Industry Financial CORPORATION

444 Pine Street
St. Paul, Minnesota 55101
(612) 228-4500

16567
RECORDATION NO. _____ FILED 1425
OCT 11 1989 -10 05 AM
INTERSTATE COMMERCE COMMISSION

October 4, 1989

9-284A004

Interstate Commerce Commission
12th and Constitution Avenue N.W.
Washington, DC 20423

16567 A
RECORDATION NO. _____ FILED 1425
OCT 11 1989 -10 05 AM
INTERSTATE COMMERCE COMMISSION

Attn: Mildred Lee, Room 2303

Dear Ms. Lee:

Enclosed you will find two (2) certified and true copies of an Assignment of Lease (with copies of the actual Lease Agreement) between Independent Locomotive Service, Inc., 21 Main Street, Bethel, Minnesota 55005 to Industry Financial Corporation at 444 Pine Street, St. Paul, Minnesota 55101 covering the Lease on Locomotive No. 1367 to Quantum Chemical Corporation, USI Division, whose address is P. O. Box 819, Highway 30 W. Anamosa Road, Clinton, Iowa 52732.

I understand you will be returning one copy to us with the file numbers indicated.

We are enclosing the $15.00 filing fee.

If you have any questions, please feel free to call me collect at 612-228-4511.

Sincerely,

INDUSTRY FINANCIAL CORPORATION

Mary Jane Weierke
Portfolio Administrator

MJW:lj
Encs.

Certified Mail P954601235

RECORDATION NO. 16567-A FILED 1425
OCT 11 1989 -10 05 AM
INTERSTATE COMMERCE COMMISSION

ASSIGNMENT

THIS ASSIGNMENT is made and entered into the 24th day of July, 19 89, by and between INDEPENDENT LOCOMOTIVE SERVICE, INC., a Minnesota corporation with its principal office at 21 Main Street, Bethel, Minnesota (hereinafter referred to as "Assignor"), and INDUSTRY FINANCIAL CORPORATION, a Minnesota corporation with its principal office at 444 Pine Street, St. Paul, Minnesota (hereinafter referred to as "Assignee").

W I T N E S S E T H:

WHEREAS, Assignor desires to assign to Assignee certain Locomotive Leases as listed on the attached Schedule A (hereinafter referred to individually as a "Lease" or collectively as the "Leases"); and

WHEREAS, Assignee is willing to accept the Leases on the conditions hereinafter stated;

NOW, THEREFORE, the parties hereto agree as follows:

1. In consideration of payment by Assignee to Assignor of the purchase price of $ 49,208.13 which price is based upon aggregate unpaid lease rentals set forth on Schedule A, Assignor hereby assigns, transfers, and sets over unto Assignee, its successors and assigns, all of its right, title and interest in the Leases and grants Assignee a security interest in the underlying equipment ("the Equipment") and personal property. All obligations of lessor under those leases listed on Schedule A with regard to ownership, including but not limited to repairs and maintenance, of the underlying equipment shall remain with the Assignor. This Assignment includes all endorsements, warranties, and monies due or to become due under such Leases.

As identified on Schedule A, a reserve is to be established in the general accounts of Assignee whereby the portion of monthly rental payable by the lessee under the Lease attributable to preventative maintenance to be performed by Assignor is to be withheld. Upon submittance by Assignor of documentary evidence satisfactory to Assignee that preventative maintenance on the Equipment has been timely made and properly performed as provided for under Lease, Assignee shall release at quarterly intervals, the portion of the reserve shown on Schedule A. If the lessee shall for any reason take an offset against or a deduction from the monthly rentals because of Assignor's failure to provide preventative maintenance, the Assignee shall be under no obligation to release any future payments from the reserve until such time as Assignor reimburses Assignee in whole for the amount offset or deducted by the lessee and in any event Assignor shall be under a continuing duty to reimburse Assignee upon demand in the event that the amount of abated rent exceeds such quarterly payment. Assignee shall be under no duty of inquiry as to the right of lessee to abate the rent and it shall be the sole responsibility of Assignor to resolve any conflicts regarding such

right directly with the lessee.

2. Assignor hereby represents and warrants as follows:

(a) All the Leases described in Schedule A are genuine in all respects and what they purport to be; that all statements therein contained are true; that the Leases are genuine, enforceable and the only instruments executed for the Equipment described therein; that at the time of the execution of this Assignment the Assignor has good title to the Equipment covered thereby and the right to transfer titles thereto; that the Equipment has been duly delivered and accepted by the lessees in accordance with the terms of the Leases; that all parties to the Leases have capacity to contract and that the Assignor has no knowledge of any facts which would impair the validity of the Leases or render them less valuable; and warrants compliance with all filings and recording requirements under the Uniform Commercial Code and the Interstate Commerce Act, and otherwise, hereby agreeing that any filings or recordings or renewals thereof which Assignee may undertake at Assignor's request or otherwise, shall be at Assignor's expense and without any responsibility whatsoever on Assignee's part for any omissions or invalid accomplishment thereof, whether through Assignee's failure, neglect, or for any reason, and such omission or invalid acccomplishment shall not relieve the Assignor from any responsibility to Assignee. The Assignor expressly represents and warrants that the Leases arise out of a bona fide letting by the Assignor in the first instance of the Equipment described therein to the lessees and that title to the Equipment originated with the Assignor and not with the lessees and that an actual delivery to and acceptance by the lessees has been made for the lessees' uses and purposes. All of the Leases assigned to Assignee hereunder as delivered on the date hereof are the only original executed copies of such Leases except that in the possession of lessee.

(b) All of the Equipment covered by each of the Leases described in Schedule A were delivered pursuant to the terms thereof to the lessees and accepted by such lessees.

(c) The schedule of rentals as set forth in Schedule A is true and correct and that such payments are due in the amounts and dates as provided under the terms and provisions of each of the Leases.

(d) No litigation has been instituted or is pending by the lessees named in Schedule A and/or by any other person, firm or corporation against Assignor in regard to any of the Leases.

(e) None of the Leases have been amended, extended or assigned to any other party or in any way modified.

(f) Assignor has not bargained, transferred, sold or conveyed any of the Leases to any other party except by this Assignment.

(g) Assignor has a perfected first security interest in all of the Equipment and has not assigned such security interest to any other party except under this Assignment.

(h) There are no written or verbal agreements between Assignor and lessees under the Leases or with any other party which would alter, amend, vary or otherwise affect in any way the terms and conditions set forth in the Leases.

(i) Assignee's representative reviewed each lessee's account on _____, _____, and Assignor warrants that as of the date of such review each lease was current, that monthly rentals, as shown on each lease ledger sheets, were, in fact, received during the months shown, that each application of monthly rentals were made to the outstanding lease balances as shown on the ledger sheets, and that the balances due and remaining number of months shown on the lease ledger sheets are accurate as shown.

(j) Duly Organized. Assignor is a corporation duly organized and validly existing under the laws of Minnesota and has the authority to sell and assign the Leases as herein provided.

(k) Validly Licensed. Assignor is fully licensed, qualified to do business and in good standing in every jurisdiction where such licensing or qualification is or would be required for the purpose of enforcing the terms of the Leases.

(l) Duly Authorized. The execution and delivery of this Assignment and any and all documents due hereunder, has been duly and effectively authorized by the Board of Directors of Assignor, as evidenced by a corporate resolution to be delivered to Assignee at the signing of this Assignment and dated, duly signed and sealed prior thereto.

(m) No Prohibition to Assignment. The execution of the Leases contemplated by this Assignment and the Assignment thereof to Assignor will not result in a breach, violation or default under judgment, decree, mortgage, loan agreement, indenture or other instrument applicable to Assignor, for which Assignor has not obtained a release.

(n) No Violation of Law. The consummation of the Leases contemplated by this Assignment will not result in a violation or infraction by Assignor of any existing state or federal statute nor any rules or regulations issued by any regulatory agency thereunder.

(o) All the Leases were written for business purposes only.

(p) On the date of closing, no Lease will be thirty (30) days past due in payments and no lessee will have filed for protection under the Bankruptcy Reform Act as amended, have had a receiver appointed or have made an assignment for the benefit of creditors.

3. Title to all Equipment shall remain in Assignor and Assignor shall have the right to retain such title so long as the respective Lease does not fall into default as described hereafter. If lessee shall fail to make any rent payments as provided in the lease, or shall invoke its right to abate the rent for failure of maintenance by Assignor, Assignee shall so notify Assignor. If such failure of payment shall not be cured within twenty (20) days after notice is given to the Assignor, Assignor shall upon demand by Assignee transfer and convey title to the Equipment covered by such Lease to the Assignee without further consideration to Assignor. If Assignor receives notice from a lessee as provided in the Lease of failure to provide maintenance, Assignor shall contemporaneously therewith orally notify Assignee followed by confirmation thereof in writing within seventy two (72) hours. If Assignor, due to some incapacity cannot transfer such title, or has ceased doing business, or for whatever reason refuses to transfer such title, the title to the Equipment covered by the Lease shall automatically be deemed to have vested and passed to Assignee.

4. In the event that any Equipment covered by any of the Leases assigned hereunder is rejected or returned by the lessee named therein, such an event shall be deemed to be a default of the terms of the Lease and it shall be treated as in Paragraph 3. Assignor will immediately notify Assignee of the occurrence of an event described in this Paragraph 4.

5. Assignor shall procure and continuously maintain all risk insurance against loss of or damage to the Equipment for not less than the full replacement value thereof naming the Assignee as loss payee and providing that said insurance shall not be invalidated by any act or neglect of the Assignor or other third party. Such policies of insurance shall be reasonably satisfactory to the Assignee as to form, amount and insurer, and shall provide for at least thirty (30) days prior written notice of cancellation to the Assignee.

Assignor shall furnish certificates and endorsements, or policies to Assignee as proof of such insurance. If Assignor fails to procure or maintain the insurance required by this paragraph, Assignee may procure such insurance on behalf of Assignor. If Assignee exercises this option, it shall bill to Assignor its costs, and Assignor shall make full payment to Assignee within the time specified in such bill.

6. Assignee shall have the sole right to make collections of all rentals due under the Leases and to notify each lessee of the assignment hereunder. Assignor agrees not to solicit or make any collections with respect to any of the Leases assigned hereunder and to promptly forward to Assignee all rentals, checks and other remittances and/or any communications or inquiries which Assignor may receive with reference to the Leases. Assignor hereby grants to Assignee the right and authority to collect, in Assignor's name if necessary, all payments due under the Leases and to endorse, with Assignor's name, all checks or other instruments received by Assignee under the Leases. This power of

attorney is irrevocable and shall be limited as hereinabove set out.

7. By reason of this Assignment, Assignee shall have all rights and remedies available to Assignor under the Leases, including but not limited to the right to demand, receive and enforce payment and to give receipts, releases, satisfaction for, and to take any legal measures necessary to enforce collection. Assignor hereby agrees to execute and deliver to Assignee any and all documents including UCC financing statements necessary for Assignee to perfect its title and interest in the Leases and its security interest in the Equipment and to pay all filing fees associated therewith.

8. Upon breach by Assignor of any of its warranties specifically represented in Paragraph 2 hereof with respect to any of the Leases assigned hereunder, or in the event the remaining unpaid Lease rentals shown under Schedule A are not confirmed by the lessee within twenty (20) days from the execution of this Assignment, or upon Lessee's failure to make rent payments as provided in the Lease, or upon the breach of any other terms of this Assignment, Assignor shall upon demand by Assignee repurchase such unpaid Lease by paying to Assignee the entire unpaid balance due under this Assignment with respect to such Lease without first requiring the Assignee to exhaust its security or to proceed against the lessee or other obligor. Upon such payment, Assignee shall reassign the Lease to Assignor. In the event Assignor fails to repurchase any such Lease as outlined hereinabove within a period of fifteen (15) days after demand, Assignee shall have the right to require Assignor to repurchase all of the Leases assigned hereunder, even if such Leases are not in default.

9. If Assignee institutes legal proceedings to enforce its rights hereunder and prevails on the merits it shall be entitled to recover the cost and expenses thereof including reasonable attorneys' fees.

10. This Assignment shall inure to and be binding upon the respective successors and assigns of the parties.

11. This Assignment may only be amended in writing signed by both parties thereto.

12. This Assignment shall be interpreted and governed in accordance with the laws of the State of Minnesota.

IN WITNESS WHEREOF, Assignor and Assignee have hereunto set their respective hands and seals this 24th day of July, 1989.

ATTEST:

Audrey Y. Nesbit
Secretary

(CORPORATE SEAL)

INDEPENDENT LOCOMOTIVE SERVICE, INC. (Assignor)

By Frank W. Nesbit, Pres
Title

ATTEST:

_____
Secretary

(CORPORATE SEAL)

INDUSTRY FINANCIAL CORPORATION (Assignee)

By _____, President
Title

GUARANTY

The undersigned, Frank W. and Audrey Y. Nesbit, (hereinafter collectively called the Guarantors), in consideration of and in order to induce the execution and delivery of the above Assignment dated July 24, 1989 by and between Independent Locomotive Service Corporation ("Independent") and Industry Financial Corporation, do hereby jointly and severally unconditionally guaranty the due and punctual performance by Action of any and all covenants and agreements contained therein. The Guarantors agree that they may be joined in any action against Action and that recovery may be had against the Guarantors to the extent of their liability either in such action or independent action without pursuing or exhausting any remedy or claim against Action. Guarantor further agrees to pay all costs and expenses (including reasonable attorneys' fees and legal expenses) paid or incurred by Industry Financial Corporation in endeavoring to enforce performance of this Guaranty.

FRANK W. NESBIT (INDIVIDUAL GUARANTOR)

Frank W. Nesbit

AUDREY Y. NESBIT (INDIVIDUAL GUARANTOR)

Audrey Y. Nesbit

UNANIMOUS WRITING IN LIEU OF
BOARD OF DIRECTORS MEETING

We, the undersigned, being all the members of the Board of Directors, do hereby adopt the following resolution:

RESOLVED, that the president and vice-president of this corporation are empowered to execute whatever documents are necessary to sell and transfer the rights to receive money from the leases of locomotives that are outstanding as of the date of this instrument. The president and vice-president are empowered to use their best judgment in determining what consideration is sufficent for such consideration.

As part of this resolution, and without in any way limiting their authority, the Board of Directors has seen, reviewed and approved as to form and content the proposed assignment labelled Exhibit A and attached to this resolution.

Dated July 24, 1989

Frank W Nesbit
Frank Nesbit, President

Audrey Z. Nesbit
Audrey Nesbit, Vice-President

This Tax Certificate being part of Assignment between Independent Locomotive Service, Inc., and Industry Financial Corporation dated July 24, 1989

TAX CERTIFICATE

Pursuant to the terms and conditions of that certain Assignment dated July 24, 1989, between Industry Financial Corporation ("Industry"), and Independent Locomotive Service, Inc., ("Independent"), Independent hereby represents and warrants to Industry that as of the date of closing there are no unpaid taxes which are due and payable based on ownership of the equipment leased by Independent, nor are there any unpaid sales or use taxes based on the purchase price of such leased equipment or based on rental payments due under the leases for which Independent is the lessor and assigned to Industry. Independent further represents and warrants that there are no tax liens filed against the leased equipment for failure to pay taxes thereon and that no notice of tax lien has been received by Independent nor suit begun for the collection of any unpaid taxes and that Independent is not, as of closing, contesting any assessment levied against the leased equipment.

In witness whereof, Independent has signed this Certificate on this 24th day of July, 1989.

INDEPENDENT LOCOMOTIVE SERVICE, INC.

By: Frank W Nesbit

Its: Pres

FRANK W. NESBIT (GUARANTOR)

Frank W Nesbit

AUDREY Y. NESBIT (GUARANTOR)

Audrey Y Nesbit

This Bulk Transfer Certificate
being part of Assignment
between Independent Locomotive
Service, Inc., and Industry
Financial Corporation dated
July 24, 1989

BULK TRANSFER CERTIFICATE

Pursuant to the terms and conditions of that certain Assignment dated July 24, 1989, between Industry Financial Corporation ("Industry"), and Independent Locomotive Service, Inc., ("Independent"), Independent hereby agrees to protect, defend, indemnify and hold Industry harmless from any claims arising against Industry pursuant to the Uniform Commercial Code - Bulk Transfers as enacted in the State of Minnesota.

INDEPENDENT LOCOMOTIVE
SERVICE, INC.

By: Frank W Nesbit

Its: pres

FRANK W. NESBIT (GUARANTOR)

Frank W Nesbit

AUDREY Y. NESBIT (GUARANTOR)

Audrey Y. Nesbit

SCHEDULE A

LEASE DATE	LESSEE NAME	EQUIPMENT DESCRIPTION	UNIT NUMBER	NUMBER PMTS REMAINING FROM 8/1/89	MONTHLY PAYMENT	DISCOUNT BALANCE	MAINTENANCE RESERVE	QUARTERLY MAINTENANCE RESERVE
5/1/89	Quantum Chemical Corporation, USI Division	SW-7 EMD Locomotive	1367	32	$2,094.50	$49,208.13	$5,866.56	$550.00

Initials

The undersigned hereby certifies that this is a true and correct copy of the original.

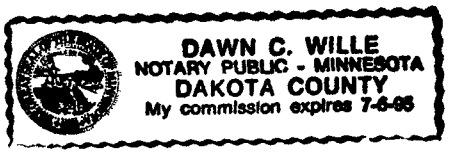
INDUSTRY FINANCIAL CORPORATION

By: _____

H. G. McNeely, Jr., President

Subscribed and sworn to me this 4th day of October, A.D. 1989.

My commission expires: 7/6/95.

Dawn C. Wille

Notary Public