIX Financial Services, Inc., that the seal affixed to the foregoing instrument is the seal of ORIX Financial Services, Inc., that said instrument was signed and sealed on behalf of ORIX Financial Services, Inc. by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of ORIX Financial Services, Inc.

AS WITNESS my hand and notarial seal

(Seal)

Marie A. Guey
Notary Public

My commission expires: **Notary Public, Cobb County, Georgia**
My Commission Expires July 17, 2005.

EXHIBIT A

DESCRIPTION OF LOCOMOTIVES

(1) Fifty-three (53) four-axle locomotives built by Electro-Motive Division of General Motors bearing reporting marks and numbers as follows:

Locomotive Number	Type of Locomotive	Reporting Marks	Year Built
3830	GP-38	TPW	1969
4003	GP-40	MNA	1968
4004	GP-40	MNA	1968
4005	GP-40	AGR	1968
4006	GP-40	MNA	1968
4007	GP-40	MNA	1968
4008	GP-40	IORY	1968
4009	GP-40	MNA	1968
4010	GP-40	MNA	1968
4011	GP-40	ISRR	1968
4016	GP-40	DGNO	1968
4017	GP-40	DGNO	1968
4018	GP-40	DGNO	1968
4021	GP-40	IORY	1969
4023	GP-40	IORY	1969
4024	GP-40	IORY	1970
4025	GP-40	DGNO	1968
4026	GP-40	WTLR	1966
4027	GP-40	AGR	1966
4028	GP-40	AGR	1966
4029	GP-40	DGNO	1968
4030	GP-40	IORY	1969
4044	GP-40	MNA	1968
4047	GP-40	NECR	1970
4048	GP-40	NECR	1969
4049	GP-40	NECR	1971
6637	GP-40	TPW	1971
6281	SD-40	NECR	1971
4000	GP-40 CU	CORP	1962
4001	GP-40 CU	CORP	1962
4020	GP-40-1	IORY	1966
4031	GP-40-1	IORY	1971
4032	GP-40-1	IORY	1968
4033	GP-40-1	IORY	1971

4034	GP-40-1	IOY	1971
4035	GP-40-1	IOY	1970
4036	GP-40-1	IOY	1971
4038	GP-40-1	ISRR	1971
4039	GP-40-1	ISRR	1971
4040	GP-40-1	ISRR	1971
4041	GP-40-1	ISRR	1971
4043	GP-40-1	ISRR	1971
4050	GP-40-1	IOY	1971
4051	GP-40-1	ISRR	1971
2340	SW-1500	PIR	1970
2342	SW-1500	PIR	1970
3814	GP-38 AC	ISRR	1970
3827	GP-38 AC	CORP	1970
3838	GP-38 AC	IOY	1970
3841	GP-38 AC	VSRR	1969
3842	GP-38 AC	VSRR	1969
3857	GP-38 AC	NECR	1969
3818	GP-38-2	CORP	1973