**Section 800.350 Security Interest**

a) The Department shall retain a purchase money security interest on all such rail and ties, purchased with State funds under the contract. The Department will perfect said security interest at its own expense.

b) All loan recipients shall grant the Department a first mortgage on rail and ties financed with State funds provided under the contract. The recipient shall be responsible for preparing mortgage documents enforceable by the Department and filing executed mortgage documents with the appropriate Recorder(s) of Deeds. The recipient shall provide the Department with legal descriptions of the property on which rail and ties are to be installed.

c) The Department's obligation to make payments to the recipient under Section 800.380 is expressly conditioned upon prior receipt by the Department of the above-described mortgage documents and legal descriptions. The recipient shall provide the Department with an inventory identifying materials financed with State funds. Ties and rail shall be identifiable by distinctive durable mark or brand. Upon full payment and satisfaction of all of the recipient's liabilities under the contract, the Department will provide the recipient with a written release of its security.