RECORDATION NO 12426-H FILED 1425

APR 11 1989 -1 40 PM

INTERSTATE COMMERCE COMMISSION

BRAE CORPORATION

Date

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ICC Washington, D. C.

RECORDATION NO 12426-I FILED 1425

APR 11 1989 -1 40 PM

INTERSTATE COMMERCE COMMISSION

MOTOR OPERATING UNIT

APR 11 1 32 PM '89

April 11, 1989

9-101A058

Ms. Mildred Lee
Interstate Commerce Commission
12th & Constitution, Room 4324
Washington, D.C.

Dear Ms. Lee:

Enclosed for filing and recordation pursuant to the provisions of 49 U.S.C. Section 11303 are one original and four (4) copies of the documents hereinafter described. The documents relate to the railroad equipment identified below.

1. Amended and Restated Collateral Assignment, dated January 29, 1989 between BRAE Transportation, Inc. and Sanwa Capital Markets, Incorporated (Re: Texas, Oklaholma & Eastern Railroad Company lease).

   The equipment subject to this document consists of 77 railroad cars bearing the marks TOE 5800–5865, 5867–5877, inclusive.

2. Amended and Restated Collateral Assignment, dated January 29, 1989 between BRAE Transportation, Inc. and Sanwa Capital Markets, Incorporated (Re: Burlington Northern Railroad Company lease).

   The equipment subject to this document consist of 66 railroad cars bearing the marks BN 223197–223199, 223531, 223533–223535, 223541–223599, inclusive.

The names and addresses of the parties to the doucment are as follows.

Assignor: BRAE Transportation, Inc.
160 Spear Street
San Francisco, CA 94105

Assignee: Sanwa Capital Markets, Incorporated
One South Wacker Driver
39th Floor
Chicago, Il 60606

Counterpart Donna Lilly

0467T.4

Ms. Mildred Lee
April 11, 1989
Page two

Please file and record the documents and index them under the names set forth above. Since this is a secondary document related to the Equipment Lease recorded under Recordation Number 12426, it is requested that this doucment be given the next available letter designation under Recordation Number 12426.

A fee of $26.00 is enclosed. Please return the originals and any extra copies not needed by the Commission for recordation to the person presenting this letter.

Very truly yours,

Monetta L. White
Legal Administrative Assistant

Encl.

0467T.5

RECORDATION NO. 13426-C FILED 1425
APR 11 1989 -1 40 PM
INTERSTATE COMMERCE COMMISSION

COPY

COLLATERAL ASSIGNMENT

COLLATERAL ASSIGNMENT, dated as of January 29, 1989 (herein, as from time to time hereafter amended, called "Collateral Assignment"), by and between BRAE TRANSPORTATION, INC., successor in interest by merger to BRAE CORPORATION, a Delaware corporation (herein called "ASSIGNOR"), and SANWA BUSINESS CREDIT CORPORATION, a Delaware corporation successor in interest by merger to SANWA CAPITAL MARKETS, INCORPORATED, a Delaware corporation (herein called "ASSIGNEE").

W I T N E S S E T H:

WHEREAS, ASSIGNOR and ASSIGNEE have entered into that certain Equipment Lease, dated as of November 18, 1980 (herein, as from time to time thereafter amended, the "Lease"); and

WHEREAS, the ASSIGNOR and Burlington Northern Railroad Company, a Kansas corporation (herein called "Sublessee"), have entered into that certain lease Agreement, dated as of May 1, 1986, as amended by Amendment No. 1 dated as of June 6, 1986 (herein collectively called the "Sublease") covering the Equipment described in Schedule I hereto (herein called the "Equipment"); and

WHEREAS, in order to provide security for obligations of the ASSIGNOR under the Lease, the ASSIGNOR has agreed to assign for security purposes its rights in, to and under the Sublease to the ASSIGNEE; and

WHEREAS, the execution, delivery and performance of this Collateral Assignment has been duly authorized by the ASSIGNOR;

NOW, THEREFORE, in consideration of the premises and of the payments to be made and the covenants hereinafter mentioned to be kept and performed, the parties hereto agree as follows:

1. Subject to the provisions of Section 3 hereof, the ASSIGNOR hereby assigns, transfers and sets over unto the ASSIGNEE as collateral security for the payment and performance of the ASSIGNOR's obligations under the Lease, all the ASSIGNOR's right, title and interest as lessor under the Sublease, including, without limitation, the immediate right to receive and collect all rentals, profits and other sums payable to or receivable by the ASSIGNOR from the Sublessee under or pursuant to the provisions of the Sublease, whether as rent, casualty payment, indemnity, liquidated damages or otherwise, and whether or not earned by performance (such moneys being hereinafter called the "Payments"), and the right to make all waivers and agreements, to give all notices, consents and releases, to take all action upon the happening of an event of default specified in the Sublease, and to do any and all other things whatsoever which the ASSIGNOR, as lessor under the Sublease, is or may become entitled to do under the Sublease. In furtherance of the foregoing assignment, the ASSIGNOR hereby irrevocably authorizes and empowers the assignee in its own name, or the name of its nominee, or in the name of the ASSIGNOR or as its attorney, to ask, demand, sue for, collect and receive any and all sums to which the ASSIGNOR is or may become entitled under the Sublease, and to enforce compliance by the Sublessee with all the terms and provisions thereof.

2. This Collateral Assignment is executed only as security and, therefore, the execution and delivery of this Collateral Assignment shall not subject the ASSIGNEE (whether before or after the occurrence of an Event of Default under the Lease) to, or transfer, or pass, or in any way affect or modify the liability of the ASSIGNOR (whether before or after the occurence of an Event of Default under the Lease) under, the Lease, it being understood and agreed that notwithstanding this Collateral Assignment or any subsequent assignment, all obligations of the ASSIGNOR to the Sublessee shall be and remain enforceable by the Sublessee, its successors and assigns, against, and only against, the ASSIGNOR or persons other than the ASSIGNEE.

3. To protect the security afforded by this Collateral Assignment the ASSIGNOR agrees as follows:

(a) The ASSIGNOR will faithfully abide by, perform and discharge each and every obligation, covenant and agreement which the Sublease provides are to be performed by the ASSIGNOR; and, without the written consent of the ASSIGNEE, the ASSIGNOR will not enter into any amendment to or modification or waiver of, the Sublease which would materially adversely affect the interest of the ASSIGNEE, it being understood that if the ASSIGNEE shall be requested in writing by the ASSIGNOR, except during the continuance of an Event of Default under the Lease, to consent to any such amendment, modification or waiver, the failure of the ASSIGNEE to respond either positively or negatively to such request within 15 days shall be deemed a consent thereto; provided, however, that in no event shall the ASSIGNOR, except during the continuance of an Event of Default under the Lease, be required to obtain the consent of the ASSIGNEE in order (i) to amend, modify or waive any provision of the Sublease in any manner which is not materially adverse to the interests of the ASSIGNEE or (ii) to terminate the Sublease with respect to some or all of the Equipment pursuant to the terms thereof.

(b) At the ASSIGNOR's sole cost and expense, the ASSIGNOR will appear in and defend every action or proceeding arising under, growing out of or in any manner connected with the obligations, duties or liabilities of the ASSIGNOR under the Sublease.

(c) Should the ASSIGNOR fail to make any payment or to do any act which this Collateral Assignment requires the ASSIGNOR to make or do, then the ASSIGNEE, but without obligations so to do, after first making written demand upon the ASSIGNOR and affording the ASSIGNOR a reasonable period of time within which to make such payment or do such act, but without releasing the ASSIGNOR from any obligation hereunder, may make or do the same in such manner and to such extent as the ASSIGNEE may deem necessary to protect the security hereof, including specifically, without limiting its general powers, the right to appear in and defend any action or proceeding purporting to affect the security hereof and the rights or powers of the ASSIGNEE, and also the right to perform and discharge each and every obligation, covenant and agreement of the ASSIGNOR contained in the Sublease; and in exercising any such powers, the ASSIGNEE may pay necessary costs and expenses, employ counsel and incur and pay reasonable attorneys' fees, and the ASSIGNOR will reimburse the ASSIGNEE for such costs, expenses and fees with interest at 16% per annum.

4. The ASSIGNOR does hereby constitute the ASSIGNEE the ASSIGNOR's true and lawful attorney, irrevocably, with full power (in the name of the ASSIGNOR, or otherwise), to ask, require, demand, receive, compound and give acquittance for any and all Payments due and to become due under or arising out of the Sublease to which the ASSIGNOR is or may become entitled, to enforce compliance by the Sublessee of all the terms and provisions of the Sublease, to endorse any checks or other instruments or orders in connection therewith and to file any claims or take any action or institute any proceedings which to the ASSIGNEE may seem to be necessary or advisable in the premises.

5. The ASSIGNOR represents and warrants that (a) the execution and delivery by the ASSIGNOR of the Sublease, this Collateral Assignment and the Lease have each been duly authorized, and the Sublease, this Collateral Assignment and the Lease are and will remain the valid and binding obligations of the ASSIGNOR in accordance with their terms, (b) the ASSIGNOR has not executed any other assignment of the Sublease and the ASSIGNEE's right to receive all Payments under the Sublease is and will continue to be free and clear of any and all liens, agreements, security interest or other encumbrances except those created by the ASSIGNEE, (c) notwithstanding this Collateral Assignment, the ASSIGNOR will conform and comply with each and all of the covenants and conditions in the Sublease and the Lease set forth to be complied with by it, (d) to the knowledge of the ASSIGNOR, it has performed all obligations on its part to be performed under the Sublease and the Lease on its part to be performed under the Sublease and the Lease on or prior to the date hereof and (e) the Sublease and the Lease are in full force and effect and have not been cancelled and to the knowledge of the ASSIGNOR there has not occurred on or prior to the date hereof any event of default under the Sublease or any Default or Event of Default under the Lease.

6. If an Event of Default under the Lease shall occur and be continuing (but subject to the rights of the Sublessee if no event of default under the Sublease has occurred and is continuing), the ASSIGNEE (i) may, at its option without notice and without regard to the adequacy of the security of the sums hereby secured, either in person or by an agent with or without bringing any action or proceeding or by a receiver or other custodian to be appointed by a court, take possession of and operate the Equipment or any part thereof and do any acts which the ASSIGNEE deems proper to protect the security hereof, either with or without taking possession of the Equipment, and (ii) may exercise any other rights or remedies which are available to it by statute, at law or in equity. The taking possession of the Equipment and the taking of any action permitted as aforesaid shall not cure or waive any Event of Default under the Lease or waive, modify or affect any default hereunder or under the Sublease or invalidate any act done hereunder. The remedies herein set forth or referred to shall be cumulative and in addition to every other remedy conferred upon ASSIGNEE by any other agreement or otherwise. No failure or delay on the part of ASSIGNEE in the exercise of any right or remedy hereunder or under any other agreement or otherwise shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or remedy preclude other or further exercise thereof or the exercise of any other right or remedy.

7. The ASSIGNOR covenants and agrees with the ASSIGNEE that in any suit, proceeding or action brought by the ASSIGNEE, as assignee of the ASSIGNOR's right, title and interest under the Sublease, for any installment of, or interest on, any rental or other sum owing thereunder, or to enforce any provisions or other sum owing thereunder, or to enforce any provisions of the Sublease, the ASSIGNOR will save, indemnify and keep the ASSIGNEE harmless from and against all expense, loss or damage suffered by reason of any defense, setoff, counterclaim or recoupment whatsoever of the Sublessee, or its successors, arising out of a breach by the ASSIGNOR of any obligation under the Sublease or arising out of any other indebtedness or liability at any time owing to the Sublessee, or its successors, from the ASSIGNOR. Any and all such obligations of the ASSIGNOR shall be and remain enforceable against and only against the ASSIGNOR and shall not be enforceable against the ASSIGNEE or any parties in whom any of the rights of the ASSIGNOR under the Sublease shall vest by reason of successive assignments or transfers. All of the indemnities and agreements of the ASSIGNOR contained in this Section 7 shall survive and continue in full force and effect notwithstanding termination hereof or of the Lease or the Sublease or of any or all of the Equipment thereunder with respect to matters arising prior to or in connection with the termination hereof.

8. The ASSIGNOR will, from time to time, do and perform any other act and will execute, acknowledge, deliver and file, register, deposit and record (and will refile, re-register, re-record, or redeposit whenever required) any and all further instruments required by law or reasonably requested by the ASSIGNEE in order to confirm or further assure the interests of the ASSIGNEE hereunder.

9. The ASSIGNEE may assign all or any of the rights assigned to it hereby or arising under the Sublease, including, without limitation, the right to receive any Payments due or to become due. In the event of any such assignment, any such subsequent or successive assignee or assignees shall, to the extent of such assignment, enjoy all the rights and privileges and be subject to all the obligations of the ASSIGNEE hereunder. The ASSIGNEE agrees to give written notice to ASSIGNOR of any such assignment.

10. This Collateral Assignment shall be governed by the internal laws of the State of Illinois, but the parties shall be entitled to all rights conferred by Section 11303 of the Interstate Commerce Act.

11. All notices in connection herewith and all payments hereunder shall be promptly delivered or made as follows: (i) if to the ASSIGNEE, at One South Wacker Drive, Suite 3900, Chicago, Illinois 60606; (ii) if to the ASSIGNOR, at Three Embarcadero Center, San Francisco, California 94111, Attention: Vice President - Finance; or (iii) if to either party, at such other address as it may, by written notice to the other, designate as its address for purposes of notice hereunder.

12. The ASSIGNOR will promptly cause this Collateral Assignment to be filed and recorded in accordance with Section 11303 of the Interstate Commerce Act.

13. Anything herein or in the Lease or in the Sublease contained to the contrary notwithstanding, the ASSIGNEE for itself and its successors and assigns hereby agrees with the ASSIGNOR and its successors and assigns that the ASSIGNEE will not so long as no Event of Default under the Lease has occurred and is then continuing, exercise or enforce, or seek to exercise or enforce, or avail itself of, any of the rights, powers, privileges, authorizations or benefits assigned and transferred by the ASSIGNOR to the ASSIGNEE by this Collateral Assignment, except for the right to consent to material amendments modifications and waivers in accordance with Section 3(a) hereof.

IN WITNESS WHEREOF, the parties hereto caused this Collateral Assignment to be duly executed as of the date first above written.

BRAE TRANSPORTATION, INC., as Assignor

By: _____
Its: PRESIDENT

[Corporate Seal]

Attest:

_____
Its Secretary

SANWA BUSINESS CREDIT CORPORATION,
as Assignee

By: _____
Its: VICE PRESIDENT

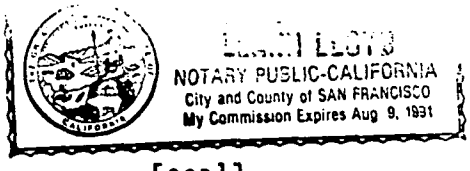
[Corporate Seal]

Attest:

_____
Its Secretary

STATE OF CALIFORNIA)
) ss.
COUNTY OF SAN FRANCISCO)

On this 17th day of February, 1989, before me personally appeared Lawrence S. Hershfield, to me personally known, who, being by me duly sworn, did depose and say that he is the President of BRAE Transportation, Inc., the corporation which executed the above instrument, that he signed his name to the above instrument by authority of the Board of Directors of said corporation, and that he acknowledged that the execution of the above instrument was the free act and deed of such corporation.



LEANN LLOYD
NOTARY PUBLIC-CALIFORNIA
City and County of SAN FRANCISCO
My Commission Expires Aug 9, 1991

Leann Lloyd
Notary Public

[seal]
My commission expires: 8/9/91

STATE OF ILLINOIS)
) ss.
COUNTY OF COOK)

On this 17 day of January, 1989, before me personally appeared Marybeth A. Hoffman, to me personally known, who, being by me duly sworn, did depose and say that she is the Vice President of Sanwa Business Credit Corporation, the corporation which executed the above instrument, that she signed his name to the above instrument by authority of the Board of Directors of said corporation, and that she acknowledged that the execution of the above instrument was the free act and deed of such corporation.

Linda J Florence
Notary Public

[seal]
My commission expires: 1-29-89

421b

SCHEDULE I
TO COLLATERAL ASSIGNMENT

DESCRIPTION OF EQUIPMENT

Quantity	Description	Designation	Identification Numbers
66	50', 70-ton, double door, Plate C boxcars	XM	BN 223197-223199 (3) BN 223531 (1) BN 223533-223535 (3) BN 223541-223599 (59)