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INTERSTATE COMMERCE COMMISSION

AMENDMENT NO. 1 TO THE CHATTEL MORTGAGE, DATED AS OF AUGUST 8, 1979 OF HON FINANCIAL CORPORATION II

THIS AMENDMENT NO. 1 (herein called "this Amendment") made and entered into as of December 13, 1979, by and between HON FINANCIAL CORPORATION II, an Iowa corporation which has a mailing address of 414 East Third St., Muscatine, Iowa (hereinafter called the Company), and the CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO, a national banking association with its main office at 231 South LaSalle Street, Chicago, Illinois (hereinafter called the Bank).

WHEREAS, the Company will, subject to the satisfaction of certain conditions precedent, be granted a term loan (herein called the Loan) in the aggregate principal amount of $2,300,000 pursuant to a Term Loan Agreement dated as of December 13, 1979 (herein called the Loan Agreement) among the Company, HON FINANCIAL CORPORATION I, an Iowa corporation (herein called HFC 1), and the Bank, to be evidenced by the promissory note of the Company (herein called the Note) payable to the order of the Bank;

WHEREAS, as a condition to the granting of the above described credit by the Bank to the Company the Bank has required the Company to assign to the Bank a security interest in the railroad boxcars and leases thereof obtained pursuant to the Boxcar Purchase Contract dated September 21, 1979, and the Management Agreement dated September 28, 1979, between the Company and Rex Railways, Inc., in order to secure the repayment of the Loan made pursuant to such credit;

WHEREAS, pursuant to a Term Loan Agreement among the Company, HFC 1 and the Bank dated as of August 8, 1979, and a Guaranty granted by the Company to the Bank dated as of August 8, 1979, the Company executed a Chattel Mortgage (herein called the Chattel Mortgage) dated as of August 8, 1979, assigning to the Bank rights in certain railroad boxcars and leases thereof; and

WHEREAS, the Company desires to amend the Chattel Mortgage as hereinafter provided in order to grant to the Bank the above described liens in order to secure the above described indebtedness;

NOW THEREFORE, the parties hereto agree as follows:

1. The Chattel Mortgage is amended as follows:

(a) The fourth "Whereas" clause of the Preamble to the Chattel Mortgage, is hereby deleted and restated in its entirety as follows:

"Whereas, the HFC 2 Liabilities, as defined in the Loan Agreement dated as of December 13, 1979 among the Company, HFC 1 and the Bank (herein called the HFC 2 Loan Agreement) whether or not such Agreement shall hereafter not be in effect or terminated in any manner whatsoever, are hereinafter referred to as 'indebtedness hereby secured'";

(b) In the fourth line of the first paragraph on page 2 of the Chattel Mortgage the clause "the HFC 2 Loan Agreement", is inserted immediately after the word "Agreement)".

(c) In the last paragraph of the second page of the Chattel Mortgage, the phrase "at a time when the Credit (as defined in the Loan Agreement) has expired", is deleted and the phrase "at a time when the Mortgagee has no outstanding commitment to make any loans or advances to the Mortgagor or HFC 1" is inserted in lieu thereof.

(d) In Section 3.1, the phrase "or HFC 2 Loan Agreement or any event of default arising under any agreement or instrument pursuant to which any of the indebtedness hereby secured is evidenced or outstanding" shall be inserted immediately after the phrase "Loan Agreement" in line two thereof, and the phrase "or HFC 2 Loan Agreement" shall be inserted immediately after the phrase "Loan Agreement" in line four thereof.

(e) In the eighth line of Section 3.3, the phrase ", the Note outstanding pursuant to the HFC 2 Loan Agreement, or any note outstanding pursuant to any other agreement and constituting part of the indebtedness hereby secured (all in such order as the Mortgagee shall determine)" is inserted immediately after the word "Note".

(f) The following items are added to Schedule A of the Chattel Mortgage:

Type of Car:	70-ton, 50'6" XM Boxcar
Quantity:	50
Lessee:	Lamoille Valley Railroad Company
Lease Dates:	July 24, 1979 (Master Lease)
Term (Years):	10 years
Car Numbers (Both Inclusive):	LVRC 5000-5049
Total cost:	$2,057,008.50

(g) Schedule B to the Chattel Mortgage is deleted and Schedule B hereto is inserted in lieu thereof. The term "Assignment of Lease" and "Schedule B" wherever used in the Chattel Mortgage and in this Amendment shall refer to Schedule B hereto.

2. The Company shall execute and deliver to the Bank an Assignment of Lease in the form of Exhibit B to the Chattel Mortgage, with respect to each of the Leases listed in Section 1 (f) hereof as required by Section 2.1 of the Chattel Mortgage.

3. Except as expressly set forth herein, this Amendment shall not constitute an amendment, waiver or consent with respect to any provision of the Chattel Mortgage. This Amendment shall be a part of the Chattel Mortgage and all references to the Chattel Mortgage in the Chattel Mortgage and Exhibits thereto shall be deemed to refer to the Chattel Mortgage as amended by this Amendment. As herein amended, the Chattel Mortgage is hereby ratified, approved and confirmed in each and every respect.

IN WITNESS WHEREOF, the parties hereto have caused their corporate names to be hereunto subscribed by officers thereunto duly authorized all as of the day and year first above written.

HON FINANCIAL CORPORATION II

THIS CORPORATION HAS NO SEAL

By: Stanley M. Howe
Stanley M. Howe,
President

ATTEST: Robert L. Carl
Secretary

CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO

By: Robert P. Gibbs
Vice President

ATTEST:

Operations Officer

STATE OF IOWA)
) SS.
COUNTY OF MUSCATINE)

On this 21st day of December, 1979, before me personally appeared Stanley M. Howe and Robert L. Carl to me personally known, who being by me duly sworn, say that they are, respectively the President and Secretary of HON FINANCIAL CORPORATION II, an Iowa corporation, that said instrument was signed on behalf of said corporation by authority of its Board of Directors, and they acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Karen Padgett
Notary Public

My Commission expires 9/30/82.

STATE OF ILLINOIS)
) SS.
COUNTY OF C O O K)

On this 19th day of December, 1979, before me personally appeared Robert P. Gilbo and J. Borowicz to me personally known, who being by me duly sworn, say that they are, respectively, the Vice President and Operations Officer of CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO, a national banking association, that the seal affixed to the foregoing instrument is the corporate seal of said association, that said instrument was signed and sealed on behalf of said association by authority of its Board of Directors, and they acknowledged that the execution of the foregoing instrument was the free act and deed of said association.

Susan A. Monty
Notary Public

My Commission Expires January 3rd, 1983

My Commission expires _____.

SCHEDULE B

ASSIGNMENT OF LEASE

WHEREAS, HON FINANCIAL CORPORATION II, an Iowa corporation (herein called the Company), Rex Railways, Inc., a New Jersey corporation (herein called Rex) acting as the agent of the Company, and _____, _____ (herein called the Lessee), have entered into a lease (herein called the Lease) dated _____, 1979, providing for the lease by the Company to the Lessee of _____ cars therein described (herein referred to as the Cars); and

WHEREAS, the Lease was recorded pursuant to the provisions of 12 U.S.C. 11303 and was assigned recordation number _____; and

WHEREAS, the Company has entered into a certain Chattel Mortgage (herein called the Mortgage) dated August 8, 1979, as amended, securing the various obligations of the Company defined in the Mortgage as "indebtedness hereby secured" to the Continental Illinois National Bank and Trust Company of Chicago, a national banking association (herein called the Mortgagee), and the Company has agreed to assign all of its right, title and interest in and to the Lease to Mortgagee as additional security for the obligations so defined in the Mortgage.

NOW, THEREFORE, for value received and upon the terms and conditions hereinafter set forth:

1. The Company, in order to secure the payment of all obligations of the Company defined in the Mortgage as "indebtedness hereby secured" and the performance and observance of all of the covenants and agreements in the Mortgage, the Loan Agreement, dated as of August 8, 1979, among the Company, Hon Financial Corporation I (herein called HFC 1) and the Mortgagee, the Guaranty (referred to in the aforesaid Loan Agreeme of HFC 1) the Loan Agreement, dated as of December 13, 1979, (herein called the HFC 2 Loan Agreement) among the Company, HFC 1 and the Mortgagee, the Note (referred to in the Mortgage), the Note issued pursuant to the HFC 2 Loan Agreement, all other agreements and instruments, between the Company and the Mortgagee or given by the Company to the Mortgagee, and in this Assignment provided to be performed or observed by the Company, does hereby sell, assign, transfer and set over to Mortgagee all of the

right, title and interest of the Company in and to the rentals and all other amounts payable by the Lessee, Rex or any other person, firm or corporation with respect to the Cars or under the Lease, except that any amount so payable shall continue to be paid to and received by the Company until and unless Mortgagee or its successors or the Company shall notify the Lessee or any successor to its interest that an Event of Default has occurred under the terms and provisions of the Mortgage (as therein defined) and that the payments are thereafter to be made to Mortgagee, or its successors; and in furtherance of this Assignment and transfer, the Company does hereby authorize and empower Mortgagee in the event of notice of a default as aforesaid, in its own name to sue for, collect, receive and enforce all payments to be made to the Company or to Rex by the Lessee under and in compliance on the part of the Lessee with the terms and provisions of the Lease, to exercise all of the rights of the Company under any of the provisions of the Lease including, without limitation, the right to terminate or renew, and in its discretion to take any action under the Lease or with respect to the Cars as the Company could have taken thereunder if it had not assigned and transferred its rights therein, provided that nothing herein shall obligate Mortgagee to take any action under the Lease or in respect of the Cars.

2. The Company hereby warrants and covenants (a) that on the date hereof title to the Cars and the Lease (subject to this Assignment and the rights of the Lessee under the Lease) is vested in the Company, that it has good and lawful right to grant a security interest in the Cars and to assign the Lease as provided in the Mortgage and herein and that its right and title thereto is free from all liens and encumbrances (excepting only liens for ad valorem taxes not now in default and the rights of Rex pursuant to Section 10 of the Management Agreement (as defined in the Mortgage), subject, however, in each case to the rights of the Lessee under the Lease and to the rights of the assignee hereunder; and (b) that notwithstanding this Assignment, it will perform and comply or cause Rex to perform or comply with each and all of the covenants and conditions in the Lease set forth to be complied with by the Company. The Company will cause notice of this Assignment forthwith to be given to the Lessee (together with a copy of this Assignment).

3. The Company represents and warrants that the Lease has been duly authorized and executed by Rex as its agent, that it authorized and ratified the execution and it covenants that it will, from time to time, at the request of Mortgagee, make, execute and deliver all such further instruments of assignment, transfer and assurance and do such further acts and things as

Mortgagee may reasonably request to give effect to the provisions hereof and to confirm the right, title and interest hereby assigned and transferred to Mortgagee or intended so to be.

4. Pursuant to the terms of the Mortgage and this Assignment, the Company shall not without the prior consent of Mortgagee:

(a) terminate, modify or accept a surrender of, or offer or agree to any termination, modification, or surrender of, the Lease (except as otherwise expressly provided in the Mortgage) or allow Rex to do so, or by affirmative act consent to the creation or existence of any security interest or other lien to secure the payment of indebtedness upon the leasehold estate of the Company created by the Lease; or

(b) receive or collect or permit the receipt or collection of any rental payment under the Lease prior to the date for payment thereof provided for by the Lease (except as required by the Management Agreement) or assign, transfer or hypothecate (other than to the Mortgagee under the Mortgage) any rent payment then due or to accrue in the future under the Lease in respect of the Cars; or

(c) sell, mortgage, transfer, assign or hypothecate (other than to Mortgagee under the Mortgage) its interest in the Cars or any part thereof or in any amount to be received by it from the use or disposition of the Cars.

5. When the Mortgagee shall have no outstanding commitment to make any loans or advances to the Company or HFC 1 and upon full discharge and satisfaction of all indebtedness secured by the Mortgage, the assignment made hereby shall terminate and all estate, right, title and interest of Mortgagee in and to the Lease shall cease and revert to the Company. Mortgagee agrees that upon termination of said Credit and satisfaction of the indebtedness as aforesaid, it will execute and deliver to the Company a release or reassignment of its interest hereunder as the Company may request.

IN WITNESS WHEREOF, the Company has caused this instrument to be executed by its proper officers thereunto duly authorized as of the 13th day of December, 1979.

ATTEST:

HON FINANCIAL
CORPORATION II

Secretary

By_____
President

ACCEPTED:

CONTINENTAL ILLINOIS NATIONAL
BANK AND TRUST COMPANY OF CHICAGO,
as Mortgagee

Operations Officer

By_____
Vice President

REX claims no interest as lessor in the Leases of the Cars assigned pursuant to this Assignment of Lease.

ATTEST:

REX RAILWAYS, INC.,
As Agent for the Company

_____
Assistant Secretary

By_____
Vice President

STATE OF IOWA)
) SS.
COUNTY OF MUSCATINE)

On this _____ day of _____, 1979, before me personally appeared _____ and _____ to me personally known, who being by me duly sworn, say that they are, respectively, the President and Secretary of HON FINANCIAL CORPORATION II, an Iowa corporation, that said instrument was signed on behalf of said corporation by authority of its Board of Directors, and that they acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

_____
Notary Public

My Commission expires _____

STATE OF ILLINOIS)
) SS.
COUNTY OF C O O K)

On this 19th day of December, 1979, before me personally appeared Robert P Gibbs and J. Bowers to me personally known, who being by me duly sworn, say that they are, respectively, the Vice President and Operations Officer of CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO, a national banking association, that the seal affixed to the foregoing instrument is the corporate seal of said association, that said instrument was signed and sealed on behalf of said association by authority of its Board of Directors, and they acknowledged that the execution of the foregoing instrument was the free act and deed of said association.

Susan A. Mont
Notary Public

My Commission Expires January 3rd, 1983

My Commission expires _____

STATE OF NEW JERSEY)
) SS.
COUNTY OF BERGEN)

On this _____ day of _____, 1979, before me personally appeared _____ and _____ to me personally known, who being by me duly sworn, say that they are, respectively, the Vice President and Assistant Secretary of REX RAILWAYS, INC., a New Jersey corporation, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and that they acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

_____
Notary Public

My Commission expires _____