



Grand Rapids
 STATE BANK
 GRAND RAPIDS, MINN.
 55744
 PHONE 326-9414

RECORDATION NO. 9809 Filed 1425

OCT 31 1978 - 10 45 AM

INTERSTATE COMMERCE COMMISSION

October 27, 1978

8-304A013

No. _____
 Date OCT 31 1978
 Fee \$ 50.00

ICC Washington, D. C.

Secretary of the Interstate Commerce Commission
 Washington, D.C. 20423

Dear Sir:

We have recently made a loan to one of our customers, Keith Stolen, on four railroad cars.

According to information received, it is necessary that the security agreement be filed with your department. I enclose a security agreement in triplicate along with a \$50 filing fee. I would appreciate receiving evidence from your office showing this has been properly filed.

Sincerely,

Clair C. Wilcox
 President

CCW/ds
 Enc.

RECEIVED
 OCT 31 10 43 AM '78
 I. C. C.
 FEE OPERATION BR.

Interstate Commerce Commission
Washington, D.C. 20423

11/1/78

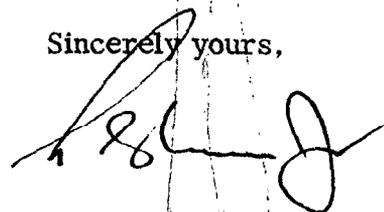
OFFICE OF THE SECRETARY

Clair C. Wilcox
Grand Rapids State Bank
Grand Rapids, Minn. 55744

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 20(c) of the Interstate Commerce Act, 49 U.S.C. 20(c), on 10/31/78 at 10/45am, and assigned recordation number(s) 9809

Sincerely yours,



H.G. Homme, Jr.,
Acting Secretary

Enclosure(s)

SE-30-T
(2/78)

SECURITY AGREEMENT

Inventory for Lease

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INTERSTATE COMMERCE COMMISSION

The undersigned (hereinafter called "Borrower") hereby grants to

Grand Rapids State Bank, Grand Rapids, Minnesota

(Name and Address of Bank)

(hereinafter called "Bank") a Security Interest in the following described property (hereinafter called "Collateral"):

Describe Railroad Cars

Boxcars manufactured by Pullman-Standard Car Manufacturing Co., a division of Pullman Incorporated, newly constructed, 50-foot, 70 ton, steel XM-boxcars with a 5,332-cubic foot capacity. Four serial numbers as follows: VTR 11106, VTR 11118, VTR 11119 and VTR 11120

All Leases now existing or hereafter at any time acquired by Borrower and concerning Goods described above.

All Proceeds of all of the foregoing,

to secure payment to the Bank at its banking house at the address stated above of all notes of Borrower concurrently herewith, heretofore, or hereafter delivered to or purchased or otherwise acquired by the Bank, and all other liabilities and indebtedness of Borrower to the Bank, due or to become due, direct or indirect, absolute or contingent, joint or several, howsoever created, arising or evidenced, now existing or hereafter at any time created, arising or incurred (hereinafter called "Secured Obligations").

Borrower warrants, represents and agrees that:

1. Part of the Collateral comprising Goods now constitutes, or as and when acquired by Borrower will constitute Inventory (as that term is defined in the Uniform Commercial Code) and is or will be kept at the following location or locations:

and will not be removed from such location or locations unless, prior to any such removal, Borrower has given written notice to the Bank of the location or locations to which the Borrower desires to remove the same, and the Bank has given its written consent to such removal.

2. If any of the Collateral is Goods of a type normally used in more than one state (whether or not actually so used), Borrower will contemporaneously herewith furnish the Bank a list of such Collateral showing the states wherein the same is or will be used, and hereafter will notify the Bank in writing (i) of any other states wherein any of the Collateral is so used, and (ii) of any change in the location of Borrower's chief place of business.

3. Borrower has or will acquire title to and will at all times keep the Collateral free of all liens and encumbrances, except the Security Interest created hereby, and has full power and authority to execute this Security Agreement, to perform Borrower's obligations hereunder and to subject the Collateral to the Security Interest created hereby. No financing statement covering all or any part of the Collateral, except any which may have been filed by the Bank, is on file in any public office.

4. Borrower will at any time or times hereafter execute such financing statements and other instruments and perform such acts as the Bank may request to establish and maintain a valid Security Interest in the Collateral, and will pay all costs of filing and recording.

5. Borrower will keep the Collateral in good condition and insured against such risks and in such amounts as the Bank may request, and with an insurance company or companies satisfactory to the Bank, the policies to protect the Bank as its interest may appear and to be delivered to the Bank at its request.

6. Upon default by Borrower in any of the preceding agreements, the Bank at its option may (i) effect such insurance and repairs and pay the premiums therefor and the costs thereof and (ii) pay and discharge any taxes, liens, and encumbrances on the Collateral. All sums so advanced or paid by the Bank shall be payable by Borrower on demand with interest at the maximum rate allowed by law and shall be a part of the Secured Obligations.

7. Borrower will not sell, lease or otherwise dispose of any Inventory Collateral other than in the ordinary course of its business at prices constituting the then fair market value thereof, or at the Minimum Release Price therefor contained herein or in any Supplement to Security Agreement further describing Inventory Collateral concerned. Borrower will not sell, transfer, lease or otherwise dispose of any Collateral other than Inventory Collateral, or attempt or offer to do so, without the prior written consent of the Bank. Borrower agrees to account for and pay over or deliver to the Bank all Proceeds of all Collateral promptly upon receipt thereof.

8. The Bank shall have the right, but shall not be obligated to (a) notify all Account Debtors (as that term is defined in the Uniform Commercial Code) of the existence of the Bank's Security Interest, and (b) place on all Chattel Paper received as Proceeds a notation or legend showing the Bank's Security Interest.

9. Borrower will keep accurate books, records and accounts with respect to the Collateral, and with respect to the general business of Borrower, and will make the same available to the Bank at its request for examination and inspection; and will make and render to the Bank such reports, accountings and statements as the Bank from time to time may request with respect to the Collateral; and will permit any authorized representative of the Bank to examine and inspect, during normal business hours, any and all premises where the Collateral is or may be kept or located.

10. The occurrence of any of the following events shall constitute a Default: (a) failure of Borrower, or of any co-maker, indorser, surety or guarantor to pay when due any amount payable under any of the Secured Obligations; (b) failure to perform any agreement of Borrower contained herein; (c) any statement, representation, or warranty of Borrower made herein or at any time furnished to the Bank is untrue in any respect as of the date made; (d) entry of any judgment against Borrower; (e) appointment of a receiver for, loss, substantial damage to, destruction, theft, or encumbrance to or of any portion of the Collateral, or the making of any levy, seizure, or attachment thereof; (f) Borrower becomes insolvent or unable to pay its debts as they mature, or makes an assignment for the benefit of its creditors, or any proceeding is commenced by or against Borrower alleging that it is insolvent or unable to pay its debts as they mature; (g) death of any Borrower who is a natural person or of any partner of any Borrower which is a partnership; (h) dissolution, consolidation or merger, or transfer of a substantial part of the property of any Borrower which is a corporation or a partnership; (i) such a change in the condition or affairs (financial or otherwise) of Borrower or any co-maker, indorser, surety or guarantor of any of the Secured Obligations as in the opinion of the Bank impairs the Bank's security or increases its risk; or (j) the Bank deems itself insecure for any reason whatsoever.

11. Whenever a Default shall exist, the Bank may, at its option and without demand or notice, declare all or any part of the Secured Obligations immediately due and payable, and the Bank may exercise, in addition to the rights and remedies granted hereby, all rights and remedies of a secured party under the Uniform Commercial Code or any other applicable law.

12. Borrower agrees, in the event of Default, to make the Collateral available to the Bank at a place or places acceptable to the Bank, and to pay all costs of the Bank, including reasonable attorneys' fees, in the collection of any of the Secured Obligations and the enforcement of any of the Bank's rights. If any notification of intended disposition of any of the Collateral is required by law, such notification shall be deemed reasonably and properly given if mailed at least ten (10) days before such disposition, postage prepaid, addressed to the Borrower at the address shown below.

13. ~~No delay or failure by the Bank in the exercise of any right or remedy shall constitute a waiver thereof, and no single or partial exercise by the Bank of any right or remedy shall preclude other or further exercise thereof or the exercise of any other right or remedy.~~

14. If more than one party shall sign this Agreement, the term "Borrower" shall mean all such parties, and each of them, and all such parties shall be jointly and severally obligated hereunder.

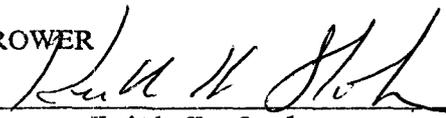
Executed and delivered at Grand Rapids, Minnesota

this 25th day of August, 19 78

ADDRESS

3817 Golf Course Rd.
Grand Rapids, MN 55744

BORROWER


Keith H. Stolen

Individual Form Of Acknowledgement

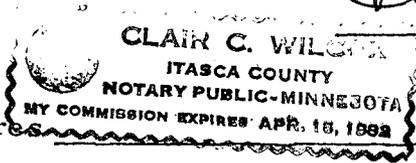
STATE OF Minnesota

County of Itasca, ss:

On this 25th day of August, 1978,

before me personally appeared KEITH H. STOLEN, to me known to be the person described in and who executed the foregoing instrument and he acknowledged that he executed the same as his free act and deed.

Clair C. Wilcox



My commission expires