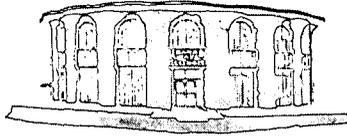


BANK OF ILLINOIS IN MT. VERNON

PHONE 618/244-2211



1101 BROADWAY
MT. VERNON, ILLINOIS 62864

9-214A012

July 21, 1989

RECORDATION NO. 16458 FILED 1425

AUG 2 1989 - 12 45 PM

INTERSTATE COMMERCE COMMISSION

Interstate Commerce Commission
12th and Constitution Avenue NW
Washington, DC 20423

Attention: Mildred Lee, Room 2303

RE: Precision National Corporation, Debtor
Bank of Illinois in Mt. Vernon, Secured party

Enclosed you will find an original and one certified copy of a Security Agreement, which needs to be filed with the Interstate Commerce Commission.

A check for the recording cost has been included along with a self-addressed stamped envelope to be used for returning the original document to our office.

Please feel free to contact our office if you should have any questions concerning this document.

Sincerely,

BANK OF ILLINOIS IN MT. VERNON

Elizabeth Moore
Vice President

EM/sl

Enclosure

NOTICE OF OPENING UNIT
AUG 2 12 38 PM '89

Interstate Commerce Commission
Washington, D.C. 20423

8/3/89

OFFICE OF THE SECRETARY

Elizabeth Moore
Vice President
Bank Of Illinois In Mt Vernon
1101 Broadway
Mt Vernon, Illinois 62864

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 8/2/89, at 12:45, and assigned recordation number(s). 16458 & 16459

Sincerely yours,



Noreta R. McGee
Secretary

Enclosure(s)

AUG 2 1989 - 12 45 PM

SECURITY AGREEMENT

INTERSTATE COMMERCE COMMISSION

Security agreement made July 21, 1989, between Precision National Corporation, an Illinois corporation, of 908 Shawnee, City of Mt. Vernon, County of Jefferson, State of Illinois, herein referred to as debtor, and Bank of Illinois in Mt. Vernon, an Illinois corporation, of 1101 Broadway, City of Mt. Vernon, County of Jefferson, State of Illinois, herein referred to as secured party.

In consideration of secured party's release of certain collateral previously given by debtor to secured party as security for certain obligations owing to secured party and in further consideration of the mutual covenants and promises herein contained, debtor and secured party agree as follows:

SECTION ONE
CREATION OF SECURITY INTEREST

Debtor hereby grants to secured party a security interest, pursuant to Article 9 of the Illinois Uniform Commercial Code (Ill. Rev. Stat., Ch. 26, Par. 9-101 et seq.) in the locomotives described as follows:

	<u>Manufacturer's Serial No.</u>	<u>Railroad System Number</u>
1 Locomotive	5553-63	PNC 2001
1 Locomotive	5378-34	PNC 8101
1 Locomotive	4536-75	PNC 8267
1 Locomotive	5409-63	PNC 8180
1 Locomotive	5480-43	PNC 2000
1 Locomotive	5634-30	PNC 4079
1 Locomotive	5625-2	PNC 4085
1 Locomotive	7583-6	PNC 2005
1 Locomotive	7397-23	PNC 2060
1 Locomotive	7738-1	PNC 400
1 Locomotive	7738-14	PNC 413
1 Locomotive	7738-15	PNC 455

in the Precision National yard on Shawnee Street in the City of Mt. Vernon, County of Jefferson, State of Illinois, together with all replacements therefor, accessories, equipment, parts appliances, and appurtenances now or hereafter a part thereof, substitutions therefore, and repairs thereto, all of which are herein referred to as locomotives.

This security interest in locomotives is granted as security for:

- a. The payment to secured party of:
 - (1) A line of credit evidenced by that certain note dated June 20, 1989 from debtor to secured party in the amount of \$50,000.00, bearing note number 6077381060, which is to mature on September 20, 1989.

(2) A line of credit evidenced by that certain note dated December 3, 1987 from debtor to secured party in the amount of \$43,624.00, bearing note number 6077381030, which is to mature on September 1, 1989.

(3) A line of credit evidenced by that certain note dated October 14, 1987 from debtor to secured party in the amount of \$245,000.00, bearing note number 60773801020, which is to mature on October 14, 1989.

(4) A line of credit evidenced by that certain note dated June 5, 1989 from debtor to secured party in the amount of \$200,000.00, bearing note number 607738-01050, which is to mature on July 22, 1989.

(5) A certain note dated January 23, 1987 from debtor to secure party in the amount of \$400,000.00 bearing note number 60773801010 which is to mature on January 23, 1990.

(6) Any and all renewals, extensions and modifications of any of the foregoing.

(7) All sums hereafter advanced and all expenditures hereafter made, in addition to any advancements or expenditures necessarily made pursuant to the next paragraph, by secured party to or for debtor, and any and all indebtedness and obligations now or hereafter owing or due or becoming owing or due from debtor to secured party.

b. The repayment of any and all sums and amounts that are necessarily advanced or expended by secured party or secured party's assigns for the maintenance or preservation of locomotives or any part thereof.

c. the payment and performance of all obligations and promises of debtor herein contained.

SECTION TWO ASSIGNMENT OF INCOME

Debtor hereby assigns to secured party all rents, issues, income, and profits of or from locomotives. Any money received by secured party under the provisions hereof may, at secured party's option, be applied on any indebtedness secured hereby.

SECTION THREE DEBTOR'S RIGHTS IN LOCOMOTIVES

Debtor hereby declares and warrants to secured party that debtor is the absolute owner and in possession of locomotives; that locomotives are now in debtor's possession at the above-described location; and that locomotives are free and clear of liens, secured interests, incumbrances, and adverse claims,

with the exception of the security interest created by this agreement.

SECTION FOUR
PERFECTION OF SECURITY INTEREST

Debtor shall keep this a first lien security interest in locomotives and, at debtor's own expense, shall defend any and all actions and proceedings affecting title to locomotives, or any part thereof, or affecting secured party's security interest therein. Debtor shall, on demand at any time, make due, execute, and deliver all such further acts and documents as shall be required to render all of locomotives available for the security and satisfaction of debtor's indebtedness hereunder.

SECTION FIVE
POWER OF ATTORNEY

Any officer of secured party is hereby irrevocably appointed the attorney in fact of debtor, with full power of substitution, to sign any certificate of ownership, registration card, applications, affidavits, or documents necessary to transfer title to any of locomotives, to receive and receipt for all licenses, registration cards, and certificates of ownership, and to do all acts necessary or incident to the powers granted to secured party in this agreement as fully as debtor might.

SECTION SIX
PROTECTION OF LOCOMOTIVES

Debtor shall do all acts that may be necessary to maintain, preserve, and protect locomotives. Debtor shall not cause or permit any waste or unusual or unreasonable depreciation of locomotives or any act for which locomotives might be confiscated. Debtor shall pay, at least thirty (30) days before delinquency, all taxes, charges, assessments, and liens now or hereafter levied or imposed on locomotives and shall not sell, create a security interest in, encumber, or dispose of all or any part of locomotives without secured party's written consent. At any time on secured party's demand, debtor shall furnish secured party with a report showing the location, condition, and use of locomotives and shall exhibit to and allow inspection by secured party of locomotives. Debtor shall provide, maintain, and deliver to secured party policies insuring locomotives against loss or damage by such risks and in such amounts, forms, and insurers as secured party requires and with loss payable solely to secured party. If secured party takes possession of locomotives, the insurance policy or policies and unearned or returned premiums thereof shall, at secured party's option, become the sole property of secured party, such policies being hereby assigned to secured party.

SECTION SEVEN
USE OF LOCOMOTIVES

Debtor shall register, use, operate, and control locomotives in accordance with all statutes, laws, ordinances, and regulations relating to the registration, use and control of such locomotives and accessories. In particular, debtor shall comply with all applicable rules and regulations of the Illinois Commerce Commission and the Interstate Commerce Commission. Debtor shall not remove locomotives, nor permit locomotives to be removed, from the state where locomotives are permanently located, as set forth herein, for any period in excess of thirty days, without secured party's prior written consent, nor remove or permit removal of locomotives outside the continental limits of the United States.

SECTION EIGHT
PROTECTION OF SECURITY INTEREST

If debtor fails to make any payment or to do any act herein required, secured party may, without obligation to do so and without notice to or demand on debtor, make such advancements or expenditures and do such acts as secured party may deem necessary to protect secured party's security. Secured party is hereby authorized, without limiting the general nature of the general authority herein conferred, to take possession of locomotives; to pay, purchase, contest, and compromise any security interest, encumbrance, charge, or lien that in secured party's judgment appears to be prior or superior to the security interest created by this agreement; and, in exercising any such powers and authority, to pay any and all necessary expenses, employ counsel, and pay them reasonable fees. Secured party's determination as to whether or not debtor has failed to make any payment or do any act as herein required shall be final and conclusive. Debtor shall pay immediately and without demand all sums expended by secured party pursuant to the provisions of this agreement, with interest.

SECTION NINE
DEFAULT: REMEDIES

If debtor defaults in the payment of any of the indebtedness, obligations, or liabilities secured hereby or in the performance of any of debtor's other obligations, promises, warranties, or declaration herein contained or secured hereby, secured party, at its option and without demand on or notice to debtor, may declare all indebtedness, obligations, and liabilities secured hereby, and all other sums owing by debtor to secured party, to be immediately due and payable. Secured party shall thereupon have the remedies of a secured party under Article 9 of the Illinois Uniform Commercial Code including, without limitation, the rights to require debtor to assemble and make them available to secured party at a place designated by secured party; to enter on the premises where locomotives may be and take possession thereof; and

to remove and/or sell and/or dispose of locomotives, or any part thereof, at public or private sale on legal notice to debtor. Locomotives, or any part thereof, may be sold in one or more lots at one or more sales which may be held on different days and which need not be within view of the property being sold. Secured party shall deduct and retain from the proceeds of such sale or sales all costs, expenses, and charges paid or incurred in the taking, removal, handling, and sale of locomotive, or otherwise incurred in connection therewith, including any reasonable attorney's fees incurred or paid by secured party. The balance of the proceeds shall be applied by secured party on the indebtedness, obligations, and liabilities secured hereby, in such order and manner as secured party may determine, and the surplus, if any, shall be paid to debtor or to the person or persons lawfully entitled to receive it. If suit is brought or any proceedings are instituted by secured party in connection with this agreement, there shall be due from debtor to secured party, immediately on the commencement thereof, a reasonable attorney's fee in such action or proceeding, which sum is hereby secured. In any such action or proceeding, secured party shall be entitled to the employment of a receiver, without notice, to take possession of all or any part of locomotives and to exercise such powers as the court shall confer upon such receiver. At any sale or sales, made under this agreement or authorized herein, secured party, any person on behalf of secured party, or any other person may bid for and purchase locomotives, and, in the event of such purchase, the purchaser shall hold locomotives thereafter discharged of all right of redemption.

The right to plead any and all statutes of limitations as a defense to any demand secured by this agreement is hereby waived to the full extent and the longest period allowed by law.

SECTION TEN WAIVER

Without in any way affecting debtor's obligation hereunder, secured party may, from time to time and without notice, release or otherwise deal with any person now or hereafter liable for the payment or performance of any obligation hereunder or secured hereby; renew, extend, or alter the time or terms of payment of any such obligation; and release, surrender, or substitute any property or other security for any such obligation, or accept any type of further security therefor. Consent is hereby given to delay or indulge in enforcing payment or performance of any such obligation, and debtor hereby waives diligence, presentment, protest, demand, and notice of every kind, as well as the right to require secured party to proceed against any person liable for the payment of any such obligation or to foreclose on, sell, or otherwise realize on or collect or apply any other property, real or personal, securing such obligation, as a condition or prior to proceeding hereunder.

SECTION ELEVEN
CONSTRUCTION AND EFFECT OF AGREEMENT

This agreement shall be construed according to the terms of the Illinois Uniform Commercial Code and other applicable laws of the State of Illinois. Wherever the context so requires, the masculine gender includes the feminine and neuter, the singular number includes the plural, and the plural includes the singular. If there is more than one debtor, the provisions of this agreement in reference to debtor shall be construed to apply jointly and severally to each of the debtors. The words "debtor" and "secured party," as used herein, shall be construed to include the heirs, legatees, devisees, administrators, executors, successors, and assigns of debtor and secured party. This agreement shall bind and inure to the benefit of such third persons.

In witness whereof, the parties have executed this agreement at Mt. Vernon, Illinois the day and year first above written.

Precision National Corporation

By: B.K. Forgey
B.K. Forgey
Title: Vice President

Attested by Susan Zachar
Susan Zachar
Title: Secretary

DEBTOR

Bank of Illinois in Mt. Vernon

By: Sam F. Moore
Title: President

Attested by Elizabeth Moore
Title: Vice President

SECURED PARTY

This is to certify that this is a true and exact copy of the original document.

BANK OF ILLINOIS IN MT. VERNON

BY Elizabeth Moore
vice president



and, sworn before me this 21st day of July, 1989

, Notary Public

STATE OF ILLINOIS)
COUNTY OF Jefferson)

I, the undersigned Notary Public, in and for the said County, in the State aforesaid, do hereby certify that Ben K. Forgey, as Vice President of Precision National Corporation, a corporation, who is personally known to me to be the same person whose name is subscribed to the foregoing instrument as such officer of said corporation, appeared before me this day in person and severally acknowledged that as such officer they signed and delivered the said instrument of writing as their free and voluntary acts and as the free and voluntary act of said corporation, for the uses and purposes therein set forth, pursuant to authority given by the Board of Directors of said corporation.

Given under my hand and notarial seal this 21st day of July 1989.

Rhonda Wilson Barnard
Notary Public
OFFICIAL SEAL
Rhonda Wilson Barnard
Notary Public, State of Illinois
My Commission Expires 6/5/90

STATE OF ILLINOIS)
COUNTY OF Jefferson)

I, the undersigned Notary Public, in and for the said County, in the State aforesaid, do hereby certify that Susan Zarcher, as Secretary of Precision National Corporation, a corporation, who is personally known to me to be the same person whose name is subscribed to the foregoing instrument as such officer of said corporation, appeared before me this day in person and severally acknowledged that as such officer they signed and delivered the said instrument of writing as their free and voluntary acts and as the free and voluntary act of said corporation, for the uses and purposes therein set forth, pursuant to authority given by the Board of Directors of said corporation.

Given under my hand and notarial seal this 21st day of July 1989.

Rhonda Wilson Barnard
Notary Public
OFFICIAL SEAL
Rhonda Wilson Barnard
Notary Public, State of Illinois
My Commission Expires 6/5/90

STATE OF ILLINOIS)
COUNTY OF JEFFERSON)

I, the undersigned Notary Public, in and for the said County, in the State aforesaid, do hereby certify that Sam F. Mateer as President and Elizabeth Moore as Vice President of Bank of Illinois in Mt. Vernon, who are personally known to me to be the same persons whose names are subscribed to the foregoing instrument as such officers, appeared before me this day in person and severally acknowledged that as such officers they signed, sealed and delivered the said instrument of writing as their free and voluntary acts and as the free and voluntary act of said corporation, for the uses and purposes therein set forth, pursuant to authority given by the Board of Directors of said corporation.

Given under my hand and notarial seal this 21st day of July 1989.

OFFICIAL SEAL
KAREN MARKS
Notary Public, State of Illinois
My Commission Expires 4-14-93

Karen Marks
Notary Public