

RECORDATION NO. 25288-A FILED

NOV 09 '04 2-19PM

SURFACE TRANSPORTATION BOARD

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

OF COUNSEL  
URBAN A. LESTER

November 9, 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 October 29, 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  
November 9, 2004  
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A description of the railroad equipment covered by the enclosed document is:

11 covered hopper cars: MWCX 460045-6, 460048-50, 460053-4, 460059-60 and 460063-4.

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 \$32.00 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 October 29, 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 29<sup>th</sup> day of October, 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 October 29, 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 October 29, 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) Eleven (11), 100-ton covered hopper railcars 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 #3 dated January 28, 2004 to the Full Service Master Lease Agreement dated November 10, 2003 between the borrower and PCS Sales USA, 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.

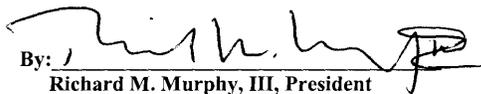
**(SIGNATURES APPEAR ON THE FOLLOWING PAGE)**

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

WITNESS:

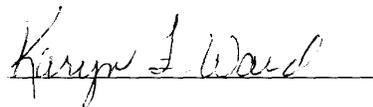
MIDWEST RAILCAR CORPORATION

\_\_\_\_\_

By:   
Richard M. Murphy, III, President

WITNESS:

FIRST MID-ILLINOIS BANK AND TRUST, NA



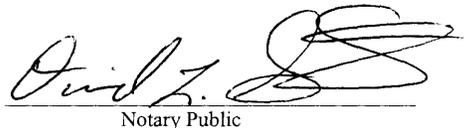
By:   
Gordon D. Smith, Community Bank President

STATE OF MA, City of Elk River

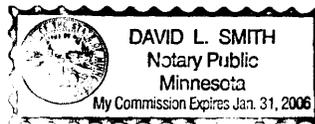
On this 29<sup>th</sup> day of October, 2004, before me, a Notary Public of the County and State aforesaid, personally appeared Richard M. Murphy, III, to me personally known, who being by me duly sworn, says that he is the President of Midwest Railcar Corporation, an Illinois corporation, that the seal 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)

  
Notary Public

My commission expires: 1-31-06



STATE OF ILLINOIS, County of Madison

On this 29<sup>th</sup> day of October, 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

(Seal)

  
Notary Public

My commission expires: 2-24-08



EXHIBIT "A"

DESCRIPTION OF RAILCARS

Car Description:

Eleven (11) 4600-4750 cube, 100-ton covered hopper railcars with 263,000 lb GRL, each car with 3 pockets, trough hatches and gravity gates. All Cars delivered to Lessee will be repaired to AAR and FRA specifications, clean and free of all accumulations or deposits. Following are the Cars' reporting marks:

MWCX 460045  
MWCX 460046  
MWCX 460048  
MWCX 460049  
MWCX 460050  
MWCX 460053  
MWCX 460054  
MWCX 460059  
MWCX 460060  
MWCX 460063  
MWCX 460064