

LAW OFFICES

ROSS & HARDIES

A PARTNERSHIP INCLUDING PROFESSIONAL CORPORATIONS

150 NORTH MICHIGAN AVENUE

CHICAGO, ILLINOIS 60601-7567

312-558-1000

TWX NUMBER  
910-221-1154

TELECOPIER  
312-750-8600

16694  
RECORDATION NO. FILED 1425

DEC 29 1989 - 11 32 AM

INTERSTATE COMMERCE COMMISSION

December 29, 1989

529 FIFTH AVENUE  
NEW YORK, NEW YORK 10017-4608  
212-949-7075

580 HOWARD AVENUE  
SOMERSET, NEW JERSEY 08875-6739  
201-563-2700

888 SIXTEENTH STREET, N.W.  
WASHINGTON, D.C. 20006-4103  
202-296-8600

16694-363A019  
RECORDATION NO. FILED 1425

DEC 29 1989 - 11 32 AM

INTERSTATE COMMERCE COMMISSION

Ms. Noreta R. McGee  
Secretary  
Interstate Commerce Commission  
12th Street and Constitution Avenue, N.W.  
Washington, D.C. 20423

Dear Ms. McGee:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11303(a) are two originals and two photocopied conformed counterparts of each of the two documents below.

The first document is a Security Agreement ("Security Agreement"), dated as of November 10, 1989, between Precision National Corporation ("Debtor") and Deutsche Credit Corporation ("Secured Creditor").

The names and addresses of the parties to the Security Agreement are:

Debtor

Precision National Corporation  
1100 Shawnee Street  
Mount Vernon, IL 62864

Secured Creditor

Deutsche Credit Corporation  
2333 Waukegan Road  
Deerfield, IL 60015

A description of the locomotives covered by the Security Agreement is set forth in Schedule A attached thereto.

A check for \$15.00 payable to the order of the Interstate Commerce Commission is enclosed to cover the required recordation fee for the Security Agreement.

*1/27/89*  
*[Signature]*

16694-363A019

Ms. Noreta R. McGee  
December 29, 1989  
Page 2

The second document is a Loan Agreement, dated as of November 10, 1989, between Precision National Corporation ("Borrower") and Deutsche Credit Corporation ("Lender"). The Loan Agreement should be filed concurrently with the Security Agreement, the primary document to which it relates.

The names and addresses of the parties to the Loan Agreement are:

Borrower

Precision National Corporation  
1100 Shawnee  
Mount Vernon, IL 62864

Lender

Deutsche Credit Corporation  
2333 Waukegan Road  
Deerfield, IL 60015

A description of the locomotives covered under the Loan Agreement is set forth in Schedule A attached to the Security Agreement, the primary document to which it relates.

A check for \$15.00 payable to the order of the Interstate Commerce Commission is enclosed to cover the required recordation fee for the Loan Agreement.

Kindly return one original and the two photocopies of each of the two enclosed documents in the envelope provided to Kelley W. White, Esq., Ross & Hardies, 150 North Michigan Avenue, Chicago, Illinois 60601.

Following is a short summary of each of the enclosed documents:

Primary Document. Security Agreement, dated as of November 20, 1989, between Precision National Corporation, as Debtor, and Deutsche Credit Corporation, as Secured Creditor, covering one hundred thirty-eight (138) locomotives described on Schedule A attached to the Security Agreement.

Secondary Document. Loan Agreement, dated as of November 10, 1989, between Precision National Corporation, as Borrower, and Deutsche Credit Corporation, as Lender, covering one hundred thirty-eight (138) locomotives described in Schedule

Ms. Noreta R. McGee  
December 29, 1989  
Page 3

A attached to the Security Agreement, the primary document to which it relates.

Please call me at the above telephone number in Chicago if you have any questions.

Very truly yours,

*Kelley W. White* (WPH)  
Kelley W. White

KWW/ds

cc: Steven Ordaz  
Robert W. Kleinman  
T. Stephen Dyer

**Interstate Commerce Commission**  
Washington, D.C. 20423

12/29/89

OFFICE OF THE SECRETARY

Kelly W. White  
Ross & Hardies  
150 North Michigan Avenue  
Chicago, Illinois 60601-7567

Dear Ms. White:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 12/29/89 at 11:35am and assigned recordation number(s). 16694 & 16694-A

Sincerely yours,



Noreta R. McGee  
Secretary

Enclosure(s)

SECURITY AGREEMENT

MORTGAGE ON GOODS AND CHATTELS

THIS MORTGAGE made the 10th day of November, 1989, by and between

Precision National Corporation 1100 Shawnee Street, Mount Vernon, Illinois 62864 (Customer, hereinafter referred to as "Mortgagor") and

Deutsche Credit Corporation 2333 Waukegan Road, Deerfield, Illinois 60015 (Lender & Secured Party, hereinafter referred to as "Mortgagee")

RECORDATION # 12694 FILED 1423

DEC 29 1989 - 11 00 AM

INTERSTATE COMMERCE COMMISSION

WITNESSETH:

1. To secure the payment of an indebtedness of Mortgagor to Mortgagee in the sum of Three Million and 00/100

DOLLARS (\$ 3,000,000.00)

which is hereby confessed and acknowledged, with interest thereon, all according to a certain promissory note or notes of even date herewith, and also to secure the payment, performance and fulfillment of any and all other obligations of the Mortgagor to Mortgagee, its heirs, successors, legal and personal representatives or assigns, howsoever created, arising or evidenced, whether direct or indirect, absolute or contingent, now or hereafter arising, due or to become due (hereinafter referred to as "Obligations"), Mortgagee hereby grants, assigns, transfers, pledges, conveys and mortgages to Mortgagee the goods, chattels and property described herein, or on any schedule(s) annexed hereto, as follows:

See Schedule "A" attached hereto and made a part hereof by reference, which goods, chattel and property shall secure any and all future advances.

all present and future attachments, accessions and additions thereto, substitutions, accessories and equipment therefor and replacements thereof, and any and all proceeds arising out of the sale, lease or other disposition thereof, all such goods, chattels, proceeds and property being, hereinafter called "Mortgaged Property", to have and to hold the same unto Mortgagee forever. Provided, however, that if the Mortgagor shall fully, timely and faithfully pay, perform and fulfill all said Obligations, time being of the essence hereof and of the said Obligations, then this Mortgage shall be void, but otherwise shall remain in full force and effect.

2. Mortgagor agrees with and warrants to Mortgagee that the Mortgaged Property described herein or in any annexed schedule(s) hereto is in

the possession of Mortgagor at 1100 Shawnee Street, Mount Vernon County of Jefferson

State of Illinois, that all of the Obligations are acknowledged and declared to be secured by this Mortgage and that Mortgagor will fully and faithfully pay, perform and fulfill all of the Obligations, with late charges thereon from and after maturity, whether by acceleration or otherwise, at the highest contract rate provided by law, but not to exceed three (3) percent per month, or as otherwise provided for in the applicable debt instrument.

3. Mortgagor further agrees with and warrants to Mortgagee that:

(a) Mortgagor is the lawful owner of the Mortgaged Property and has the sole right and lawful authority to make this Mortgage; the Mortgaged Property and every part thereof is free and clear of all liens and encumbrances of every kind, nature and description (except any held by Mortgagee); and Mortgagor will warrant and defend the Mortgaged Property against all claims and demands of all persons.

(b) Mortgagor will keep the Mortgaged Property free and clear of all attachments, levies, taxes, liens and encumbrances of every kind, nature and description; Mortgagor, at its own cost and expense, will keep the Mortgaged Property in a good, state of repair, will not waste or destroy the same or any part thereof and will not be negligent in the care or use thereof; and Mortgagor will not sell, assign, mortgage, pledge or otherwise dispose of the Mortgaged Property without the prior written consent of Mortgagee and any sale, assignment, mortgage, pledge or other disposition without said consent shall be void ab initio and of no force and effect. Mortgagee is hereby authorized to file one or more financing statements or a reproduction hereof as a financing statement.

(c) Mortgagor will not remove the Mortgaged Property from its present location without the prior written consent of Mortgagee and at all times shall allow Mortgagee or its representative free access to and right of inspection of the Mortgaged Property, which shall remain personalty and not become part of any realty, and nothing shall prevent Mortgagee from removing same or so much thereof as Mortgagee, in its sole discretion may determine, from any premises to which it may be attached upon breach of this Mortgage; Mortgagor agrees to deliver to Mortgagee appropriate waivers, satisfactory to Mortgagee, of owners, landlords and/or mortgagees of any such premises.

(d) Mortgagor shall comply (so far as necessary to protect the Mortgaged Property and the lien of this Mortgage thereon) with all of the terms and conditions of leases covering the premises wherein the Mortgaged Property is located and with any orders, ordinances, laws or statutes of any city, state or other governmental department having jurisdiction with respect to the premises or the conduct of business thereon, and, where requested by Mortgagee, will correct any defaults and/or violation thereunder or execute any written instruments and do any other acts necessary to more fully effectuate the purposes and provisions of this instrument.

(e) Mortgagor will indemnify and save Mortgagee harmless from all loss, cost, damage, liability or expense including reasonable attorneys' fees that Mortgagee may sustain or incur to obtain or enforce payment, performance or fulfillment of any of the Obligations or in the enforcement or foreclosure of this Mortgage or proceeding either against Mortgagor or against Mortgagee concerning any matter growing out of or connected with this Mortgage and/or any of the Obligations and/or any of the Mortgaged Property.

(f) If Mortgagor is a corporation, the execution of this Mortgage has been duly consented to and authorized by all of the stockholders of Mortgagor and duly authorized by its Board of Directors. Mortgagor agrees to deliver to Mortgagee evidence thereof satisfactory to Mortgagee immediately upon request.

(g) Mortgagor hereby covenants and agrees to deliver to Mortgagee, as soon as practicable and in any event, within 120 days after the end of each fiscal year, a fully executed financial statement in reasonable detail, and with reasonable promptness such other financial information as may be reasonably requested by the Mortgagee.

(h) Mortgagor hereby covenants and agrees to deliver to Mortgagee, as soon as practicable and in any event, within 120 days after the end of each fiscal year, a fully executed financial statement in reasonable detail, and with reasonable promptness such other financial information as may be reasonably requested by the Mortgagee.

4. The terms, conditions and provisions contained herein, on the reverse side hereof, and those contained in any agreement(s) or schedule(s) referenced herein or annexed hereto constitute the entire agreement between the Mortgagor and Mortgagee.

IN WITNESS WHEREOF, Mortgagor has caused this Mortgage to be executed by a duly authorized representative on the day and year first above written.

\* except as provided in a Loan Agreement dated 11-10, 1989

DM initial

ATTEST:

Precision National Corporation

(Mortgagor)

Susan J. ... Secretary

By: Dean ... PRESIDENT

(Title)





**SCHEDULE A**

1 OF 2

Schedule annexed to and made a part of a certain Conditional Sales Contract, Chattel Mortgage or Lease dated the 10<sup>th</sup> day of November, 1989 or Financing Statement, by and between the undersigned

Description of collateral (Quantity, New/Used, Make, Model, General Description, and, if applicable, Engine and/or Serial Numbers)

Electro-Motive Equipment Consisting of:

- Four (4) Used Electro-Motive Switcher Locomotives, Model SW-7, S/N's 6090-1, 6090-2, 6090-3, and 4005-8
- Ten (10) Used Electro-Motive Switcher Locomotives, Model SW-9, S/N's 4225-4, 4075-4, 4075-5, 1187-2B, 6253-2, 6253-1, 6374-7, 6374-9, 6374-2, and 357-535441
- Ten (10) Used Electro-Motive Switcher Locomotives, Model SW-1200, S/N's 4416-1, 7701-8, 4491-1, 4469-7, 4255-2, 4255-4, 4255-6, 4382-1, 4382-5, and 4295-2
- One (1) <sup>25</sup> Used Electro-Motive Switcher Locomotives, Model SW-1500, S/N 58383-52
- Six (6) Used Electro-Motive Switcher Locomotives, Model NW2, S/N's E-1045-39, E-1045-10, E-1045-3, E-1045-13, E-6021-1, and E-1022-26
- Two (2) Used Electro-Motive General Purpose Locomotives, Model GP-7, S/N's 5091-11 and 6117-L
- Six (6) Used Electro-Motive General Purpose Locomotives, Model GP-9, S/N's 5487-2, 5560-3, 5354-13, 5384-7, K50-11952 and 5453-34
- Nine (9) <sup>27</sup> Used Electro-Motive General Purpose Locomotives, Model GP-10, S/N's 5359-6, 5378-34, 5409-58, 5409-63, 5480-43, 5436-75, 5502-3, 67k3-1051, and 5553-63
- Eleven (11) Used Electro-Motive General Purpose Locomotives, Model GP-20, S/N's 5607-5, 5607-6, 7592-1, 5607-4, 7592-4, 7583-6, 7397-8, 7597-13, 7597-23, 5634-30, and 5825-2
- Three (3) Used Electro-Motive General Purpose Locomotives, Model GP-30, S/N's 7652-1, 5643-21 and 5643-25
- Five (5) Used Electro-Motive General Purpose Locomotives, Model GP-35, S/N's 7703-4, 7808-4, 7739-31, 5660-7, and 7710-7
- One (1) Used Electro-Motive General Purpose Locomotives, Model GP-38, S/N 7060-100
- One (1) Used Electro-Motive General Purpose Locomotives, Model GP-38-2, S/N 73662-27
- Four (4) <sup>28</sup> Used Electro-Motive General Purpose Locomotives, Model GP-40, S/N's 7275-10, 7897-7, 7944-20, and 776091-17
- Six (6) Used Electro-Motive Special Duty Locomotives, Model SD-7, S/N's 6274-9, 6274-10, 6468-2, 6468-3, 6468-5, and 6468-6
- Three (3) Used Electro-Motive Special Duty Locomotives, Model SD-9, S/N's 6468-7, 6468-8, and 5249-1
- Nine (9) Used Electro-Motive Special Duty Locomotives, Model SD-35, S/N's 30885, 7838-24, 7838-27, 7838-32, 7838-34, 7738-1, 7738-12, 7738-14, and 7738-15
- Seven (7) Used Electro-Motive Special Duty Locomotives, Model SD-40, S/N's 7865-12, 7865-14, 7932-17, 7932-18, 7995-2, 7995-7, and 7324-25
- Two (2) <sup>29</sup> Used Electro-Motive Special Duty Locomotives, Model SD-40-2, S/N's 73630-26 and 786265-49

The undersigned-Buyer(s), Mortgagor(s) or Lessee(s) hereby verifies the above Schedule as correct and acknowledges receipt of a copy thereof

SELLER/MORTGAGEE/LESSOR

BUYER/MORTGAGOR/LESSEE

Deutsche Credit Corporation

Precision National Corporation

By James S. [Signature]

By Dean Monee [Signature]

Title SVP & TREASURER SVP's Dept

Title: PRESIDENT

SCHEDULE A

2 OF 2

Schedule annexed to and made a part of a certain Conditional Sales Contract, Chattel Mortgage or Lease dated the 10th day of November, 1989 or Financing Statement, by and between the undersigned

Description of collateral (Quantity, New/Used, Make, Model, General Description, and, if applicable, Engine and/or Serial Numbers)

- Twenty (20) Used Electro-Motive Special Duty Locomotives, Model SD-45, S/N's 7979-8, 7494-4, 7887-41, 7887-45, 7170-11, 7170-29, 7217-14, 7217-5, 7170-31, 7975-5, 7077-18, 7077-11, 7975-15, 7975-16, 7975-14, 7975-9, 7077-14, 7123-2, 7068-20, and 5745-24
Three (3) Used Electro-Motive Special Duty Locomotives, Model SD-45-2, S/N's 7138-4, 776069-11, and 7138-45

Miscellaneous Equipment as Listed Below:

- Nine (9) Used Miscellaneous Locomotives, Model GE-U33C, S/N's 38249, 38256, 38258, 38358, 10001, 10002, 10003, 10004, and 10005
One (1) Used Miscellaneous Locomotives, Model BLH-S10, S/N 10006
Two (2) Used Miscellaneous Locomotives, Model ALCORS-3, S/N's 17HP4L3 and 10007
Two (2) Used Miscellaneous Locomotives, Model DD-40X, S/N's 7134-5 and 7198-13
One (1) Used Miscellaneous Locomotives, Model SLUG, S/N 4184-10

The undersigned Buyer(s), Mortgagor(s) or Lessee(s) hereby verifies the above-Schedule as correct and acknowledges receipt of a copy thereof.

SELLER/MORTGAGEE/LESSOR

BUYER/MORTGAGOR/LESSEE

Deutsche Credit Corporation

Precision National Corporation

By [Signature]

By: [Signature]

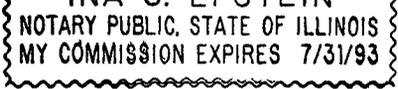
Title SVP & TREASURER SVP's Army

Title: PRESIDENT

STATE OF ILLINOIS )  
 ) SS.  
COUNTY OF COOK )

On this 10<sup>th</sup> day of November 1989, before me, the subscriber, INA S. EPSTEIN, a Notary Public, duly commissioned, qualified and acting, within and for said Country and State, appeared in person the within named Dean Manes to me personally known, who stated and acknowledged that he is the President of Precision National Corporation, an Illinois corporation, and duly authorized by authority of the Board of Directors or By-Laws of said corporation in his capacity as such officer to execute and acknowledge the foregoing instrument for and in the name and on behalf of said corporation and further stated and acknowledged that he has so signed, executed and delivered the foregoing instrument as the free and voluntary act and deed of said corporation, for the consideration, uses and purposes therein mentioned and set forth and desired that the same might be recorded as such.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal this 10th day of November 1989.



Ina S. Epstein  
Notary Public

My commission expires:

STATE OF ILLINOIS )  
 ) SS.  
COUNTY OF )

On this 4th day of December, 1989, before me, the subscriber, DAVID K. SMRTNIK, a Notary Public, duly commissioned, qualified and acting, within and for said Country and State, appeared in person the within named JAMES S. POOR and ROBERT E. SCHOEN, to me personally known, who stated and acknowledged that they are the SENIOR VICE PRESIDENT - TREASURER and SENIOR VICE PRESIDENT & SECRETARY of Deutsche Credit Corporation, a Delaware corporation, and duly authorized by authority of the Board of Directors or By-Laws of said corporation in their capacity as such officers to execute and acknowledge the foregoing instrument for and in the name and on behalf of said corporation and further stated and acknowledged that they have so signed, executed and delivered the foregoing instrument as the free and voluntary act and deed of said corporation, for the consideration, uses and purposes therein mentioned and set forth and desired that the same might be recorded as such.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal this 4th day of December, 1989.



David K. Smrtnik  
Notary Public

My commission expires: 5/2/1990