

CHAPMAN AND CUTLER

a partnership including professional corporations

111 West Monroe Street, Chicago, Illinois 60603

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Theodore S. Chapman
1877-1943
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RECORDATION NO. _____ Filed 1486

Salt Lake City Office
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Salt Lake City, Utah 84144
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September 30, 1987

INTERSTATE COMMERCE COMMISSION

Secretary
Interstate Commerce Commission
Washington, D.C. 20423

Date 10/6/87
Fee \$ 10.00

ICC Washington, D. C.

Dear Secretary:

We are attorneys for Harris Trust and Savings Bank and have enclosed one original and one fully executed and acknowledged counterpart 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, a primary document, dated as of August 31, 1987.

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

Borrower: Jackson Jordan, Inc.
200 South Jackson Road
Ludington, Michigan
Attention: Frank Verburg

Bank: Harris Trust and Savings Bank
111 West Monroe Street
Chicago, Illinois
Attention: Division E

A description of the equipment covered by the Security Agreement as follows:

Jackson Jordan railroad maintenance-of-way grinders, including, but not limited to that certain Jackson Jordan Rail Grinder SCG #1, model SCG-23 having a serial number of 142356, that certain Jackson Jordan Rail Grinder SCG #2, model SCG-23MU, having a serial number of 139415 and that certain Jackson Jordan Rail Grinder SCG #3, model SCG-23MU, having a serial number of 139416.

A fee of \$10.00 is enclosed. Please return the original and any extra copies not needed by the Commission for recordation to Chapman and Cutler, 111 West Monroe Street, Chicago, Illinois 60603, Attention: A.J. Shuldiner.

CHAPMAN AND CUTLER

Secretary
Interstate Commerce Commission
September 30, 1987
Page 2

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

Security Agreement between Jackson Jordan, Inc. and Harris Trust and Savings Bank dated August 31, 1987 and covering Jackson Jordan railroad maintenance-of-way grinders, including, but not limited to, that certain Jackson Jordan Rail Grinder SCG #1, model SCG-23 having a serial number of 142356, that certain Jackson Jordan Rail Grinder SCG #2, model SCG-23MU, having a serial number of 139415 and that certain Jackson Jordan Rail Grinder SCG #3, model SCG-23MU, having a serial number of 139416.

Very truly yours,

CHAPMAN AND CUTLER

By *Alizon J. Shuldiner*
Alizon J. Shuldiner

AJS/val

Enclosures

Interstate Commerce Commission
Washington, D.C. 20423

OFFICE OF THE SECRETARY

10/7/87

Chapman & Cutler
111 West Monroe St.
Chicago, Illinois 60603

Attn: A.J. Shuldiner

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 10/6/87 at 1:05pm, and assigned re-
recording number (s). 15323

Sincerely yours,

Norita L. McGee
Secretary

Enclosure(s)

SE-30
(7/79)

007 6 1987 -1 00 PM

SECURITY AGREEMENT

INTERSTATE COMMERCE COMMISSION

Jackson Jordan, Inc. of 200 South Jackson Road in the City of
(Borrower) (Street Address)
Ludington, County of Pere Marquette and State of Michigan (hereinafter called "Borrower").

hereby grants to HARRIS TRUST AND SAVINGS BANK, an Illinois state bank whose address is 111 West Monroe St., Chicago, Illinois (hereinafter called the "Bank"), a security interest in the following described goods, whether now owned or hereafter acquired, complete with accessories, attachments, accessions and equipment now or hereafter attached or appertaining thereto or used in connection therewith (hereinafter called "Collateral"), to wit:

Description of Collateral:

Jackson Jordan Rail Grinders, including without limitation, that certain Jackson Jordan Rail Grinder, SCG Number 1, Model SCG-23, Serial Number 142356, that certain Jackson Jordan Rail Grinder, SCG Number 2, Model SCG-23MU, Serial Number 139415 and that certain Jackson Jordan Rail Grinder, SCG Number 3, Model SCG-23MU, Serial Number 139416.

to secure the payment of any and all indebtedness, obligations, or liabilities whatsoever of the Borrower to the Bank, whether direct or indirect, absolute or contingent, due or to become due, and whether now existing or hereafter arising and howsoever evidenced or acquired, and whether several, joint, or joint and several (hereinafter collectively called the "Indebtedness Secured Hereby").

The Borrower warrants and agrees:

1. Except for the security interest granted hereby, the Borrower is the owner of the Collateral free from any liens, security interest, encumbrance or other right, title or interest of any other person, firm or corporation, except for the liens and rights described on Schedule A attached hereto.

2. The Collateral is used or bought for use, and will be used, primarily for (check one):
 Personal, family or household purposes, and the Borrower's residence is that shown at the beginning of this agreement unless a different resident is shown in the following space: _____

Farming operations, and the Borrower's residence is that shown at the beginning of this agreement unless a different residence is shown in the following space: _____

Business use, and the Borrower's chief place of business is that shown at the beginning of this agreement unless a different address is shown in the following space: _____

3. Unless a "No" is inserted in the space at the end of this paragraph, the Borrower is acquiring ownership of all or part of the Collateral from all or part of the proceeds of the Indebtedness Secured Hereby and the Bank has been and is authorized to disburse such proceeds directly to, or the Borrower will remit such proceeds directly to, the seller of such Collateral. NO

4. The Collateral will be kept at the address shown at the beginning of this agreement unless a different address is shown in the following space: _____

5. If the Collateral is or is to be attached to, installed in or located on real estate in such manner as to become fixtures, the description of the real estate is as follows: _____

and the Borrower will upon demand by the Bank furnish a disclaimer or disclaimers signed by all of the persons having an interest in said real estate, of any right, title, or interest, or lien upon the Collateral prior to the security interest of the Bank pursuant hereto.

6. The Borrower will not sell or offer or attempt to sell the Collateral or any substitutions or accessions, or any interest therein, and will not create or permit to exist any other security interest in or other encumbrance upon the Collateral. There is no financing statement now on file in any public office covering any property of any kind now or hereafter owned by the Borrower or in which the Borrower is named as or signs as the debtor, except the financing statement filed or to be filed in respect of and for the security interest provided for herein and the following: See Schedule A attached hereto.

7. Any one of the following shall constitute an event of default for the purposes hereof: (a) if the Borrower uses the Collateral in violation of any statute or ordinance; or (b) if the Borrower fails to pay promptly when due all taxes and assessments upon the Collateral for its use or operation, or fails to keep the Collateral in good repair, or fails to keep the Collateral insured (with an insurance company or companies acceptable to the Bank and with loss payable to the Bank as its interest may appear) at all times against fire (with extended coverage), theft, physical damage and such other risks, and in such amounts for all risks, as the Bank shall require, all of which matters and things referred to in this clause (b) the Borrower hereby warrants and agrees to do and perform; or (c) if default is made in the due and punctual payment in full of any Indebtedness Secured Hereby when and as any part of the Indebtedness Secured Hereby shall become due and payable; or (d) if default is made by the Borrower in the performance or observance of any covenant or agreement provided herein to be performed or observed by the Borrower; or (e) if any warranty, representation or statement made or furnished to the Bank by or on behalf of the Borrower in connection with this agreement proves to have been false in any material respect when made or furnished; or (f) if the Collateral suffers substantial damage or destruction; or (g) if the Collateral is levied or seized under any levy or attachment or under any other legal process; or (h) the death, incompetence, dissolution or termination of existence of the Borrower; or (i) the commencement of any bankruptcy or insolvency proceedings by or against the Borrower or any guarantor or surety for the Borrower.

8. The Borrower agrees that upon the occurrence of any of the events of default set forth in paragraph 7 hereof, the full amount remaining unpaid on the Indebtedness Secured Hereby shall at the option of the Bank, by notice in writing sent by mail addressed to the Borrower at the address shown at the beginning of this agreement (except that no notice of any kind need be given if the event of default is any one set forth in item (g) or item (h) or item (i) of paragraph 7 hereof), be and become due and payable forthwith, and the Bank shall then have the rights, options, duties and remedies of a secured party under, and the Borrower shall have the rights and duties of a debtor under, the Uniform Commercial Code of Illinois (regardless of whether such Code or a law similar thereto has been enacted in the jurisdiction where such rights or remedies are asserted), including without limitation the right of the Bank to take possession of the Collateral and of anything found therein, and the right for that purpose without legal process to enter any premises where the Collateral may be found, provided such entry shall be done lawfully, and the Borrower further agrees in any such case to deliver the Collateral to the Bank at a place to be designated by the Bank. Any requirement of said Code of reasonable notification of the time and place of any public sale, or at the time after which any private sale or other intended disposition is to be made, shall be met by giving the Borrower at least 5 days prior written notice of the time and place of any public sale or the time after which any private sale or any other intended disposition is to be made. The Borrower shall be and remain liable for any deficiency remaining after applying the proceeds of disposition of the Collateral first to the reasonable expenses of retaking, holding, preparing for sale, selling and the like, including the reasonable attorney's fees and legal expenses incurred by the Bank in connection therewith, and then to the satisfaction of the Indebtedness Secured Hereby.

9. The Bank may, in the event of default by the Borrower in so doing, obtain insurance, pay taxes, liens or encumbrances, or order and pay for repairs, and all amounts expended by the Bank shall, with interest thereon at 8% per annum, constitute Indebtedness Secured Hereby and be payable forthwith; but no such act or expenditure by the Bank shall relieve the Borrower from the consequence of such default.

10. No warranties, express or implied, and no representations, promises or statements have been made by the Bank unless endorsed in writing. The Borrower hereby waives the benefit of any exemption or Homestead statutes now or hereafter in force. Any provision of this agreement prohibited by the law of any state shall, as to said state, be ineffective to the extent of such prohibition without invalidating the remaining provisions hereof.

11. This agreement and all rights and liabilities hereunder and in and to any and all Collateral shall inure to the benefit of the Bank and its successors and assigns, and shall be binding, upon the Borrower and his, her, its or their heirs, legal representatives, successors and assigns. This agreement and all rights and obligations hereunder, including matters of construction, validity and performance shall be governed by the laws of Illinois. All terms used herein which are defined in the Uniform Commercial Code of Illinois shall have the same meaning herein as in such Code.

Borrower acknowledges that this agreement is and shall be effective upon execution by the Borrower and delivery hereof to the Bank and it shall not be necessary for the Bank to execute any acceptance hereof or otherwise to signify or express its acceptance hereof.

Executed by the Borrower this 31st day of August, 19 87

(Corporate seal and Attestation by Secretary if agreement executed by corporation).

Charles J. Malander
Assistant Secretary

JACKSON JORDAN, INC.
Debtor
By: [Signature]
Its: President

HARRIS TRUST AND SAVINGS BANK

By Peterine Nielsen
Its Vice President

SCHEDULE A

1. Switch and Crossing Rail Grinder #1 Four Year Lease Agreement relating to one Jackson Jordan Rail Grinder, SCG Number 1, Model SCG-23, serial #142356 executed by Jackson Jordan, Inc. on July 31, 1986, as Lessor, and Burlington Northern Railroad Company on August 21, 1986, as Lessee.
2. Switch and Crossing Rail Grinder Servicing Agreement for Rail Grinders SCG #2 and SCG #3, serial #'s 139415 and 139416, respectively, executed by Jackson Jordan, Inc. on July 3, 1987 and Burlington Northern Railroad on July 10, 1987.
3. Encumbrances in favor of Harris Trust and Savings Bank as evidenced in part by financing statements.

STATE OF ILLINOIS)
)
COUNTY OF Cook) SS

I, Marcia Leighton, a Notary Public in and for said County, in the State aforesaid, do hereby certify that Daniel J. Donahue President of Jackson Jordan, Inc., a corporation, and Rhoda J. Mailander, Assistant Secretary of said corporation, who are personally known to me to be the same persons whose names are subscribed to the foregoing instrument as such President and Assistant Secretary, respectively, appeared before me this day in person and acknowledged that they signed and delivered the said instrument as their own free and voluntary act and as the free and voluntary act and deed of said corporation for the uses and purposes therein set forth; and the said Assistant Secretary then and there acknowledged that she, as custodian of the corporate seal of said corporation, did affix the corporate seal of said corporation to said instrument as his own free and voluntary act and as the free and voluntary act of said corporation, for the uses and purposes therein set forth.

Given under my hand and notarial seal, this 31st day of August, 1987.

Marcia Leighton
Notary Public



Marcia Leighton
(TYPE OR PRINT NAME)

(SEAL)

Commission Expires:

12-01-90

STATE OF ILLINOIS)
)
COUNTY OF Cook) SS

I, Jean M. Sladek, a Notary Public in and for said County in the State aforesaid, do hereby certify that Robert Triland, Vice President of Harris Trust and Savings Bank, an Illinois banking corporation, who is personally known to me to be the same person whose name is subscribed to the foregoing instrument as such Vice President appeared before me this day in person and acknowledged that he signed and delivered the said instrument as his own free and voluntary act and as the free and voluntary act and deed of said corporation for the uses and purposes therein set forth.

Given under my hand and notarial seal, this 30th day of September, 1987.

Jean M. Sladek
Notary Public

JEAN M. SLADEK
(TYPE OR PRINT NAME)

(SEAL)

Commission Expires:

2/1/88