

**BRAE**  
CORPORATION

RECORDATION NO. 9993 Filed 1425

No. S-002A154  
Date JAN 3 1979  
Fee \$ 100.00

9992  
RECORDATION NO. Filed 1425

JAN 3 1979-2 50 PM  
INTERSTATE COMMERCE COMMISSION

JAN 3 1979-2 50 PM  
INTERSTATE COMMERCE COMMISSION

January 2, 1978

H. G. Homme, Jr.  
Acting Secretary  
Interstate Commerce Commission  
Washington, D. C. 20423

RECORDATION NO. 9992A Filed 1425  
JAN 3 1979-2 50 PM  
I.C.C.  
FEE OPERATION: DR

RECEIVED  
JAN 3 2 44 PM '79

Dear Sir:

Enclosed for filing and recordation pursuant to Section 20c of the Interstate Commerce Act are the following documents relating to the railroad equipment described and marked in accordance with Schedule I attached hereto:

- (1) Lease of Railroad Equipment dated as of December 1, 1978 between Gould Financial Inc. and Brae Corporation ("Lease");
- (2) Lease of Railroad Equipment dated as of December 1, 1978 between Brae Corporation and Michigan Interstate Railway Company ("Sublease"); and
- (3) Assignment of Lease dated as of December 1, 1978 between Brae Corporation and Gould Financial Inc. ("Assignment of Sublease").

The names and addresses of the parties to the documents listed above are as follows:

- (1) Lease
  - (a) Lessor: Gould Financial Inc.  
10 Gould Center  
Rolling Meadows, Illinois 60008
  - (b) Lessee: Brae Corporation  
Three Embarcadero Center  
San Francisco, CA 94111
- (2) Sublease; Assignment of Sublease
  - (a) Lessor-Assignor: Brae Corporation  
Three Embarcadero Center  
San Francisco, CA 94111

*Handwritten signatures and initials on the left margin.*

(b) Assignee: Gould Financial Inc.  
10 Gould Center  
Rolling Meadows, Illinois 60008

(c) Lessee: Michigan Interstate Railway Company  
P.O. Box 619  
1801 West Main Street  
Owosso, Michigan 48867

Please file and record the enclosed documents and cross-index them under the names indicated below:

- (1) Lease: the Lessor and the Lessee; and
- (2) Sublease: the Lessor-Assignor, the Assignee and the Lessee.

Also enclosed is our check payable to the order of the Interstate Commerce Commission in the amount of \$100, the prescribed fee for filing and recording the enclosed documents.

Return to the person presenting this letter, together with your letter confirming such filing and recordation and your fee receipt therefor, all counterparts of the enclosed documents not required for filing.

Very truly yours,

  
Michael T. Everett  
Assistant Secretary

Enclosures

JAN 3 1979 -2 50 PM

## INTERSTATE COMMERCE COMMISSION

ASSIGNMENT OF LEASE dated as of December 1, 1978 (the "Assignment"), between BRAE CORPORATION, a Delaware corporation (the "Lessee"), and GOULD FINANCIAL INC., a Delaware corporation (the "Lessor").

R E C I T A L S

A. The Lessor has entered into an Lease of Railroad Equipment dated as of the date hereof (the "Lease") with the Lessee with respect to the units of railroad equipment described in Schedule A thereto (the "Units").

B. The Lessee and Michigan Interstate Railway Company (the "Sublessee") have entered into a Lease of Railroad Equipment dated as of December 1, 1978 (the "Sublease") between the Lessee, as lessor, and the Sublessee, as lessee, with respect to the Units.

C. In order to provide security for its performance under the Lease, the Lessee has agreed to assign to the Lessor for security purposes its rights under the Sublease.

Accordingly, the parties agree as follows:

§ 1. Subject to the provisions of § 11 hereof, the Lessee hereby assigns, transfers and sets over unto the Lessor, as security for the performance of the obligations of the Lessee under the Lease, all the Lessee's right, title and interest, powers, privileges, and other benefits under the Sublease, including, without limitation, the immediate right to receive and collect all rent and other amounts payable to the Lessee by the Sublessee pursuant to the provisions of the Sublease, whether as rent, casualty payments, indemnity, liquidated damages, or otherwise (the "Payments"), and the right to make all waivers and agreements, to give all notices, consents and releases, to take all action upon the happening of an Event of Default (as defined in the Sublease), and to do any and all other things whatsoever which the Lessee is or may become entitled to do under the Sublease. In furtherance of the foregoing assignment, the Lessee hereby irrevocably authorizes and empowers the Lessor in its own name, or in the name of its nominee, or in the name of the Lessee or as its attorney, to ask, demand, sue for, collect and receive any and all Payments to which the Lessee is or may become entitled under the Sublease, and to enforce compliance by the Sublessee with all the terms and provisions thereof.

The Lessor agrees to accept any payments made by the Sublessee pursuant to the Sublease for the account of the Lessee. To the extent received, the Lessor will apply such payments to satisfy the obligations of the Lessee under the Lease, and, so long as no event of default under the Lease or event which with the passage of time or giving of notice or both would constitute such an event of default shall have occurred and be continuing, any balance shall be paid to the Lessee on the same date such Payment is applied to satisfy such obligations of the Lessee, by check mailed to the Lessor on such date or, upon written request of the Lessee, by bank wire to the Lessee at such address as may be specified to the Lessor in writing, and such balance shall be retained by the Lessee.

§ 2. This Assignment is executed only as security and, therefore, the execution and delivery of this Assignment shall not subject the Lessor to, or transfer, or pass, or in any way affect or modify the liability of the Lessee under the Sublease. Notwithstanding this Assignment or any subsequent assignment, all obligations of the Lessee to the Sublessee under the Sublease shall remain enforceable by the Sublessee, its successors and assigns, against, and only against, the Lessee or persons other than the Lessor.

§ 3. The Lessee will faithfully abide by, perform and discharge each and every obligation, covenant and agreement which the Sublease provides is to be performed by the Lessee. Without the written consent of the Lessor, the Lessee will not anticipate the rents under the Sublease or waive, excuse, condone, forgive or in any manner release or discharge the Sublessee thereunder of or from the obligations, covenants, conditions and agreements to be performed by the Sublessee, including, without limitation, the obligation to pay rent in the manner and at the time and place specified therein or enter into any agreement amending, modifying or terminating the Sublease and the Lessee agrees that any amendment, modification or termination thereof without such consent shall be void. At the Lessee's expense, the Lessee will appear in and defend every action or proceeding arising under, growing out of or in any manner connected with the obligations, duties or liabilities of the Lessee under the Sublease.

§ 4. The Lessee does hereby irrevocably constitute the Lessor as the Lessee's attorney-in-fact, with full power (in the name of the Lessee or otherwise) to ask, require, demand, receive, compound and give acquittance for any and all Payments due and to become due under or arising out of the Sublease to which the Lessee is or may become entitled, to

enforce compliance by the Sublessee with all the terms and provisions of the Sublease, to endorse any checks or other instruments or orders in connection therewith and to file any claims or take any action or institute any proceedings which the Lessor may deem to be necessary or advisable in the premises.

§ 5. Upon the full discharge and satisfaction of all the Lessee's obligations under the Lease, this Assignment and all rights herein assigned to the Lessor shall terminate, and all interest of the Lessor in the Sublease shall revert to the Lessee.

§ 6. The Lessee will pay and discharge any and all liens, charges or security interests on the Sublease or the Payments due or to become due thereunder claimed by any party from, through or under the Lessee or its successors and assigns (other than the Lessor), not arising out of the transactions contemplated by the Lease or the Sublease (but including tax liens arising out of the receipt of the income and proceeds from the Units), which if unpaid, might become a lien, charge or security interest on or with respect to the Sublease or the Payments, unless the Lessee shall be contesting the same in good faith by appropriate proceedings in any reasonable manner and the nonpayment thereof does not, in the opinion of the Lessor, adversely affect the interest of the Lessor.

§ 7. The Lessee will, from time to time, do and perform any other act and will execute, acknowledge, deliver and file, register, deposit and record (and will refile, reregister, rerecord or redeposit whenever required) any and all further instruments required by law or reasonably requested by the Lessor in order to confirm or further assure the interest of the Lessor hereunder.

§ 8. The Lessor may assign all or any of the rights assigned to it hereby or arising under the Sublease, including, without limitation, the right to receive any Payments due or to become due. In the event of any such assignment, any such subsequent or successive assignee or assignees shall, to the extent of such assignment, enjoy all the rights and privileges and be subject to all the obligations of the Lessor hereunder.

§ 9. This Assignment shall be governed by the laws of the State of Illinois; but the parties shall be entitled to all rights conferred by Section 20c of the Interstate Commerce Act.

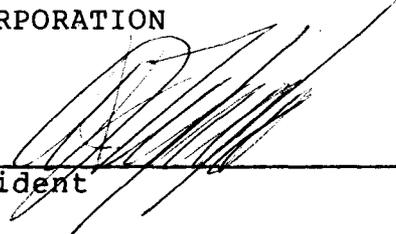
§ 10. The Lessee shall cause copies of all notices received in connection with the Sublease and all Payments thereunder to be promptly delivered or made to the Lessor at its address set forth in the Lease, or at such other address as the Lessor shall designate.

§ 11. The Lessor will not, so long as no event of default under the Lease shall have occurred and be continuing, exercise or enforce, or seek to exercise or enforce, or avail itself of, any of the rights, powers, privileges, authorizations or benefits which are assigned and transferred by the Lessee to the Lessor by this Assignment. Without limiting the generality of the foregoing, until such an event of default shall occur, the Sublessee shall in all events continue to make all Payments to the Lessee.

IN WITNESS WHEREOF, the parties have caused this Assignment to be executed by their duly authorized officers, as of the date first above written.

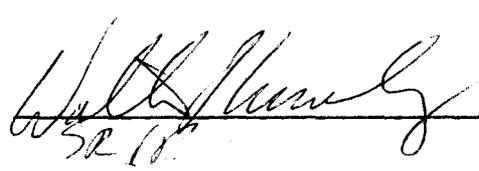
BRAE CORPORATION

By

  
\_\_\_\_\_  
President

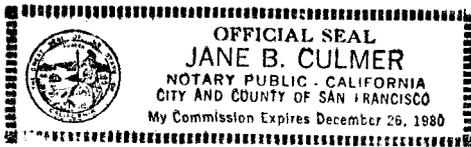
GOULD FINANCIAL INC.

By

  
\_\_\_\_\_  
SR (18)

STATE OF CALIFORNIA )  
 ) ss:  
CITY AND COUNTY OF SAN FRANCISCO )

On this 28th day of December, 1978, before me personally appeared William J. Texido, to me personally known, who, being by me duly sworn, says that he is the President of BRAE CORPORATION, that the foregoing instrument was signed on behalf of such 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 such corporation.



*Jane B Culmer*  
\_\_\_\_\_  
Notary Public

[Notarial Seal]

My Commission expires: *December 26, 1980*

STATE OF ILLINOIS

)

) SS:

COUNTY OF COOK

)

On this 29th day of December, 1978, before me personally appeared William L. Crowley, to me personally known who, being by me duly sworn, says that he is Senior Vice Pres. of GOULD FINANCIAL INC., that the foregoing instrument was signed on behalf of such 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 such corporation.

Lorene Part  
Notary Public

[Notarial Seal]

My Commission expires:

June 29, 1982

SUBLESSEE'S CONSENT

The undersigned, MICHIGAN INTERSTATE RAILWAY COMPANY, a Michigan corporation (the "Sublessee"), the lessee named in the Lease of Railroad Equipment (the "Sublease") referred to in the foregoing Assignment of Lease (the "Lease Assignment"), hereby acknowledges receipt of a copy of the Lease Assignment, consents to all the terms and conditions of the Lease Assignment and agrees that:

(1) the Lessor, as defined in the Lease Assignment, shall be entitled to the benefits of, and to receive and enforce performance of, all the covenants to be performed by the Sublessee under the Sublease as though the Lessor were named therein as the lessor;

(2) the Lessor shall not, by virtue of the Lease Assignment or this Consent, be or become subject to any liability or obligation under the Sublease; and

(3) the Sublease shall not, without the prior written consent of the Lessor, be terminated or modified, nor shall any action be taken or omitted by the Sublessee the taking or omission of which might result in an alteration or impairment of the Sublease or the Lease Assignment or this Consent or of any of the rights created by any thereof.

This Consent, when accepted by the Lessor by signing the acceptance at the foot hereof, shall be deemed to be an agreement under the laws of the jurisdiction of the Sublessee's principal place of business and, for all purposes, shall be construed in accordance with the laws of such jurisdiction.

MICHIGAN INTERSTATE RAILWAY COMPANY,

By \_\_\_\_\_  
Chairman

The foregoing Consent is hereby accepted, as of the 29th day of December, 1978.

GOULD FINANCIAL INC.

By Walter H. Newby



Dated: December \_\_, 1978

BRAE CORPORATION

By

\_\_\_\_\_  
Representative