

WILMER, CUTLER & PICKERING **5490**  
RECORDATION NO. .... F:md 1420

2445 M STREET, N. W.  
WASHINGTON, D. C. 20037-1420

**FEB 1 1988 - 1 20 PM**

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ALLEN H. HARRISON, JR.  
DIRECT LINE (202)  
663-6093

February 1, 1988

*\$ 13.00 filing fee*

Dear Ms. McGee:

On behalf of The CIT Group/Equipment Financing, Inc. I submit for filing and recording under 49 U.S.C. Section 11303(a) and the regulations promulgated thereunder, four executed counterparts of a primary document, not previously recorded, entitled "Security Agreement" ("Agreement") dated January 29, 1988. This is a new filing requiring a new Recordation No.

*New Recordation No.*

The parties to the enclosed Agreement are:

Vineyard Car Company - Debtor  
c/o Helm Financial Corporation  
One Embarcadero Center  
Suite 3320  
San Francisco, CA 94111

The CIT Group/Equipment Financing, Inc. - Secured Party  
1180 W. Swedesford Road  
Berwyn, Pennsylvania 19312

The Agreement, among other things, creates a security interest in certain locomotives.

Six (6) General Motors (EMD) SD-40 diesel electric locomotives, Soo 6400-6405 comprise the equipment covered in the Agreement.

A short summary of the document to appear in the ICC Index is as follows:

"Covers six locomotives: Soo 6400-6405."

Enclosed is a check in the amount of thirteen dollars (\$13) in payment of the filing fee.

8-032A030

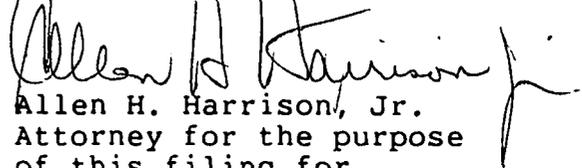
No. \_\_\_\_\_  
Date **FEB 1 1988**  
Fee \$ 13.00  
ICC Washington, D.C.

**FEB 1 1 24 PM '88**

*Handwritten signature/initials on the left margin.*

Once the filing has been made, please return to bearer the stamped counterparts of the Agreement not required for filing purposes, together with the fee receipt, the letter from the ICC acknowledging the filing, and the extra copies of this letter of transmittal.

Very truly yours,

  
Allen H. Harrison, Jr.  
Attorney for the purpose  
of this filing for  
The CIT Group/Equipment  
Financing, Inc.

Honorable Noreta R. McGee  
Secretary  
Interstate Commerce Commission  
Washington, D.C. 20423

Enclosures

AHH/iw

BY HAND



# Security Agreement

Reversionary WOR with Loan

This form is subject to legal requirements of States where used.

The undersigned debtor ("debtor"), to secure payment of the indebtedness set forth below, hereby grants to the below-named secured party, its successors and assigns ("secured party") a security interest in the following described property, complete with all present and future attachments, accessories, replacements, equipment, additions, and all proceeds thereof, all hereinafter referred to collectively as "collateral":

Describe collateral fully including make, kind of unit, serial and model numbers and any other pertinent information. Location

Six (6) Electro-Motive Model SD-40 Locomotives (Lessee Numbers S006400 - 6405) and all attachments, replacements, additions, and substitutions affixed thereto, all present and future lease in respect thereof and all proceeds of the foregoing.

**1 5490**

RECORDATION NO. \_\_\_\_\_ FILED 1498

**FEB 1 1988 - 1 20 PM**

**INTERSTATE COMMERCE COMMISSION**

The collateral is subject to a lease (hereinafter called the "Lease") dated January 15, 1987, between debtor, as lessor, and Soo Line Railroad Company, of Soo Line Building, P.O. Box 530, Minneapolis, MN 55440

as lessee ("lessee"), which Lease has been sold and assigned by debtor to secured party without recourse against debtor as to the financial ability of lessee to pay, by an assignment of lease dated \_\_\_\_\_, 19\_\_\_\_.

If (a) the lessee shall pay aggregate rentals of \$ 679,448.52 to secured party, as required by the Lease and payable as follows:

51 consecutive monthly rentals of \$13,322.52 commencing February 15, 1988 and on the same day of each month thereafter to and including June 1, 1992.

and all other sums required to be paid by lessee strictly in accordance with the terms of the Lease, and (b) if debtor shall pay to secured party the total sum of \$ 150,000.00\*, which debtor hereby promises to pay on \_\_\_\_\_, 19\_\_\_\_, and (c) if debtor shall not be in default in the payment of any other indebtedness at any time owing by debtor to secured party, then the security interest granted hereby shall be void, otherwise to remain in full force and effect. Debtor hereby promises to pay secured party the indebtedness described in clauses (b) and (c) above in accordance with the terms thereof, and any instalment not paid when due shall, at the option of secured party, bear late charges thereon calculated at the highest rate permitted by the relevant law, but in no event more than 1½% per month. Any note taken herewith shall evidence indebtedness and not payment. All amounts received by secured party from lessee or any guarantor or with respect to the collateral shall be applied first to the rentals described in clause (a) above, second to the obligation described in clause (b) above, and third to the obligation described in clause (c) above. Any amounts received by secured party from debtor shall be applied first to the obligation described in clause (b) above and second to the obligation described in clause (c) above. \*

The collateral shall secure, in addition to the indebtedness set forth above, all other indebtedness at any time owing by debtor to secured party, and shall remain personal property and shall not become part of the freehold regardless of the manner of affixation.

The additional terms and conditions on the reverse side are a part of this Security Agreement.

Dated: January 29, 1988

Secured Party The CIT Group/Equipment Financing, Inc.  
C.I.T. CORPORATION

By D. C. Han Title AVP

1180 West Swedesford Road  
Address Berwyn, PA 19312  
City State Zip Code

Debtor Vineyard Car Company  
Name of individual, corporation or partnership

By Walter Kulo Title V.P.  
General Partner  
If corporation, have signed by President, Vice-President or Treasurer, and give official title. If owner or partner, state which.

C/O Shearson Lehman Bros., Inc.  
Address American Express Tower, World Financial Center  
City County State Zip Code  
New York, NY 10285-1500

If Debtor is a partnership, enter:

Partners' names Home addresses

Partners' names Home addresses

\*Except as provided in any applicable underlying agreement between debtor and secured party pertaining to the assignment of the Lease by debtor to secured party as referenced to above, debtor shall have no personal obligation to pay the indebtedness described in clauses (a) and (b) above.

**(Additional terms and conditions of security agreement)**

Debtor warrants and agrees: that debtor is justly indebted to secured party for the full amount of the above indebtedness and interest thereon; that debtor lawfully owns the collateral; that except for the interest of lessee under the Lease and the security interest granted hereby the collateral is free from and will be kept free from all liens, claims, security interests and encumbrances; that no financing statement covering the collateral or any proceeds thereof is on file in favor of anyone other than secured party; that, notwithstanding secured party's claim to proceeds, debtor will not misuse, fail to keep in good repair, sell, rent (except to the lessee under the Lease), lend, encumber, transfer, secrete or otherwise dispose of any of the collateral, nor permit any such act; that the collateral shall be kept at the aforesaid locations and debtor will not remove or permit the lessee to remove any thereof from such locations without the prior written consent of secured party; to defend at debtor's own cost any action, proceeding or claim affecting the collateral; to pay reasonable attorneys' fees and other expenses incurred by secured party in enforcing its rights after debtor's default; to pay promptly all taxes, assessments, license fees and other public or private charges when levied or assessed against the collateral or this security agreement or any accompanying note; that if a certificate of title be required or permitted by law, debtor shall obtain such certificate with respect to the collateral, showing the security interest of secured party thereon, and in any event do everything necessary or expedient to preserve or perfect the security interest of secured party.

All risk of loss of, damage to or destruction of the collateral shall at all times be on debtor. Debtor will procure forthwith and maintain fire insurance with extended or combined additional coverage on the collateral for the full insurable value thereof for the life of this security agreement plus such other insurance as secured party may specify, and promptly deliver each policy to secured party with a standard mortgagee's long form endorsement attached showing loss payable to secured party or assigns as respective interests may appear. Secured party's acceptance of policies in lesser amounts or risks shall not be a waiver of debtor's foregoing obligation.

If permitted by law, debtor authorizes secured party to file a financing statement with respect to the collateral signed only by secured party.

Time is of the essence: if any of debtor's obligations to secured party be not paid promptly when due, or if debtor breaches any

warranty or provision hereof or of any accompanying note or of any other instrument or agreement delivered by debtor to secured party, or if debtor becomes insolvent or ceases to do business as a going concern, or if any of the collateral is lost or destroyed, or if a petition in bankruptcy or for arrangement or reorganization be filed by or against debtor, or if property of debtor be attached or a receiver be appointed for debtor, or if the lessee breaches any of the terms of the Lease, or whenever secured party may deem the indebtedness or collateral insecure, debtor shall be in default hereunder and the indebtedness herein described and all other debts then owing by debtor to secured party shall at secured party's option become immediately due and payable. Upon debtor's default secured party shall have all the rights and remedies of a secured party under the Uniform Commercial Code and any other applicable laws. If permitted by law, the Sheriff of any county where the collateral or any part thereof may be, may, on request of secured party and the delivery to the Sheriff of a copy hereof, take possession of the collateral and sell the same in the manner prescribed by applicable law. Secured party may require debtor to assemble the collateral and return it to secured party at a place to be designated by secured party which is reasonably convenient to both parties. Secured party will give debtor reasonable notice of the time and place of any public sale of the collateral or of the time after which any private sale of the collateral or any other intended disposition thereof is to be made. Unless otherwise provided by law, the requirement of reasonable notice shall be met if such notice is mailed, postage prepaid, to the address of debtor shown herein at least ten days before the time of the sale or disposition. Expenses of retaking, holding, preparing for sale, selling and the like shall include reasonable attorneys' fees (15% if not prohibited by law) and other legal expenses.

Waiver of any default shall not be a waiver of any other default; all secured party's rights are cumulative and not alternative. No waiver or change in this security agreement, or in any related note shall bind secured party unless an officer of secured party has agreed to such waiver or change in writing. Debtor waives all exemptions. Secured party may correct patent errors herein and fill in blanks. Any provisions hereof contrary to, prohibited by or invalid under applicable laws or regulations shall be inapplicable and deemed omitted herefrom, but shall not invalidate the remaining provisions hereof. Debtor acknowledges receipt of a true copy and waives acceptance hereof. No oral agreement, guaranty or warranty shall be binding. If debtor is a corporation, this security agreement is executed pursuant to authority of its Board of Directors.

STATE OF NEW YORK     )  
                                  :   SS.:  
COUNTY OF NEW YORK    )

On this Jan 13, 1988, before me personally appeared William C. McKeown, to me personally known, who, being by me duly sworn, says that he is the V.P. of Kulo Corporation, a Connecticut corporation, which is the corporate General Partner of Vineyard Car Company, that said instrument was signed behalf of said partnership on authority of its partners and he acknowledged that the execution the foregoing instrument was the free set and deed of said partnership.

Evette A. Saldana  
Notary Public

My Commission Expires:

[Notarial Seal]

EVETTE A. SALDANA  
Notary Public, State of New York  
No. 41-4852876  
Qualified in Queens County  
Commission Expires February 10, 1988

Pennsylvania

STATE OF ~~NEW YORK~~ )  
                  Montgomery : ss.:  
COUNTY OF ~~NEW YORK~~ )

On this 29<sup>th</sup> of Jan. 1988, before me personally appeared Donald Harms, to me personally known, who, being by me duly sworn, says that he is the Assist. VP of The CIT Group/Equipment Financing, Inc., a New York corporation, that said instrument was signed behalf of said corporation on authority of its stockholders and he acknowledged that the execution the foregoing instrument was the free set and deed of said corporation.

  
Notary Public

My Commission Expires:

THOMAS W PEARSELL, Notary Public  
Lower Merion Twp., Montgomery Co.  
My Commission Expires June 8, 1989

[Notarial Seal]