

HELM FINANCIAL CORPORATION

One Embarcadero Center • San Francisco, CA 94111

415/398-4510

FAX 415/398-4816

November 9, 1998

RECORDATION NO. *21796* FILED

NOV 20 '98

10-22 AM

Mr. Vernon Williams
Secretary
Surface Transportation Board
1925 K Street, N.W.
Washington, D.C. 20423-0001

Dear Mr. Williams:

Enclosed are two (2) originals of the **Memorandum of Locomotive Lease Agreement** dated as of March 10, 1998 which is intended to evidence that certain Locomotive Lease Agreement dated as of March 10, 1998 between the following parties:

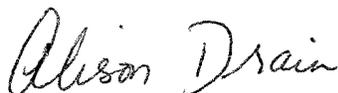
Lessor:	Helm Financial Corporation One Embarcadero Center, Suite 3700 San Francisco, CA 94111
Lessee:	Dakota, Minnesota & Eastern Railroad Corp. 337 - 22nd Avenue South Brookings, SD 57006

The equipment involved in this transaction is as follows:

Equipment: Six (6) locomotives as more fully described in Schedule A to the memorandum.

Please file this memorandum as a primary document and return one (1) stamped original to my attention. A check covering the filing fee of twenty-six dollars (\$26.00) is enclosed.

Sincerely,



Alison Drain
Document Administrator

/ad
Enclosures (2)

MEMORANDUM OF
LOCOMOTIVE LEASE AGREEMENT

NOV 20 '98 10-22AM

THIS MEMORANDUM OF LOCOMOTIVE LEASE AGREEMENT ("Memorandum") is dated as of March 10, 1998 and is intended to evidence that certain Locomotive Lease Agreement dated as of March 10, 1998 ("Lease") between HELM FINANCIAL CORPORATION, a California corporation ("Lessor"), and DAKOTA, MINNESOTA & EASTERN RAILROAD CORPORATION, a Delaware corporation ("Lessee"), for the purpose of satisfying the requirements of recordation with the Surface Transportation Board of the Department of Transportation under Section 49 of U.S.C. 11301. Lessor has the right to lease the locomotives, more fully described in Schedule A hereto (the "Units"). Lessee leased from Lessor the Units at the Rent and upon the terms and conditions provided in the Lease.

The Lease and the Units cannot be assigned, subleased or in any way encumbered without the prior written consent of Lessor. Lessee has granted a security interest unto Lessor in and to any and all Payments, as such term is defined in the Lease, including, without limitation, any and all Rent and other Payments pursuant to any sublease of the Units. In the Event of Default, as such term is defined in the Lease, Lessee assigns any and all subleases to Lessor.

IN WITNESS WHEREOF, the parties hereto have caused this Memorandum to be executed by their duly authorized representative as of the day and year first above written.

LESSOR

LESSEE

HELM FINANCIAL CORPORATION

DAKOTA, MINNESOTA & EASTERN RAILROAD CORPORATION

By: [Signature]
Print Name: Richard C. Kirchner

By: [Signature]
Print Name: Kurt V. Feaster, Chief Financial Officer

Its: President

Its: Treasurer & Ass't Secretary



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SCHEDULE A
TO THE MEMORANDUM OF LEASE

THE UNITS

Equipment Description:

Six (6), EMD, 3000 horsepower, SD40 locomotives

Unit Numbers:

HLCX 5026
HLCX 5028
HLCX 5029
HLCX 5030
HLCX 5031
HLCX 5036

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

On October 14, 1998, before me, Emma S. Ortega, personally appeared Richard C. Kirchner, President of HELM FINANCIAL CORPORATION,

personally known to me -OR-

proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



Witness my hand and official seal.

Emma Susan Ortega
SIGNATURE OF THE NOTARY

[Notarial Seal]

STATE OF SOUTH DAKOTA)
) S.S.
COUNTY OF BROOKINGS)

On October 6, 1998, before me, Joyce E. Hock, personally appeared Kurt V. Feaster, VP Finance of DAKOTA, MINNESOTA & EASTERN RAILROAD CORPORATION,

personally known to me -OR-

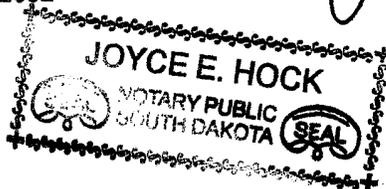
proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

Witness my hand and official seal.

Joyce E. Hock
SIGNATURE OF THE NOTARY

My Commission Expires on 5-5-2002

[Notarial Seal]



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