

RECORDATION NO. 25100-A FILED

JUL 28 '04 2-37 PM

SURFACE TRANSPORTATION BOARD

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

OF COUNSEL  
URBAN A. LESTER

July 28, 2004

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 Commercial Security Agreement, dated as of June 25, 2004, a secondary document as defined in the Board's Rules for the Recordation of Documents.

The enclosed document relates to the Memorandum of Schedule #3 to Full Service Master Lease Agreement which is being filed with the Board under Recordation Number \_\_\_\_\_.

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

Lender: First Mid-Illinois Bank and Trust  
12616 State Route 143  
Highland, Illinois 62249

Grantor: Midwest Railcar Corporation  
3 Professional Park Drive, Suite B  
Maryville, Illinois 62062

Mr. Vernon A. Williams  
July 28, 2004  
Page 2

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

100 railcars: KCS 749400– KCS 749499.

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

Memorandum of Commercial 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. Alvord

RWA/anm  
Enclosures

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SURFACE TRANSPORTATION BOARD

**MEMORANDUM OF COMMERCIAL SECURITY AGREEMENT**

dated June 25, 2004

by and between

**MIDWEST RAILCAR CORPORATION,**  
as Debtor

and

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

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**MEMORANDUM OF COMMERCIAL SECURITY AGREEMENT**

**THIS MEMORANDUM OF COMMERCIAL SECURITY AGREEMENT** (this "Memorandum") is made this 25<sup>th</sup> day of June, 2004, 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 dated as of June 25, 2004 (collectively, the "Loan Agreement"), pursuant to which the Bank agreed to make to the Borrower the loans described in the Agreement.
  
- B. To secure the Borrower's Obligations (as defined in the Loan Agreement) to the Bank, the Borrower executed and delivered to the Bank a Commercial Security Agreement dated as of June 25, 2004, 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) One-Hundred (100) 50 ft., 70-ton, Plate C 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, Rider #3 dated March 18, 2004 to the Master Net Lease Agreement dated June 2, 2003 between the borrower and The Kansas City Southern Railway Company, 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

*Karyn J Ward*

By: *Gordon D Smith*  
Gordon D. Smith, Community Bank President

STATE OF *MN*, city of *Elk River*

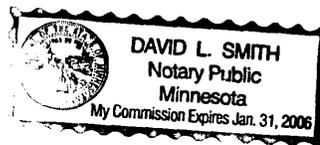
On this 25<sup>th</sup> day of June, 2004, before me, a Notary Public of the County and State aforesaid, personally appeared Richard M. Murphy, III, to me personally known, who being by me duly sworn, says that he is the President of Midwest Railcar Corporation, an Illinois corporation, that the seal 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 the 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)

*David L. Smith*  
Notary Public

My commission expires: *1-31-06*



STATE OF ILLINOIS, County of Madison

On this 25<sup>th</sup> day of June, 2004, before me, a Notary Public of the County and State aforesaid, personally appeared Gordon D. Smith, to me personally known, who being by me duly sworn, says that he is a Community Bank 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



Tricia Buehne  
Notary Public

My commission expires:

EXHIBIT "A"

DESCRIPTION OF RAILCARS

One Hundred boxcars bearing reporting marks as follows:

Car Initial & Number		
KCS 749400	KCS 749439	KCS 749478
KCS 749401	KCS 749440	KCS 749479
KCS 749402	KCS 749441	KCS 749480
KCS 749403	KCS 749442	KCS 749481
KCS 749404	KCS 749443	KCS 749482
KCS 749405	KCS 749444	KCS 749483
KCS 749406	KCS 749445	KCS 749484
KCS 749407	KCS 749446	KCS 749485
KCS 749408	KCS 749447	KCS 749486
KCS 749409	KCS 749448	KCS 749487
KCS 749410	KCS 749449	KCS 749488
KCS 749411	KCS 749450	KCS 749489
KCS 749412	KCS 749451	KCS 749490
KCS 749413	KCS 749452	KCS 749491
KCS 749414	KCS 749453	KCS 749492
KCS 749415	KCS 749454	KCS 749493
KCS 749416	KCS 749455	KCS 749494
KCS 749417	KCS 749456	KCS 749495
KCS 749418	KCS 749457	KCS 749496
KCS 749419	KCS 749458	KCS 749497
KCS 749420	KCS 749459	KCS 749498
KCS 749421	KCS 749460	KCS 749499
KCS 749422	KCS 749461	
KCS 749423	KCS 749462	
KCS 749424	KCS 749463	
KCS 749425	KCS 749464	
KCS 749426	KCS 749465	
KCS 749427	KCS 749466	
KCS 749428	KCS 749467	
KCS 749429	KCS 749468	
KCS 749430	KCS 749469	
KCS 749431	KCS 749470	
KCS 749432	KCS 749471	
KCS 749433	KCS 749472	
KCS 749434	KCS 749473	
KCS 749435	KCS 749474	
KCS 749436	KCS 749475	
KCS 749437	KCS 749476	
KCS 749438	KCS 749477	