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INTERSTATE COMMERCE COMMISSION

INTERSTATE COMMERCE COMMISSION

March 19, 1979

70-9-109 A 018
4/19/79
50.00
ICB Washington, D.C.

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

Re: Elliot S. Kaplan

Dear Sir:

Enclosed for filing are the original and two signed copies of a security agreement and assignment dated as of November 13, 1978 between Northwestern National Bank of Minneapolis as secured party and Elliot S. Kaplan as debtor pursuant to which the borrower has granted the bank a security interest in certain coal cars to secure a loan the bank has made to the borrower.

Would you please record this security agreement and assignment in your office. A check for \$50 payable to the ICC is enclosed to cover the filing fee.

The names and addresses of the parties to the transaction are as follows:

Secured Party and Lender:	Northwestern National Bank of Minneapolis North American Office 615 Seventh Street North Minneapolis, Minnesota 55411
Borrower and Person Granting Security Interest:	Elliot S. Kaplan 6911 McCauley Trail Edina, Minnesota 55435

The Equipment covered by the security interest consists of 2 coal cars. They are more particularly described in Exhibit A to the enclosed security agreement.

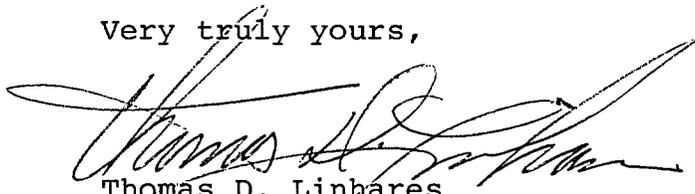


Secretary of the Interstate
Commerce Commission
March 19, 1979
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When the enclosed security agreement and assignment
have been recorded, the originals should be returned to me at
the following address:

Thomas D. Linhares
Northwestern National Bank
of Minneapolis
North American Office
615 Seventh Street North
Minneapolis, Minnesota 55411

Very truly yours,



Thomas D. Linhares
Vice President

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SECURITY AGREEMENT
(Relating to Loans on the Security of Present and Future Leases)

This Agreement dated 11-13-78, by and between
Elliot Kaplan, a
~~corporation~~ ("Lessor") and Northwestern National Bank of NPL
(the "Bank").

In consideration of any loan or advance presently or hereafter made by the Bank to Lessor, the parties hereto agree as follows:

1. Definitions. As used herein:

(a) "Assignment" means a writing signed by Lessor substantially in the form of Exhibit A attached hereto pursuant to which the Lease or Leases referred to therein together with any and all Lease Security therefor are assigned to the Bank as security subject to this Agreement, and the Goods covered by such Lease or Leases are likewise made subject to this Agreement.

(b) "Collateral" means all property in which a security interest is granted hereunder.

(c) "Goods" means the personal property leased under a Lease, together with all accessories, attachments, parts and repairs now or hereafter incorporated in or affixed to or used in connection with any such Goods, and includes goods substituted for the original Goods leased under a Lease and Goods that may be added to a Lease.

(d) "Lease" means any lease of which Lessor is the lessor (or an assignee of the lessor) and which is identified in an Assignment.

(e) "Lease Security" means each and every guaranty, security interest, mortgage, or other security securing the payment and performance of a Lease.

(f) "Lessee" means the lessee or lessees of a Lease.

(g) "Obligation" means each and every debt, liability or obligation which Lessor may now or hereafter owe to the Bank, whether such debt, liability or obligation now exists or is hereafter created or incurred, and whether it is or may be direct or indirect, absolute or contingent, due or to become due, primary or secondary, liquidated or unliquidated, or joint, several or joint and several.

(h) "Rent" means with respect to each Lease all moneys due or to become due under such Lease.

2. Security Interest. As security for the payment of all Obligations, Lessor hereby grants to the Bank a security interest in (i) all Goods, (ii) all Leases, (iii) all Rent, (iv) all Lease Security, and (v) proceeds of any and all of the foregoing.

3. Representations and Covenants of Lessor. Lessor represents, warrants and covenants that:

(a) The execution and performance of this Agreement and of each of the Leases will not violate any provision of the Lessor's Articles of Incorporation or By-Laws or any indenture, contract, agreement or instrument to which it is a party or by which it is bound.

(b) Lessor has good title to the Collateral, free and clear of all liens, attachments, encumbrances, security interests, disputes, set-offs, or counterclaims, except the Leases and the security interest granted hereunder; and Lessor will defend the Collateral against all claims and demands of all persons (other than the Bank and Lessees) claiming the Collateral or any interest therein, and will not encumber, sell or otherwise dispose of the Collateral.

(c) Each of the Leases is genuine, legally valid and enforceable; the unpaid Rent thereon and any Lease Security therefor is and will be as represented to the Bank at the time of assignment; and each Lease and any Lease Security therefor is and will be at the time of assignment free of any special arrangement or understanding or separate agreement regarding an option to purchase, the Rent, or any other matter contemplated by or related to the Lease and the Lease Security therefor except as disclosed to the Bank in writing prior to assignment; and no event of default has occurred and is continuing thereunder and no event has occurred and is continuing which with the lapse of time or giving of notice would constitute an event of default thereunder.

(d) Lessor will not modify, amend, reduce or terminate the term of, anticipate the Rent under, or release or accept the surrender of, any Lease or any Lease Security without the prior consent of the Bank. Lessor shall perform all of its duties and obligations under the Leases; promptly give written notice to the Bank of any default by any Lessee under any Lease of which Lessor has actual knowledge; and keep accurate books, records and accounts with respect to the Leases.

(e) Lessor will deliver to the Bank the original of any Lease or Leases that the Bank may from time to time request, and will not execute any copies of any Lease other than a copy for delivery to the Lessee named in such Lease. With respect to Leases left in the possession of Lessor, Lessor will deliver to the Bank upon request proof satisfactory to the Bank of the existence of any such Lease or Leases and will permit the Bank to stamp any such Lease or Leases with a legend reflecting the Bank's security interest therein.

(f) All Goods have been delivered and accepted by the respective Lessees of the Leases and each Lessee has acknowledged

receipt and acceptance of the Goods leased to it. Upon request by the Bank, Lessor will cause such Goods to be stamped or otherwise labeled reflecting that Lessor is the owner of such Goods.

(g) Lessor will maintain the Goods, or cause the Goods to be maintained, in good condition and repair, ordinary wear and tear excepted.

(h) Lessor will pay, or cause to be paid, all taxes levied or assessed against the Goods prior to the date on which penalties attach thereto.

(i) Lessor will procure and maintain, or cause to be procured and maintained, insurance issued by responsible insurance companies insuring the Goods against damage and loss by theft, fire, collision (in the case of motor vehicles), and such other risks as are usually carried by owners of similar properties or as may be requested by the Bank, in such amounts and payable in such manner as the Bank shall request (including naming the Bank as an additional insured) and will furnish evidence of such insurance to the Bank upon request.

(j) Lessor will not use the Goods, or permit the Goods to be used, for any unlawful purpose or in violation of any federal, state or municipal law.

(k) Each item of Collateral constituting a motor vehicle shall be registered, and a certificate of title issued therefor, under the laws of each state requiring such registration and the issuance of such a certificate at the time the Assignment of the Lease covering such Collateral is made to the Bank. Lessor may not change the state of registration without prior notification to the Bank of the new state. All other tangible Collateral shall, at the time the Assignment of the Lease covering such Collateral is made to the Bank, be located at the address of the Lessee thereof or such other address as Lessor may represent to the Bank in writing. Lessor will not permit any Lessee to remove any Collateral from such locations, except for temporary periods not exceeding 30 days, without prior notification to the Bank of the new location or locations.

(l) Upon request by the Bank, Lessor will cause the Bank's security interest granted hereunder to be endorsed on each certificate of title evidencing ownership of Collateral constituting motor vehicles.

(m) Lessor will permit the Bank to examine Lessor's books and records with respect to the Collateral and make extracts therefrom and copies thereof at any time and from time to time, and Lessor will furnish such information and reports to the Bank regarding the Collateral as the Bank may from time to time request. Lessor will also permit the Bank to inspect the Goods at any time and from time to time as the Bank may reasonably request.

(n) As soon as any officer of the Lessor becomes aware of the existence of any Event of Default or any event which could become an Event of Default after notice or lapse of time or both, Lessor will give notice to the Bank that such Event of Default or event exists, stating the nature thereof, the period of existence thereof, and what action Lessor proposes to take with respect thereto.

(o) Lessor will execute, from time to time, such financing statements assignments, and other documents covering the Collateral, including proceeds, as the Bank may reasonably deem appropriate in order to perfect its security interest in the Collateral (including Lease Security acquired by Lessee after the related Lease has been assigned to the Bank hereunder); will pay the cost of filing the same in all public offices in which the Bank may deem filing to be appropriate; will disclose upon request by the Bank the name of the record owner and the legal description of any real property to which any Goods may be deemed fixtures; and will notify the Bank promptly upon acquiring any Lease Security for a Lease previously assigned to the Bank hereunder.

(p) Upon request by the Bank, Lessor will file a financing statement or statements naming as debtor such Lessee or Lessees as may be designated by the Bank, and will assign Lessor's rights under any such financing statement to the Bank.

4. Collection of Rent. The Bank may at any time (whether before or after the occurrence of an Event of Default) notify any Lessee that its Lease has been assigned to the Bank for security and that all Rent payable thereunder shall be paid directly to the Bank. The Bank may also direct Lessor to so notify any Lessee, and Lessor agrees to follow any such directions. All Rent received by Lessor from Lessees so notified shall be received and held by Lessor in trust for the Bank and shall be delivered to the Bank immediately upon receipt thereof by Lessor in the same form as received except for Lessor's endorsement when necessary. No such payment of Rent shall constitute payment of any Obligation until the Bank receives good funds therefor. In the event Lessor fails to endorse any instrument given in payment of Rent, the Bank is hereby irrevocably authorized to endorse the same on Lessor's behalf.

5. Assignment of Insurance. Lessor hereby assigns to the Bank, as additional security for payment of the Obligations, any and all moneys due or to become due under, and all other rights or Lessor with respect to, any and all policies of insurance covering the Collateral, and Lessor hereby directs the issuer of any such policy to pay any such moneys directly to the Bank. Both before and after an Event of Default, the Bank may (but need not) in its own name or in Lessor's name execute and deliver proofs of claim, receive such moneys, endorse checks and other instruments representing such moneys, and settle or litigate any claim against the issuer of any such policy.

6. Events of Default. The occurrence of any of the following events shall constitute an Event of Default hereunder: (i) Lessor's failure to pay, when due, any payment of principal of or interest on any Obligation; (ii) Lessor's failure to duly perform or observe any of the agreements and covenants to be performed or observed by Lessor hereunder and the continuance thereof for a period of 15 consecutive calendar days; (iii) any warranty, representation or statement made or furnished to the Bank by or on behalf of Lessor proves to have been false in any material respect when made or furnished; (iv) dissolution, liquidation, insolvency, or business failure of, appointment of a receiver of any part of the property of, assignment for the benefit of creditors by, or the commencement of any proceeding under any bankruptcy or insolvency law by or against, Lessor; or (v) the Bank shall at any time have reasonable grounds to believe that the prospect of due and punctual payment of any of the Obligations is impaired.

7. Rights and Remedies on Default. Upon the occurrence of an Event of Default, and at any time thereafter until such default is cured to the written satisfaction of the Bank, the Bank may exercise any one or more of the following rights and remedies:

(a) The Bank may declare any and all Obligations to be immediately due and payable, and the same shall thereupon become immediately due and payable without further notice or demand;

(b) The Bank may offset any indebtedness then owed by the Bank to Lessor, whether or not then due, against any indebtedness then owed by Lessor to the Bank, whether or not then due; and

(c) The Bank may exercise any and all other rights and remedies available to it by law or by agreement, including rights and remedies under the Uniform Commercial Code, or any other applicable law, or under any Lease or Lease Security therefor, and in connection therewith, the Bank may require Lessor to assemble the Goods (subject to the rights, if any, of Lessees) and make them available to the Bank at a place to be designated by the Bank which is reasonably convenient to both parties, and any notice of intended disposition of any of the Collateral required by law shall be deemed reasonable if such notice is mailed or delivered to Lessor at its address as shown on the Bank's records at least 10 days before the date of such disposition.

8. Miscellaneous. (a) It is understood that the Bank does not in any way assume any of Lessor's obligations under any of the Leases, and Lessor hereby agrees to indemnify the Bank against all liability arising in connection with or on account of any of the Leases or any of the Goods.

(b) If Lessor fails to observe or perform any covenant or agreement contained in this Agreement and such failure is not remedied by Lessor within 10 days after written notice thereof, the Bank may,

in addition to any other remedy, take whatever action may be necessary to remedy such failure and should any such action require the expenditure of moneys to protect and preserve the Bank's security interest in the Collateral (including payment of insurance premiums and taxes and removal of liens), the amount of such expenditure shall become forthwith due and payable by Lessor with interest at the highest rate of interest then allowed by law and shall be secured by the security interest granted hereunder.

(c) The Bank shall not be deemed to have waived any of its rights hereunder or under any other agreement, instrument or paper signed by Lessor unless such waiver be in writing and signed by the Bank. No delay or omission on the part of the Bank in exercising any right shall operate as a waiver of such right or any other right. A waiver on any one occasion shall not be construed as a bar to or waiver of any right or remedy on any future occasion.

(d) All rights and remedies of the Bank shall be cumulative and may be exercised singularly or concurrently, at the Bank's option, and the exercise or enforcement of any one such right or remedy shall not bar or be a condition to the exercise or enforcement of any other.

(e) This Agreement shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the laws of the State in which the Bank is located.

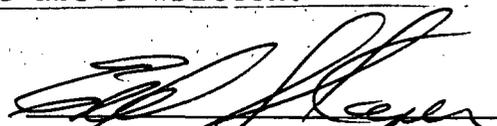
(f) The Bank may sign this Agreement if it chooses (for the purpose of filing or otherwise), but this Agreement shall be valid and effective and enforceable against Lessor if signed by Lessor even though not signed by the Bank.

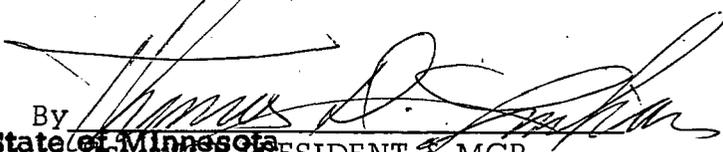
(g) Lessor agrees to pay the reasonable attorneys' fees and legal expenses incurred by the Bank in the exercise of any right or remedy available to it under this Agreement.

(h) This Agreement shall be binding upon and inure to the benefit of the successors and assigns of Lessor and the Bank.

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the date and year first above written.

Northwestern National Bank
Bank of (Mpls. Amer. Ofc.)


Elliot S. Kaplan
Lessor

By 
State of Minnesota
County of Hennepin
VICE PRESIDENT & MGR.

By _____
Its _____

On the thirteenth day of November, 1978, before me came Elliot S. Kaplan, to me known to be the individual described in and who executed the foregoing instrument and acknowledged that he executed the same.


LORRAINE C. JOHNSON
Notary Public
HENNEPIN COUNTY
NOTARY PUBLIC-MINNESOTA
MY COMMISSION EXPIRES APR. 10, 1983

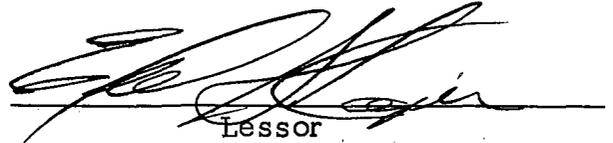
ASSIGNMENT

For value received, the undersigned ("Lessor") hereby assigns to ~~Northwestern National Bank of Mpls. North American Office~~ (the "Bank"), its successors and assigns, all of Lessor's right, title and interest (including the right to receive rent now or hereafter owing) in and to the following described lease or leases and in and to any and all Lease Security therefor:

<u>Lessee's Name and Address</u>	<u>Description of Goods Leased</u>	<u>Location of Goods When Leased</u>	<u>Date of Lease</u>
Carter Oil Company 601 Jefferson St. Dresser Tower Bldg. Rm. 1261 Houston, Texas 77001	2 - Used 3,840 cu. ft. capacity, 100 ton truck, quick drop, rapid discharge, used Ortner railroad coal cars. Ser. Nos. PLMX 4002 & PLMX 4003.	Rolling Railroads stock.	11/21/78

This Assignment is made in connection with and constitutes an "Assignment" under that certain Security Agreement (Relating to Loans on the Security of Present and Future Leases) dated November 13, 1978 by and between the undersigned and the Bank, and the lease or leases described herein and the Goods leased thereunder are hereby made sub-ject to said Security Agreement.

Dated: **November 13, 1978**


Lessor

By _____
Its _____