

LAW OFFICES  
**BRIGGS AND MORGAN**  
PROFESSIONAL ASSOCIATION

2400 IDS CENTER  
MINNEAPOLIS, MINNESOTA 55402

TELEPHONE (612) 339-0661

TELECOPIER (612) 375-1078

INCLUDING THE FORMER FIRM OF  
LEVITT, PALMER, BOWEN, ROTMAN & SHARE

November 4, 1986

RECORDATION NO. 1 5098 Filed & Recorded

NOV 7 1986 10-30 AM

INTERSTATE COMMERCE COMMISSION

Secretary  
Interstate Commerce Commission  
Washington, D.C. 20423

Re: HABCO, Incorporated

Dear Secretary:

I have enclosed two originals of the document described below, to be recorded pursuant to Section 11303 of Title 49 of the U.S. Code.

This document is a security agreement which evidences a security interest seller retains in the rolling stock sold to buyer, a primary document, dated October 31, 1986.

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

Seller/Mortgagee: HABCO, Incorporated  
1418 Fifth Street South  
Hopkins, Minnesota 55343

Buyer/Mortgagee: HABCO-Loram, Inc.  
3900 Arrowhead Drive  
P.O. Box 188  
Hamel, Minnesota 55340

A description of the equipment covered by the document is attached to the Security Agreement as Exhibit 1A.

ROBERT J. PRATTE  
JOHN BULTENA  
JAMES G. RAY  
RICHARD H. MARTIN  
TRUDY J. HALLA  
MARY L. IFFEL  
JAMES A. VOSE  
ROBYN L. HANSEN  
ROBERT E. WOODS  
WILLIAM J. JOANIS  
MARGARET K. SAVAGE  
BRIAN G. BRILISLE  
TONY STEINBERGER  
MARY E. SCHAFFNER  
MICHAEL H. STREATER  
JOHN H. LINDSTROM  
RICHARD D. ANDERSON  
SALLY A. SCOGGIN  
DAVID C. McDONALD  
BRUCE W. MOOTY  
ERIC NILSSON  
ANDREW R. KINTZINGER  
FREDERICK P. ANGST  
ROBERT L. LEE

ANN HUNTBODS  
ELIZABETH J. ANDREWS  
GREGORY J. STENMOE  
CHARLES B. ROGERS  
TERRY L. SLYE  
PAUL M. GALES  
MARY M. DYRESETH  
KEVIN A. BERG  
MARK SCHROEDER  
MARIAN M. DURKIN  
NANCY D. ARNISON  
MICHAEL J. McELLISTREM  
PAUL S. JACOBSEN  
TIMOTHY J. KEENAN  
CARLOS R. CARRASQUILLO

OF COUNSEL  
J. NEIL MORTON  
RICHARD E. KYLE  
JOHN M. PALMER  
SAMUEL H. MORGAN  
FRANK N. GRAHAM  
A. LAURENCE DAVIS  
CLARENCE G. FRANK  
JOHN M. SULLIVAN

11/7/86  
10:00  
CC Washington, D.C.

BRIGGS AND MORGAN

Interstate Commerce Commission  
November 4, 1986  
Page Two

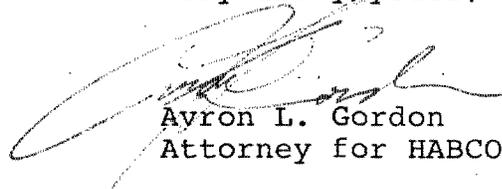
A fee of \$10 is enclosed. Please return one original of the Security Agreement to:

Avron L. Gordon, Esq.  
Briggs and Morgan  
2400 IDS Center  
Minneapolis, Minnesota 55402

A short summary of the document to appear in the index follows:

This is a security agreement between HABCO, Incorporated, 1418 Fifth Street South, Hopkins, Minnesota 55343, and HABCO-Loram, Incorporated, 3900 Arrowhead Drive, P.O. Box 188, Hamel, Minnesota 55340, dated October 31, 1986, in which HABCO, Incorporated, the seller, retains a security interest in the rolling stock it sold to HABCO-Loram, Inc., the buyer. The rolling stock involved includes weed/brush spray cars, tank cars and spreaders.

Very truly yours,



Avron L. Gordon  
Attorney for HABCO, Incorporated

bjc/  
Enclosure:

Interstate Commerce Commission  
Washington, D.C. 20423

11/7/86

OFFICE OF THE SECRETARY

Ayron L. Gordon, Esq.  
Briggs And Morgan  
2400 IDS Center  
Minneapolis, Minnesota 55402

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 11/7/86 at 10:30am, and assigned re-  
recording number(s). 15098

Sincerely yours,

*Noreta R. McGee*  
Secretary

Enclosure(s)

SE-30  
(7/79)

SECURITY AGREEMENT

RECORDATION NO. 1 5098 Filed & Recorded

Date: October 31, 1986

NOV 7 1986 10-30 AM

INTERSTATE COMMERCE COMMISSION

HABCO-LORAM, Inc., a Minnesota corporation, whose principal office is located at 1418 5th Street, Hopkins, Hennepin County, Minnesota (hereinafter called "Debtor") and HABCO, INCORPORATED, a Minnesota corporation (hereinafter called "Secured Party") for valuable consideration, the receipt of which is hereby acknowledged by Debtor, agree as follows:

1. Security Interest and Collateral. To secure the payment and performance of that certain Promissory Note of even date herewith in the original principal amount of \$1,304,884 (hereinafter referred to as the "Term Note"), Debtor hereby grants the Secured Party a security interest (herein called the "Security Interest") in the following property (herein called the "Collateral"):

The items of tangible personal property purchased by Debtor from Secured Party pursuant to Section 1A of the Asset Purchase Agreement between the parties hereto dated October 31, 1986, which Agreement is incorporated herein by reference, including but not limited to the property listed on Exhibit 1A and 1B attached hereto and incorporated herein.

together with all insurance policies covering any of the foregoing property and all rights in connection therewith, and all additions, substitutions and replacements for and products and proceeds (including insurance proceeds) of any of the foregoing property and, in the case of all tangible collateral, together with (i) all accessions and all accessories, attachments, parts, equipment and repairs now or hereafter attached or affixed to or used in connection with any such goods, and (ii) all warehouse receipts, bills of lading and other documents of title now or hereafter covering such goods.

2. Representations, Warranties and Agreements. Debtor represents, warrants and agrees that:

- (a) Debtor is a corporation.
- (b) The Collateral will be used solely for business purposes.
- (c) Debtor's chief executive office is located at the address indicated above. In addition to its chief executive office, Debtor also maintains business operations at the addresses set forth below.

Debtor will not change the location of its chief executive office without giving prior written notice to Secured Party.

- (d) Debtor does business only under its own name and the trade names, if any, set forth below. Debtor will not change its name without giving prior written notice to Secured Party.

3. Additional Representations, Warranties and Agreements.

Debtor represents, warrants and agrees that:

- (a) Debtor will not sell or otherwise dispose of the Collateral or any interest therein without the prior written consent of Secured Party, except that, until the occurrence of an Event of Default as hereinafter defined, Debtor may sell any item of equipment constituting Collateral to buyers in the ordinary course of business provided such item of equipment is replaced by equipment of equal or greater value. This Agreement has been duly and validly authorized by all necessary corporate action.

- (b) Debtor will

(i) keep all tangible Collateral in good repair, working order and condition, normal depreciation excepted, and will, from time to time, replace any worn, broken or defective parts thereof except Debtor may, in the exercise of reasonable business judgment, remove certain items of equipment from operation and store such items in a reasonable manner;

(ii) promptly pay all taxes and other governmental charges levied or assessed upon or against any Collateral or upon or against the creation, perfection or continuance of the Security Interest;

(iii) keep all Collateral free and clear of all security interests, liens and encumbrances except the Security Interest;

(iv) at all reasonable times, permit Secured Party or its representatives to examine or inspect any Collateral, wherever located;

(v) keep accurate and complete records pertaining to the Collateral;

(vi) promptly notify Secured Party of any loss or of material damage to any Collateral;

(vii) at all times keep all tangible Collateral insured against risks of fire (including so-called extended coverage), theft, collision (in case of Collateral consisting of motor vehicles) and such other risks and in such amounts comparable to the insurance coverage maintained by Secured Party on the Collateral during the immediately preceding five (5) years, with any loss payable to Secured Party to the extent of its interests, provided such insurance is available at rates which do not exceed 150% of the premiums paid by Secured Party on its last renewal, provided further that Debtor shall maintain as much insurance coverage as possible without exceeding said limit;

(viii) from time to time execute such financing statements as Secured Party may reasonably require in order to perfect the Security Interest (including without limitation continuation statements) and, if any Collateral consists of a motor vehicle, execute such documents as may be required to have the Security Interest properly noted on a certificate of title;

(ix) pay when due or reimburse Secured Party on demand for all costs of collection of the Term Note and all other out-of-pocket expenses (including in each case all reasonable attorneys' fees) incurred by Secured Party in connection with the creation, perfection, satisfaction, protection, defense or enforcement of the Security Interest or the creation, continuance, protection, defense or enforcement of this Agreement or the Term Note, including expenses incurred in any litigation or bankruptcy or insolvency proceedings;

(x) execute, deliver or endorse any and all instruments, documents, assignments, and writings which Secured Party may at any time reasonably request in order to secure, protect, perfect or enforce the Security interest under this Agreement;

(xi) not use or keep any Collateral, or permit it to be used or kept, for any unlawful purpose or in violation of any federal, state or local law, statute or ordinance; and

(xii) not permit any tangible Collateral to become part of or to be affixed to any real

property without first assuring to the reasonable satisfaction of Secured Party that the Security Interest will be prior and senior to any interest or lien then held or thereafter acquired by any mortgagee of such real property or the owner or purchaser of any interest therein.

If Debtor at any time fails to perform or observe any agreement contained in this Section 3(b), and if such failure shall continue for a period of thirty calendar days after Secured Party gives Debtor written notice thereof, Secured Party may (but need not) perform or observe such agreement on behalf and in the name, place and stead of Debtor (or, at Secured Party's option, in its own name) and may (but need not) take any and all other actions which Secured Party may reasonably deem necessary to cure or correct such failure (including, without limitation, the payment of taxes, the satisfaction of security interests, liens, or encumbrances, the procurement and maintenance of insurance, the execution of financing statements, the endorsement of instruments, and the procurement of repairs, transportation or insurance); and, except to the extent that the effect of such payment would be to render any loan or forbearance of money usurious or otherwise illegal under any applicable law, Debtor shall thereupon pay Secured Party on demand the amount of all moneys expended and all costs and expenses (including reasonable attorneys' fees) incurred by Secured Party in connection with or as a result of Secured Party's performing or observing such agreements or taking such actions, together with interest thereon from the date expended or incurred by Secured Party at the highest rate then applicable to any of the Obligations. To facilitate the performance or observance by Secured Party of such agreements of Debtor, Debtor hereby irrevocably appoints (which appointment is coupled with an interest) Secured Party, or its delegate, as the attorney-in-fact of Debtor with the right (but not the duty) from time to time to create, prepare, complete, execute, deliver, endorse or file, in the name and on behalf of Debtor, any and all instruments, documents, financing statements, applications for insurance and other agreements and writings required to be obtained, executed, delivered or endorsed by Debtor under this Section 3.

4. Assignment of Insurance. Debtor hereby assigns to Secured Party, as additional security for the payment of the Term Note, any and all moneys (including but not limited to proceeds of insurance and refunds of unearned premiums) due or to become due under, and all other rights of Debtor under or with respect to, any and all policies of insurance covering the Collateral, and Debtor hereby directs the issuer of any such policy to pay any such moneys directly to Secured

Party. Both before and after the occurrence of an Event of Default, Secured Party may (but need not), in its own name or in Debtor's name, execute and deliver proofs of claim, receive all such moneys, indorse checks and other instruments representing payment of such moneys, and adjust, litigate, compromise or release any claim against the issuer or any such policy.

5. Events of Default. Each of the following occurrences shall constitute an event of default under this Agreement (herein called "Event of Default"):

(i) Debtor shall fail to pay the Term Note when due whether due by demand or otherwise or shall fail to observe or perform any covenant or agreement herein binding on it;

(ii) any material representation or material warranty by Debtor set forth in this Agreement or made to Secured Party shall be materially false or materially misleading;

(iii) a garnishment, summons or a writ of attachment shall be issued against or served upon Debtor for the attachment of the Collateral; or

(iv) Debtor shall (A) voluntarily file, or have filed against it involuntarily, a petition under the United States Bankruptcy Code; or (B) be dissolved or liquidated; or (C) sell substantially all of its assets.

6. Remedies Upon Event of Default. Upon the occurrence of an Event of Default under Section 5 and at any time thereafter, Secured Party may exercise any one or more of the following rights and remedies:

(i) declare the Term Note to be immediately due and payable, and the same shall thereupon be immediately due and payable, without presentment or other notice or demand;

(ii) exercise and enforce any or all rights and remedies available upon default to a secured party under the Uniform Commercial Code as adopted in the State of Minnesota, including but not limited to the right to take possession of any Collateral, and the right to sell, lease or otherwise dispose of any or all of the Collateral. Secured Party may require Debtor to make the Collateral available to Secured Party, and if notice to Debtor of any intended disposition of Collateral or any other intended action is required by law in a

particular instance, such notice shall be deemed commercially reasonable if given (in the manner specified in Section 7) at least 10 calendar days prior to the date of intended disposition or other action;

(iii) exercise or enforce any or all other rights or remedies available to Secured Party by law or agreement against the Collateral, against Debtor or against any other person or property.

## 7. Miscellaneous.

(a) This Agreement can be waived, modified, amended, terminated or discharged, and the Security Interest can be released, only explicitly in a writing signed by Secured Party. A waiver signed by Secured Party shall be effective only in the specific instance and for the specific purpose given. Mere delay or failure to act shall not preclude the exercise or enforcement of any of Secured Party's rights or remedies.

(b) All rights and remedies of Secured Party shall be cumulative and may be exercised singularly or concurrently, at its option, and the exercise or enforcement of any one such right or remedy shall neither be a condition to nor bar the exercise or enforcement of any other.

(c) All notices to be given to Debtor shall be deemed sufficiently given if delivered or mailed by registered or certified mail, postage prepaid, to Debtor at its address set forth above or at the most recent address shown on Secured Party's records.

(d) Secured Party's duty of care with respect to Collateral in its possession (as imposed by law) shall be deemed fulfilled if Secured Party exercises reasonable care in physically safekeeping such Collateral or, in the case of Collateral in the custody or possession of a bailee or other third person, exercises reasonable care in the selection of the bailee or other third person, and Secured Party need not otherwise preserve, protect, insure or care for any Collateral. Secured Party shall not be obligated to preserve any rights Debtor may have against prior parties, to realize on the Collateral at all or in any particular manner or order, or to apply any cash proceeds of Collateral in any particular order of application.

(e) This Agreement shall be binding upon and inure to the benefit of Debtor and Secured Party and their respective heirs, representatives, successors and assigns and shall take effect when signed by Debtor and delivered to Secured Party, and Debtor waives notice of Secured Party's acceptance hereof.

(f) A carbon, photographic or other reproduction of this Agreement or of any financing statement signed by the Debtor shall have the same force and effect as the original for all purposes of a financing statement.

(g) This Agreement shall be governed by the substantive laws of the State of Minnesota.

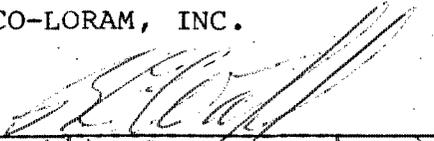
(h) If any provision or application of this Agreement is held unlawful or unenforceable in any respect, such illegality or unenforceability shall not affect other provisions or applications which can be given effect and this Agreement shall be construed as if the unlawful or unenforceable provision or application had never been contained herein or prescribed hereby.

(i) All representations and warranties contained in this Agreement shall survive the execution and delivery of this Agreement.

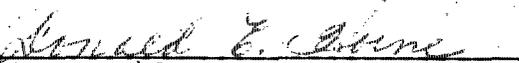
(j) As promptly as practicable after the payment in full of the Obligations, the Secured Party shall release its security interest in the Collateral.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the above date.

HABCO-LORAM, INC.

By   
Its Vice President and  
General Manager

HABCO, INCORPORATED

By   
Its President

Address of Chief Executive Office:

1418 5th Street  
Hopkins, Minnesota

Other Business Locations:

930 North Olive  
Kansas City, Missouri

Collateral Locations:

930 North Olive  
Kansas City, Missouri

1418 5th Street  
Hopkins, Minnesota

Trade Names:

None

Exhibit 1A

HABCO, INC.

SCHEDULE OF SPRAY AND TANK CARS

HABX

211	1967	Weed/Brush Spray Car			
212	1967	Weed/Brush Spray Car			
217	1979	Weed/Brush Spray Car			
218	1963	Weed/Brush Spray Car			
2500	1960	Weed/Brush Spray Car			
2501	1963	Weed/Brush Spray Car			
2502	1961	Weed/Brush Spray Car			
300	1943	Tank Car	328	1948	Tank Car
301	1944	Tank Car	329	1947	Tank Car
302	1948	Tank Car	330	1947	Tank Car
303	1948	Tank Car	331	1948	Tank Car
304	1948	Tank Car	332	1948	Tank Car
305	1964	Tank Car	333	1952	Tank Car
306	1964	Tank Car	334	1964	Tank Car
307	1964	Tank Car			
308	1964	Tank Car			
309	1964	Tank Car			
310	1943	Tank Car			
311	1944	Tank Car			
312	1959	Tank Car			
313	1951	Tank Car			
314	1945	Tank Car			
315	1945	Tank Car			
318	1951	Tank Car			
319	1945	Tank Car			
320	1943	Tank Car			
321	1965	Tank Car			
322	1945	Tank Car			
323	1945	Tank Car			
324	1945	Tank Car			
325	1944	Tank Car			
326	1949	Tank Car			
327	1949	Tank Car			

Exhibit 1B

HABCO, INC.

SCHEDULE OF TRUCKS  
9/30/86

<u>Truck No.</u>	<u>Description</u>	<u>S/N</u>	<u>Guide Rail/Spray Equip.</u>
100	1982 Ford	1FDPN80H5CVA12328	Yes
101	1982 Ford	1FDPN80H7CVA12329	Yes
102	1982 Ford	1FDPN80H3CVA12330	Yes
103	1982 Ford	1FDPN80H5CVA12231	Yes
104	1982 Ford	1FDPN80H7CVA12332 (DR140607MO)	Yes
105	1982 Ford	1FDPN80H9CVA12333	Yes
106	1982 Ford	1FDPN80H0CVA21986	Yes
107	1983 Ford	1FDON80HXDVA00631	Yes
108	1983 Ford	1FDPN80H1DVA00632	Yes
109	1983 Ford	1FDPN80HXDVA00628	Yes
110	1983 Ford	1FDPN80H1DVA00629	Yes
111	1983 Ford	1FDPN80H8DVA00630	Yes
112	1984 Ford	1FDPN80H7EVA01124	Yes
113	1984 Ford	1FDPN80H9EVA01125	Yes
114	1984 Ford	1FDPN80H0EVA01126	Yes
115	1984 Ford	1FDPN80H2EVA00127	Yes
116	1984 Ford	1FDPN80H4EVA01128	Yes
117	1986 Ford	1FDPF70H8GVA18234	Yes
118	1986 Ford	1FDPF70H1GVA36669	No
197	1977 Chev	CCE677Y130191	Yes
406	1977 Ford	N80FVY07348	No Stake Bed
407	1977 Ford	N80FVY08349	Yes
408	1977 Ford	N80FVY47833	Yes
<u>PICKUPS</u>			
4603	1981 Chev	1GCDC14DX8F301032	No
4604	1977 Chev	CCL247J165600	No
4607	1982 Chev	1GCGC24M8CS139266	Yes Fairmont
4608	1984 Chev	1GCGC24M2ES165235	Yes Fairmont
4609	1980 Chev	CKM33AJ130331	No
4610	1979 Chev	CCD149S142023	No
4611	1977 Ford	F15BKY71304	No

HABCO, INC.

SCHEDULE OF AUTOMOBILE

1983	Cadillac	1G6AD6981D9147288	NKC, MO
1983	Buick	1G4AJ69A2DH977689	NKC, MO
1982	Buick	1G4AJ69A3CH139668	NKC, MO
1981	Buick	1G4AX69Y7BH450501	Hueytown, AL
1982	Chev	2G1AL35HXC1134155	Hopkins, MN



