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RICHARD W. BRYAN*
CHRISTINE A. NYKIEL*
TIMOTHY R. DINGILIAN

*ALSO ADMITTED IN MARYLAND
**ALSO ADMITTED IN VIRGINIA

No. OCT 18 1984
Date
Fee \$ 10.00

INT'L TELEX: 64706
(202) 457-1600

October 18, 1984

HAND-DELIVERED

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457-1634 (202)

OCT 18 1984 - 1 05 PM
4-292A 100
INTERSTATE COMMERCE COMMISSION

ICC OFFICE OF
THE SECRETARY
OCT 18 12 52 PM '84
MOTION PICTURE UNIT

Mr. James H. Bayne
Office of the Secretary
Recordation Office
Interstate Commerce Commission
12th Street and Constitution Avenue, N.W.
Washington, D.C. 20423

Re: Citicorp Industrial Credit, Inc.
and Iowa Interstate Railroad, Ltd.

Dear Mr. Bayne:

In accordance with the provisions of Section 11303 of the Revised Interstate Commerce Act, 49 U.S.C. § 11303, and Part 1116 of Title 49 of the Code of Federal Regulations, I request, as special counsel for Citicorp Industrial Credit, Inc., that the enclosed document be recorded and filed with the Interstate Commerce Commission.

You will find enclosed herewith four (4) duplicate originals of the following document:

Loan and Security Agreement by and between Iowa Interstate Railroad, Ltd., as Debtor, and Citicorp Industrial Credit, Inc., as Secured Party, dated October 15, 1984.

This Loan and Security Agreement is intended to secure the payment of monies loaned and/or to serve as evidence of indebtedness of Iowa Interstate Railroad, Ltd., to Citicorp Industrial Credit, Inc., with respect to the purchase by Iowa

C. Cunningham
David H. Cox

Mr. James H. Bayne
October 18, 1984
Page two

Interstate Railroad, Ltd. of miscellaneous railroad equipment including, but not limited to, the following:

<u>Quantity</u>	<u>Description</u>	<u>Serial Identification No.</u>
4	1979 Chevrolet Crew Cab w/Hy-Rail	CCL249B160647 CCL248B154645 CCL249B162921 CCL249Z158034
1	1978 Chevrolet Crew Cab w/Hy-Rail	CCL248B155720
1	1980 Chevrolet Crew Cab w/Hy-Rail	CCM24AB140781
1	1981 Chevrolet Crew Cab w/Hy-Rail	1G8GG26MOBF117891
11	GP10 Locomotives	8001, 8004, 8014, 8030, 8031, 8036, 8070, 8073, 8083, 8084, 8113
3	GP8 Locomotives	7966, 7971, 7981

The parties to this aforementioned document are:

Citicorp Industrial Credit, Inc.
Attention: Theodore Bajo, Esquire
Vice President, General Counsel
450 Mamaroneck Avenue
Harrison, New York 10582, and

Iowa Interstate Railroad, Ltd.
Attention: Stephen L. Rodgers
Vice President
231 South LaSalle Street
Chicago, Illinois 60604

You will also find enclosed herewith a check made payable to the Interstate Commerce Commission in the amount of Fifty Dollars (\$50.00), which amount is intended as full and final payment of the filing fee incurred in connection herewith.

Would you please stamp, as filed, each of the duplicate originals enclosed herewith and return the stamped duplicate originals not used by your office to my office at your earliest possible convenience?

Mr. James H. Bayne
October 18, 1984
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If you have any questions in this regard, please do not
hesitate to contact me.

Sincerely yours,

JACKSON & CAMPBELL, P.C.

By: David H. Cox
David H. Cox

DHC/lg

Enclosures As Stated

cc: Theodore Bajo, Esquire

Interstate Commerce Commission
Washington, D.C. 20423

10/18/84

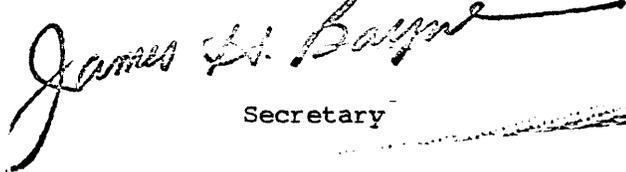
OFFICE OF THE SECRETARY

David H. Cox
Jackson & Campbell, P.C.
One Lafayette Centre
Suite 300 South
1120 20th Street, N.W.
Washington, D.C. 20036

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 10/18/84 at 1:05pm and assigned re-
recording number(s). 14452

Sincerely yours,


Secretary

Enclosure(s)

SE-30
(7/79)

LOAN AND SECURITY AGREEMENT

OCT 18 1984 - 1 05 PM

INTERSTATE COMMERCE COMMISSION

FOR VALUE RECEIVED, IOWA INTERSTATE RAILROAD, LTD., a Delaware Corporation having its principal place of business at 231 South La Salle Street, Chicago, Illinois 60604, ("Debtor") hereby promises to pay to the order of Citicorp Industrial Credit, Inc., a Delaware corporation having a place of business at 560 Sylvan Avenue, Englewood Cliffs, New Jersey 07632 ("Secured Party") the principal sum of \$811,000.00, plus interest thereon at the rate of 16.85% per annum, computed on the basis of a three hundred sixty (360) day year for the actual number of days elapsed, in sixty (60) successive monthly installments of \$18,545.17 each beginning on the 17th day of November, 1984, and on the like date of each month thereafter until paid in full, provided however, that the final installment shall be in the amount of the then unpaid balance. All payments shall be credited first to accrued and unpaid interest determined in accordance with generally accepted financial practices and the balance to principal. The indebtedness evidenced herein shall not be prepaid except as in expressly provided in Section 6 hereof or in such riders as may be attached hereto.

In the event that any amounts due hereunder have not been paid to Secured Party within ten (10) days of the date when due, Debtor shall pay on demand as a late charge an amount equal to ten percent (10%) of such overdue amounts limited, however, to the maximum amount allowed by law.

Debtor further promises to pay interest at a rate equal to 16.85% per annum from and after the maturity of the then outstanding amount of principal and accrued but unpaid interest, whether such maturity is caused by default, acceleration or otherwise, until paid.

As security for the payment of said principal and the interest obligations hereunder and also to secure any other indebtedness or liability of Debtor to Secured Party, hereunder or under any other agreement, whether direct or indirect, absolute or contingent, due or to become due, now existing or hereafter arising (all hereinafter called "Obligations"), Debtor hereby grants and conveys to Secured Party a security interest in the equipment described on Schedule A attached hereto and a part hereof including all attachments, accessories, additions, replacements and substitutions thereto whether now owned or hereafter acquired (the "Equipment"), and all proceeds and products thereof including but not limited to rental or lease payments and insurance proceeds (all of the foregoing, in the aggregate, called the "Collateral").

EQUIPMENT SCHEDULE A

<u>Quantity</u>	<u>Description</u>	<u>Serial/Identification Number</u>
4	1979 Chevrolet Crew Cab w/Hy-Rail	CCL249B160647 CCL248B154645 CCL249B162921 CCL249Z158034
1	1978 Chevrolet Crew Cab w/Hy-Rail	CCL248B155720
1	1980 Chevrolet Crew Cab w/Hy-Rail	CCM24AB140781
1	1981 Chevrolet Crew Cab w/Hy-Rail	1G8GC26MOBF117891
11	GP10 Locomotives	8001, 8004, 8014, 8030, 8031, 8036, 8070, 8073, 8083, 8084, 8113
3	GP8 Locomotives	7966, 7971, 7981
1	BTI-580 Backhoe Tie Inserter	
3	110 watt highband, 2 frequency, carrier squelch tone remote base stations	L73JJB1136
1	110 watt highband carrier squelch repeater	C73KSB1106T
13	Hand held walkie talkies	H23HMB1124N
10	Mobile radios with antenna	D43TSA1900K
14	Used engine radios	
1	Used base station	
45	Crystals	
7	Multi-feature 20 button telephones	
2	Standard power supplies	
1	Main common control data unit w/CPU	
1	Auxillary Unit	
1	Reconditioned tractor loader backhoes	8984366
5	New rail drills	
32	New track jacks	
	Miscellaneous and spare parts	

In consideration of the mutual covenants hereinafter set forth in this Loan and Security Agreement ("Agreement"), and intending to be legally bound, the parties hereto agree as follows:

1. All items of Equipment shall remain personal property and shall not be affixed to any real property in such a manner as, or in any way allowed, to become a fixture, unless Secured Party shall consent in writing and unless all interests therein are waived in writing by the owner and mortgagee of such real property.

2. In the event that the proceeds of this loan shall be used to acquire the above described Equipment, Debtor understands and agrees that THE SECURED PARTY MAKES NO REPRESENTATIONS OR WARRANTIES OF ANY KIND, EXPRESS OR IMPLIED, WITH RESPECT TO THE CONDITION OF THE EQUIPMENT, ITS MERCHANTABILITY, THE FITNESS OF THE EQUIPMENT FOR A PARTICULAR PURPOSE OR WITH RESPECT TO PATENT INFRINGEMENT OR THE LIKE UNLESS THEY ARE IN WRITING AND ENDORSED BY BOTH THE SECURED PARTY AND DEBTOR. This Paragraph may not be modified, amended, discharged or terminated by any action, inaction, conduct or past dealing of the parties hereto.

3. Debtor represents and warrants, as follows:

(a) that Debtor owns the Equipment free and clear of all liens, security interests, and encumbrances except for the security interest granted herein; and

(b) that by consummation of this transaction, Debtor is not in violation of any local, state or federal statute or any rule or regulation issued by any local, state or federal regulatory agency, all as may apply to Debtor, nor will consummation of this transaction cause any breach, default or violation of any judgment, decree, loan, mortgage, agreement, indenture or any other instrument; and

(c) the security interest, mortgage and/or lien contemplated hereby will at all times constitute a valid, perfected and enforceable first priority security interest, mortgage and/or lien in favor of the Secured Party, subject to no other security interest, mortgage, lien or encumbrance, except as otherwise permitted under this Agreement or under any other agreement executed between the parties.

(d) Debtor has filed all applicable tax returns required to be filed by it, and has paid or made provisions for the payment of all taxes which have become due pursuant to said returns or pursuant to any assessment received by Borrower except such taxes, if any, as are being contested in good faith and as to which adequate reserves have been provided in accordance with generally accepted accounting principles, and warrants that such return properly reflect the

United States income and tax liability of the Borrower for the period covered thereby.

4. Debtor covenants and agrees as follows:

(a) to pay and perform all of the Obligations according to their terms; and

(b) on demand of Secured Party and at Debtor's sole expense, to do the following (i) execute any written agreement or do any other acts necessary to effectuate the purposes and provisions of this Agreement, (ii) execute any instrument or statement required by law or otherwise in order to perfect, continue or terminate the security interest of Secured Party in the Collateral, and (iii) pay all cost of filing in connection therewith; and

(c) to retain possession of the Equipment during the existence of this Agreement and not to sell, exchange, assign, loan, deliver, lease, mortgage or otherwise dispose of such Equipment; and

(d) immediately, at its own cost and expense, to affix a plate or otherwise mark plainly, distinctly and permanently on each side of each locomotive comprising a part of the Equipment, in letters not less than one inch in height, the following legend:

"TITLE TO THIS CAR SUBJECT TO DOCUMENTS FILED
WITH INTERSTATE COMMERCE COMMISSION."

Debtor shall not change, or permit to be changed, the numbers of any item of Equipment covered hereby for the term hereof; and

(e) promptly after the execution and delivery of the Agreement to cause the same to be duly filed, recorded or deposited with the Interstate Commerce Commission in accordance with 49 U.S.C. 11303. The Debtor will from time to time do and perform any other act and will execute, acknowledge, deliver, file, register and record and will refile, reregister and rerecord any and all further instruments required by law or reasonably requested by Secured Party for the purpose of proper protection of the security interests of Secured Party in and to the Collateral hereunder, and fully carry out and effectuate this Agreement and the intent hereof. Promptly after the execution and delivery of the Agreement and of each supplement or amendment hereto and thereto, the Debtor will furnish to Secured Party an Opinion of Counsel stating that, in the opinion of such counsel, such document or financing statement relating to such document has been properly deposited, filed, registered and recorded and redeposited, refiled, reregistered and rerecorded, if necessary so as effectively to

protect the security interests of Secured Party in and to the Collateral and that no further filing or recordation is or will be necessary for the protection of Secured Party's rights in the Collateral in any state of the United States of America or District of Columbia; and

(f) to obtain Secured Party's written consent prior to changing the location of that portion of the Equipment that does not consist of moveable goods; and

(g) to keep the Collateral free and clear of all liens, charges, encumbrances, taxes and assessments; and

(h) to pay, when due, all license fees, assessments and sales, use, property, excise and other taxes now or hereafter imposed by any governmental body or agency upon the Collateral or this transaction; and

(i) that all risks of loss of, damage to or destruction of the Equipment shall at all times be on Debtor. Debtor shall keep the Equipment insured at its own expense on an all-risk basis against all loss or damage and such other hazards as Secured Party may require. Policies shall be in such form and amounts as Secured Party may require; provided, however, that the amount thereof shall be at least equal to the greater of the full replacement value of the Equipment or the payments then remaining unpaid hereunder. Policies shall be obtained from responsible insurers authorized to do business in the State within which Equipment is to be located. Policies of insurance shall name Secured Party as an additional insured and shall be payable to Secured Party as its interests may appear and shall be delivered to Secured Party. Each such policy of insurance shall provide that the insurance company shall give Secured Party thirty (30) days prior written notice of the effective date of any alteration or cancellation of such policy. Debtor shall give immediate written notice to Secured Party of any damage to, or loss, of the Equipment or any part thereof and shall pay to Secured Party, on the regularly scheduled payment date immediately following such damage or loss, but in no event later than thirty (30) days after the date of such damage or loss, an amount, determined in accordance with the provisions of Section 6 hereof; and

(j) to keep the Equipment, at Debtor's own cost and expense, in good repair and condition and available, together with the records relative thereto, for inspection by Secured Party at all reasonable times; and

(k) at Debtor's sole cost and expense, to obtain new certificates of title in respect of that portion of the Equipment consisting of motor vehicles which are or may be required to be titled under the laws of any state of the

United States or the District of Columbia, reflecting Secured Party as the first lienholder thereon. Debtor shall submit all original certificates of title listing Secured Party as first lienholder, to Secured Party forthwith upon Debtor's receipt of same from the proper state billing authorities; and

(l) to immediately notify Secured Party in writing of any change (i) in or discontinuance of Debtor's place or places of business; or (ii) in Debtor's name; and

(m) to indemnify and save harmless Secured Party, its successors and assigns, employees, officers, directors and agents from and against any and all claims or suits for any loss, damage, or injury sustained by any person whomsoever by reason of the sale, financing, use or disposition of the Equipment, and in this connection, Debtor shall pay the cost of all legal fees and all other expenses incurred by Secured Party; and

(n) to provide Secured Party with such quarterly and audited annual financial statements and such other information as it shall reasonably request from time to time; and

(o) at its own expense, Debtor will, upon written direction from Secured Party, do all further acts and execute, acknowledge and deliver all instruments and assurances reasonably necessary or proper to comply with or accomplish the covenants and agreements contained in this Agreement, and in the event that Debtor does not so perform, Debtor hereby authorizes Secured Party to do such acts as Secured Party, in its sole discretion shall deem necessary to protect the interests created hereby and agrees to pay Secured Party on demand, all costs and expenses associated with Secured Party's actions in connection herewith.

5. Debtor and Secured Party agree that:

(a) if there be more than one Debtor, guarantor or co-maker of this Agreement, the obligation of each shall be primary, joint and several, and whether or not there is more than one Debtor, guarantor or co-maker, each hereby consents to any extension of time of payments and/or the execution of any refinancing agreement relative to this Agreement;

(b) upon the occurrence of an event of default hereunder, as set forth in Paragraph 7 hereof, Secured Party may apply any monies received from or on account of Debtor to any of the Obligations at its sole discretion;

(c) Debtor shall obtain execution, acknowledgement and delivery to Secured Party of such instruments, mortgages, deeds of trust, security agreements, guaranty agreements,

statements, assignments, financing statements and lien documents in a form acceptable to Secured Party as may be necessary to enforce, to grant to Secured Party and to perfect in the United States and the State where Collateral is located, the security interests, liens and mortgages on the Collateral granted hereunder by Debtor to Secured Party;

(d) Secured Party shall not be liable for any direct, indirect, special or consequential damages or loss or any other liability of any nature with respect to the Collateral;

(e) All covenants of Debtor contained in the Revolving Credit Agreement and the Security Agreement executed by and between Debtor and Secured Party as of October 4, 1984, (herein referred to in the aggregate as the "Credit Agreement") which covenants are not specifically contained herein, are hereby incorporated into this agreement by reference.

6. PREPAYMENT

(a) Optional - Notwithstanding anything contained herein to the contrary and provided Debtor is not in default hereunder nor would be in default but for the passing of time or the giving of notice, Debtor may prepay in full the outstanding principal balance, interest accrued but unpaid thereon and any other amounts as may be due and payable hereunder at any time after twelve (12) months from the effective date hereof, provided Debtor shall give at least forty-five (45) days prior written notice of the intended date of prepayment, which date shall be a periodic payment date. In addition to a payment of the principal balance plus accrued interest thereon outstanding on such date and such other sums as may then be due, and to the extent not prohibited by law, a surcharge as liquidated damages for loss of a bargain and not as a penalty, shall be payable. The surcharge shall be calculated in accordance with the provisions of Section 6(c) hereof.

(b) Mandatory - In the event that (i) there shall be a casualty loss with respect to the Collateral or (ii) the indebtedness evidenced herein shall be accelerated in accordance with the provisions of Section 7(b) hereof, Debtor shall pay to Secured Party, in addition to the then outstanding principal balance, interest accrued but unpaid thereon and any other amounts that may be due and payable in accordance with the provisions of this Agreement, a surcharge as liquidated damages for loss of bargain and not as penalty, calculated in accordance with Section 6(c) hereof.

(c) In the event that prepayment shall be made pursuant to Sections (6) (a) or (b) hereof, the surcharge then payable

shall be calculated as follows: If the Market Rate, as defined below, is less than the interest rate evidenced herein, then the surcharge shall be in an amount equal to .5% of the principal balance outstanding on the day prior to prepayment plus the difference between (y) said principal balance, and (z) the present value of the remaining payments discounted at the Market Rate. If the Market Rate is greater than the interest rate evidenced herein, then the surcharge shall be an amount equal to .5% of said principal balance. For purposes hereof, the term Market Rate shall mean the average of the yields to maturity of the most recently issued two (2) and five (5) year Treasury Notes for the fifteen (15) business days ending on the Friday immediately proceeding the week in which prepayment of the obligations evidenced herein shall occur, plus two hundred (200) basis points (2.0%).

(d) Except as provided for herein, there shall be no partial prepayment of the obligations evidenced herein.

(e) Notwithstanding any other provision contained in this Agreement to the contrary, Debtor agrees that in the event that the Credit Agreement shall be terminated for any reason whatsoever, Debtor shall prepay in full the indebtedness evidenced herein on the date of such termination. Such prepayment shall be in an amount equal to the principal balance then outstanding hereunder plus interest accrued but unpaid to the actual date of payment.

7. DEFAULT AND REMEDIES

(a) The following shall constitute a default by Debtor: (i) failure to pay any amounts payable hereunder when due; or (ii) failure of Debtor to comply with any provisions or perform any of the obligations arising under this Agreement, or any other documents and agreements related hereto; or (iii) any representations or warranties made or given by Debtor in connection with this Agreement or any other document or agreement related hereto which were false or untrue when made; or (iv) subjection of the Collateral to levy or execution or other judicial process which is not or cannot be removed within thirty (30) days from the subjection thereof; or (v) commencement of any insolvency, bankruptcy or similar proceedings by or against Debtor or any guarantor of Debtor's Obligations, including any assignment by Debtor for the benefit of creditors; or (vi) any act of the Debtor which imperils the value of the Collateral or the prospect of full performance in satisfaction of the Obligations set forth herein, including but not limited to the liquidation or dissolution of Debtor or the commencement of any acts relative thereto, or, without the prior written consent of Secured Party, any sale or other disposition of all or substantially all of the assets of Debtor including

any merger or consolidation of Debtor unless Debtor is the surviving corporation or (vii) a material adverse change in the financial or operating condition of Debtor; or (viii) any default by Debtor of its obligations under any loan, indenture, agreement or undertaking to which it is a party; or (ix) inability, by death or otherwise, of any guarantor or co-obligor under this Agreement to perform any of the obligations or promises contained herein or in the guaranty.

(b) Upon any default by Debtor, Secured Party may: (i) declare all Obligations immediately due and payable in full without notice or demand; (ii) secure peaceable repossession of the Equipment without judicial process or the removal of the same by the Secured Party or its representative(s); (iii) require Debtor to assemble the Equipment and make it available to Secured Party at a place designated by Secured Party which is reasonably convenient to both parties; (iv) sell the Equipment at public or private sale, without advertisement or notice except that required by law, for the best price that Secured Party can obtain and upon such terms as Secured Party may deem advisable and be the purchaser at any such sale; (v) require Debtor to pay all expenses of such retaking, selling or the like, including Secured Party's reasonable attorney's fees and legal expenses; (vi) exercise any other right or remedy which may be available to it under the Uniform Commercial Code or any other applicable law or proceed by appropriate court action to enforce the terms hereunder or recover damages for the breach hereof. Debtor agrees that Secured Party's exercise of any remedy shall obligate Debtor, and Debtor agrees that it will take such action and pay such amounts as required by Secured Party. The Debtor shall be liable for any deficiency remaining after sale of the Equipment and application of the net proceeds to the Obligations secured hereby. If such proceeds exceed the amount due and owing Secured Party for such expenses and indebtedness, Secured Party agrees to pay over the surplus to Debtor.

(c) Debtor agrees to pay reasonable attorney's fees whenever an attorney is used to collect on or enforce this Agreement or to enforce, defend, declare or adjudicate any of Secured Party's rights or interests hereunder or with respect to any Collateral, whether by suit, negotiation or otherwise and regardless of the forum.

(d) All rights and remedies of Secured Party pursuant to the provisions of the Agreement are cumulative, and may, to the extent permitted by law, be exercised concurrently or separately, and the exercise or partial exercise of any right or remedy shall not be deemed to be an election of such right or remedy or to preclude any other or further or future exercise of any other right or remedy. No failure on the part of Secured Party to exercise, and no delay in

exercising, any right or remedy hereunder shall operate as a waiver thereof or of any similar or other right or remedy in the future.

8. This Agreement and all of the provisions hereof shall inure to the benefit of the parties hereto and their respective legal representatives, successors and assigns; provided, however, that Debtor may not assign this Agreement or any provision thereof without the prior written consent of Secured Party.

9. Notices, requests or other communications required hereunder to be sent to either party shall be in writing and shall be by registered mail and addressed to the other party at the address set forth in the first paragraph hereof or as otherwise designated by a notice in writing to the other party.

10. This Agreement may not be amended, modified, changed, discharged or waived in any respect except by an instrument in writing signed by the party against whom such amendment, modification, change, discharge or waiver is sought to be enforced.

11. Notwithstanding the termination of this Agreement, all representations, warranties, covenants, agreements and obligations contained herein or made in writing by Debtor in connection herewith shall continue in full force and effect to the extent required for their full observance and performance.

12. Debtor hereby waives presentment, demand for payment, notice of dishonor and any or all other notices or demands in connection with the delivery, acceptance, performance, default or enforcement of this Agreement and hereby consents to any extensions of time, renewals, releases of any party to this Agreement, waivers or modifications that may be granted or consented to by the holder hereof in respect of the time of payment or any other provisions contained herein.

13. If any provision of this Agreement is in conflict with any statute or rule of law of any State or the District of Columbia or of the federal court where it is sought to be

enforced, then such provision shall be deemed null and void to the extent that it may be in conflict therewith, but without invalidating the remaining provisions hereof.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the _____ day of October 1984.

IOWA INTERSTATE RAILROAD, LTD.
(Debtor)

By Stephen L. Rodgers
Vice President
(Name and Title)

CITICORP INDUSTRIAL CREDIT, INC.
(Secured Party)

By John P. Kelly
Vice President
(Name and Title)

STATE OF ILLINOIS)
COUNTY OF COOK) SS:

ON THIS 15TH day of OCTOBER, 1984, before me personally appeared STEPHEN L. RODGERS, to me personally known, who being by me duly sworn, says that he is the VICE PRESIDENT of IOWA INTERSTATE RAILROAD, LTD., 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 he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Mary Ellen Hogan [SEAL]

My Commission Expires:

October 30, 1984