

18790-A, B, C
SEP 8 1994 - 11 22 AM

ALVORD AND ALVORD
ATTORNEYS AT LAW
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WASHINGTON, D.C.
20006-2973
(202) 393-2266
FAX (202) 393-2156

ELIAS C. ALVORD (1942)
ELLSWORTH C. ALVORD (1964)

OF COUNSEL
URBAN A. LESTER

September 8, 1994

0100359012

Mr. Vernon A. Williams
Acting Secretary
Interstate Commerce Commission
Washington, D.C. 20423

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11303(a) are two copies each of the following three documents: (1) a Security Agreement, dated July 1, 1994; (2) a Security Agreement, dated July 7, 1994; and (3) an Assignment of Rents and Leases, dated July 7, 1994, all secondary documents as defined in the Commission's Rules for the Recordation of Documents under 49 C.F.R. Section 1177.

The enclosed documents relate to the Railcar Lease Agreement, dated April 29, 1994 between Escanaba and Lake Superior Railroad, Lessee, and American National Bank and Trust Company, Owner-Trustee and Lessor, filed with the Commission under Recordation Number 18790.

The names and addresses of the parties to the enclosed documents are:

Security Agreement dated July 1, 1994

Debtor:	Northern Federal Leasing, L.L.C. 209 Portage Avenue Sault Ste. Marie, Michigan 49783
Secured Party:	First of America Bank - Northern Michigan 320 Ashman Street Sault Ste. Marie, Michigan 49783

LICENSING BRANCH

SEP 8 11 29 AM '94

Counterpart - E.C. Alvord

Mr. Vernon A. Williams
September 8, 1994
Page 2

Security Agreement dated July 7, 1994

Debtor: American National Bank and Trust Company,
as Trustee
33 North LaSalle Street
Evanston, Illinois 60690

Secured Party: First of America Bank - Northern Michigan
320 Ashmun Street
Sault Ste. Marie, Michigan 49783

Assignment of Rents and Leases dated July 7, 1994

Assignor: American National Bank and Trust Company
33 North LaSalle Street
Evanston, Illinois 60690

Assignee: First of America Bank - Northern Michigan
320 Ashmun Street
Sault Ste. Marie, Michigan 49783

A description of the railroad equipment covered by the enclosed documents is:

two hundred eighty-six (286) hopper cars bearing ELS reporting marks and road numbers set forth in the schedule attached hereto.

Also enclosed is a check in the amount of \$54.00 payable to the order of the Interstate Commerce Commission covering the required recordation fee.

Kindly return one stamped copy of the enclosed documents to the undersigned.

Very truly yours,



Robert W. Alvord

RWA/bg
Enclosures

Railcar Markings

ELS101600	ELS101631	ELS101662	ELS101693	ELS101722
ELS101601	ELS101632	ELS101663	ELS101694	ELS101723
ELS101602	ELS101634	ELS101666	ELS101695	ELS101724
ELS101603	ELS101635	ELS101667	ELS101696	ELS101725
ELS101604	ELS101636	ELS101668	ELS101697	ELS101726
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ELS101607	ELS101640	ELS101671	ELS101700	ELS101729
ELS101608	ELS101641	ELS101672	ELS101701	ELS101730
ELS101609	ELS101642	ELS101673	ELS101702	ELS101731
ELS101610	ELS101643	ELS101674	ELS101703	ELS101732
ELS101611	ELS101644	ELS101675	ELS101704	ELS101733
ELS101613	ELS101645	ELS101676	ELS101705	ELS101734
ELS101614	ELS101646	ELS101677	ELS101706	ELS101735
ELS101615	ELS101647	ELS101678	ELS101707	ELS101737
ELS101616	ELS101648	ELS101679	ELS101708	ELS101738
ELS101617	ELS101649	ELS101680	ELS101709	ELS101739
ELS101618	ELS101650	ELS101681	ELS101710	ELS101740
ELS101619	ELS101651	ELS101682	ELS101711	ELS101741
ELS101620	ELS101652	ELS101683	ELS101712	ELS101742
ELS101621	ELS101653	ELS101684	ELS101713	ELS101743
ELS101622	ELS101654	ELS101685	ELS101714	ELS101744
ELS101623	ELS101655	ELS101686	ELS101715	ELS101745
ELS101624	ELS101656	ELS101687	ELS101716	ELS101746
ELS101625	ELS101657	ELS101688	ELS101717	ELS101747
ELS101627	ELS101658	ELS101689	ELS101718	ELS101748
ELS101628	ELS101659	ELS101690	ELS101719	ELS101749
ELS101629	ELS101660	ELS101691	ELS101720	ELS101751
ELS101630	ELS101661	ELS101692	ELS101721	ELS101752

Interstate Commerce Commission
Washington, D.C. 20423

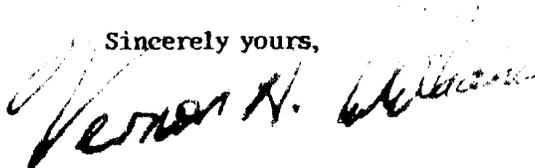
OFFICE OF THE SECRETARY

Robert W. Alvord
Alvord and Alvord
918 Sixteenth Street, NW.
Suite 200
Washington, DC. 20006-2973

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 9-8-94 at 11:20 , and assigned recordation number(s). 18790, A, B and C.

Sincerely yours,

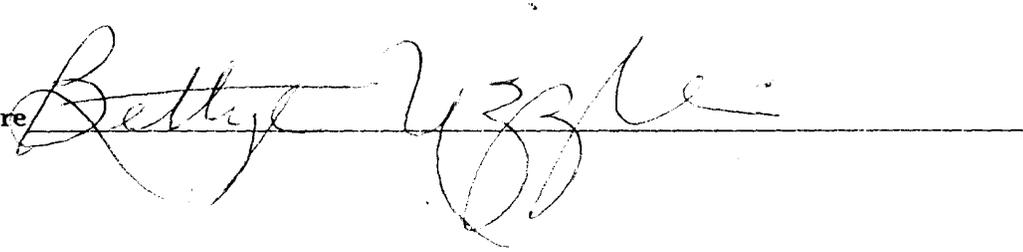


Vernon A. Williams
Acting Secretary

Enclosure(s)

\$ 54.⁰⁰ The amount indicated at the left has been received in payment of a fee in connection with a document filed on the date shown. This receipt is issued for the amount paid and in no way indicates acknowledgment that the fee paid is correct. This is accepted subject to review of the document which has been assigned the transaction number corresponding to the one typed on this receipt. In the event of an error or any questions concerning this fee, you will receive a notification after the Commission has had an opportunity to examine your document.

Signature



18790

SECURITY AGREEMENT

DUPLICATE ORIGINAL

(General Commercial)

THIS AGREEMENT, made this 15th day of July, 19 94, between First of America Bank - NORTHERN MICHIGAN (herein "Bank") of Sault Ste. Marie, Michigan and NORTHERN FEDERAL LEASING, L.L.C., (herein "Borrower").

It is contemplated that Borrower may from time to time request loans from Bank and that the Bank may, at its election, comply with any such request, in whole or in part:

NOW, THEREFORE, for and in consideration of any loan (including any loan by renewal or extension) hereafter made to Borrower by the Bank, or any release hereafter made by the Bank of any Collateral and for other good and valuable consideration, the parties hereto agree as follows:

Definitions. When used herein the following terms shall have the following meanings:

1. "Indebtedness" means and includes:

- a. all indebtedness and liabilities of whatsoever kind, nature and description owed to Bank by Borrower, whether direct or indirect, absolute or contingent, due or to become due or whether now existing or hereafter arising; and howsoever evidenced or acquired, and whether joint or several, and including, without limitation;
- b. all future advances which the Bank at any time may, but shall not be required to, make for the protection or preservation of the Bank's rights and interests arising hereunder, including, without limitation, advances for taxes, levies, assessments, insurance, and reasonable attorneys' fees; and
- c. all costs and expenses incurred by the Bank in the protection and preparation for sale of any of its collateral including, without limitation, attorneys' fees and court costs.

Grant of Security Interest

2. To secure payment of the Indebtedness, Borrower grants Bank and its successors and assigns, a security interest in all of the Borrower's property described below (herein the "Collateral"), which is marked below by an "X" or a check mark in the applicable box or boxes, together with all accessions and additions to, replacements, substitutions, proceeds of and products therefrom as defined by Section 9-306(1) of the Michigan Uniform Commercial Code, as from time to time amended (herein the "Code") including, without limitation, insurance proceeds.

- a. All accounts, instruments, general intangibles and chattel paper, now owned or hereafter earned or acquired by Borrower, as those terms are defined by Section 9-105(1)(b), 9-105(1)(i) and 9-106 of the Code together with computer software, tapes, discs and other computer records evidencing such accounts and ~~an~~ **interest as beneficiary or otherwise in Trust Agreement UAD 4/29/94, interest as Owner Participant in Lease dated 4/29/94 between Escanaba & Lake Superior Railroad Company and American National Bank & Trust Company as Trustee.**
- b. All inventory, as defined in Subsection 9-109(4) of the Code, now owned or hereafter acquired by Borrower including, but not limited to, (describe types of items of inventory) and (or)
- c. All equipment, as defined by Subsection 9-109(2) of the Code, now owned or hereafter acquired by Borrower including, but not limited to: (describe types of equipment), ~~an~~ **including those certain boxcars described on Attachment "A" hereto.**
- d. (alternate to subparagraph 2.c) **The following specific items of equipment**, now owned by Borrower, and any replacements for the same hereafter acquired by Borrower: (describe particular items of equipment), and (or)
- e. All equipment, as defined by Subsection 9-109(2) of the Code, and all other goods (also referred to as "equipment") which have been, or hereafter become, fixtures by annexation to the realty described on Schedule _____ (Attach), now owned or hereafter acquired by Borrower including, but not limited to (describe types of items of equipment), OR
- f. (alternate to subparagraph 2.e) **The following specific items of equipment, which have become FIXTURES** by annexation to realty described in Schedule _____ (Attach), now owned by Borrower, and any replacements for the same hereafter acquired by Borrower (describe particular items of equipment) and (or)
- g. Other property (describe items of property). **SEE ATTACHMENT "B" HERETO**

Warranties.

- 3. Except as disclosed in writing to Bank, prior to signing this Agreement, Borrower warrants that it owns all of the Collateral free from any prior liens, security interests, or encumbrances of any kind, other than liens for taxes not delinquent.
- 4. Borrower warrants that defenses, right of setoff, and counterclaims, if any, available to account debtors do not affect a material amount of the total Indebtedness evidenced by any accounts, instruments, general intangibles, and chattel paper, now owned by Borrower and given as Collateral herein.
- 5. Borrower warrants that all information, including but not limited to financial statements and tax identification number furnished by Borrower to Bank, heretofore or hereafter, whether oral or written, is and will be true and correct as of the date given.

General Covenants

6. Borrower agrees that the proceeds of any loan made to enable purchase of any of the Collateral shall be applied directly to payment of the purchase price of the Collateral. The proceeds of any insurance on the Collateral may, at Bank's option, be applied to replacement of the Collateral or payment of the Indebtedness, whether then due or not.
7. Borrower agrees to pay when due all taxes and insurance relating to the Collateral. If Borrower fails to do so, Bank may do so and Borrower agrees to immediately reimburse Bank for any payment so made, plus interest, at the rate borne by the Indebtedness.
8. During the term of this Agreement, Borrower agrees to maintain Collateral having a value at all times at least equal to the amount of the Indebtedness. For purposes of this computation, accounts should be valued according to the balance owed by the account debtor, except that accounts which the Bank deems uncollectible shall be excluded from the valuation. For purposes of this computation, the rest of the Collateral shall be valued at cost, depreciated value or market value, whichever is less.
9. During the term of this Agreement, Borrower shall not subject the Collateral to any security interest or liens, other than Bank's and shall not permit any lien other than liens for taxes not delinquent to attach to it.
10. Subject to the exception set forth in paragraph 27, Borrower shall not sell or lease, not offer or attempt to sell or lease or otherwise dispose of any portion of the Collateral without prior written consent of the Bank. The creation of a security interest in proceeds is not construed to give Borrower any right to dispose of the Collateral.
11. Borrower will insure the Collateral against risk of damage, destruction and theft in an amount and manner satisfactory to Bank, naming Bank as loss-payee as its interest may appear. All policies of insurance, together with any loss-payable endorsements, shall be delivered to Bank at Bank's request. If Borrower fails to obtain and keep such insurance in force, or fails to pay the premiums thereon, Bank may do so for Borrower's account, and Borrower agrees to immediately reimburse Bank for any payments so made, plus interest at the rate borne by the Indebtedness.
12. Borrower agrees to notify Bank immediately if any of the Collateral is destroyed, suffers any substantial damage or is stolen, and the uninsured loss EXCEEDS FIVE THOUSAND AND 00/100 (\$ 5,000.00) .
13. Borrower agrees to keep the Collateral in good repair and not to subject it to any alteration or modification that would materially and adversely affect its resale value.
14. Borrower agrees that the Collateral shall be located at Borrower's principal place of business (registered or main office of Borrower if a Corporation or Partnership) shown at the end of this Agreement. If the Collateral is not located at that location, its location is:
N/A

(Name and Street) (City) (County) (State)

- Borrower agrees not to remove the Collateral from this location without Bank's prior written consent. Additionally, Bank is authorized to inspect all Collateral wherever located at any reasonable time or times; and Borrower, if requested by Bank, shall assist Bank in making any such inspection or assemble the Collateral for inspection at a location designated by Bank.
15. Borrower shall not permit any item of Collateral, other than the Collateral described in paragraphs 2.e or 2.f, to become attached to real property in such a manner as to become a fixture.
 16. Borrower shall comply with all applicable federal, state and local laws, ordinances, rules and regulations, including, but not limited to, all environmental laws, ordinances, rules and regulations and shall keep the Collateral free and clear of any liens imposed pursuant to such laws, ordinances, rules and regulations.
 17. Borrower shall comply with all applicable federal, state and local laws, ordinances, rules and regulations concerning minimum wages, overtime laws, and payment of withholding taxes, and deliver to Bank such reports and information in form satisfactory to Bank as Bank may request from time to time to establish compliance with such laws.

Covenants with respect to Accounts, Instruments, General Intangibles and Chattel Paper.

If box 2.a is marked or checked, paragraphs 18 through 26 are applicable.

18. Borrower agrees that in the case of any instrument, accounts, or chattel paper, resulting from transactions occurring subsequent to the date of this Agreement, the defenses, right of setoff and counterclaims available to account debtors, will not at any time affect more than two percent (2%) of the total Indebtedness secured by such accounts, instrument or chattel paper.
19. In case of any account or instrument, Borrower agrees not to release or enter into any agreement reducing the liability of any account debtor or parties liable under any instrument or chattel paper subject thereto, except for return of goods and to settle bona fide disputes with such parties.
20. If any dispute arises with respect to the liability of any account debtor, or if the collectability of any indebtedness evidenced by any account, instrument, or chattel paper, becomes questionable, Borrower agrees to immediately report the fact of such dispute or question of collectability to Bank when the amount of liability in question or dispute exceeds 2% of total Indebtedness secured by such accounts, instrument or chattel paper.
21. When requested by Bank, Borrower agrees to furnish within ten (10) days after the end of each calendar month, an ageing of its outstanding accounts, showing the names and addresses of all account debtors and, with respect to each account, the balance owed and the date(s) of origination in respect to amounts outstanding. Borrower agrees that Bank by its agents may inspect its books and records at reasonable intervals during business hours.
22. If box 2.a is marked or checked and box 2.b above is not marked or checked, Borrower shall not subject its inventory to any security interest taken by any third party unless the security agreement executed by Borrower expressly provides that the security interest taken shall not extend to any accounts, instrument, general intangibles or chattel paper, realized as proceeds from the sale or other disposition of such inventory.
23. Borrower hereby represents and warrants that all accounts now owing to it are valid and enforceable for and on account of bona fide deliveries of merchandise, services, or both, that no negotiable instrument has been taken or negotiated regarding the same, that no judgment, order or decree has been entered regarding any of said accounts, and that none of said accounts have ever been sold, transferred or assigned to any other person or persons.
24. Borrower will hold in trust for Bank all payments received on the accounts, all rights by way of suretyship or guaranty which Borrower may have to enforce payment of said accounts by any person other than the direct obligor, all rights in the nature of a security interest whereby Borrower may satisfy any of said accounts out of property and all property acquired through enforcement of such a security interest.

25. Upon written notice from Bank to Borrower, Borrower will:

- a. deliver to Bank immediately all payments received on its account in the form received and all property in its possession or thereafter coming into its possession through enforcement of a security interest.
- b. endorse to Bank all checks, drafts and other orders which are payments received on said accounts;
- c. upon demand, deliver to Bank all accounting records pertaining to its accounts, all instruments evidencing accounts, and all instruments evidencing any security for payment of any account, and execute such further assignments as Bank may require to enforce such instruments in its name; and
- d. do all acts necessary or appropriate to substitute Bank in any legal proceedings then pending in the name of Borrower to enforce payment of any account or to realize upon any security held for any account.

26. Borrower, upon the occurrence of any default under this Agreement, does hereby make, constitute and appoint Bank, its true and lawful attorney for it, and in its name, place and stead to endorse or negotiate any check, bill of exchange, draft or other instrument representing payment in whole or in part, of the accounts in which a security interest has been assigned to Bank, giving and granting to Bank full power and authority to do and perform any act required by Borrower, by the terms of this Agreement.

Covenants with respect to Inventory.

If box 2.b is marked or checked, paragraphs 27 and 28 are applicable.

27. Until the occurrence of a default by Borrower under any note or agreement delivered in connection herewith, Borrower may, in the ordinary course of business, make sales of its inventory and apply the receipts from such sales, and the proceeds from other sales and from collections made on its accounts, chattel paper and instrument to the necessary expenses of doing business. Sales in the ordinary course of business do not include a transfer in satisfaction in whole or in part, of any existing indebtedness.

28. If box 2.b is marked or checked and box 2.a above is not marked or checked, Borrower shall not subject its accounts, general intangibles, and chattel paper, to any security interest taken by any third party unless the security agreement executed by Borrower expressly provides that the security interest taken shall not extend to any account, general intangible or any chattel paper, realized as proceeds from the sale or other disposition of such inventory.

Covenants with respect to Fixtures.

If box 2.e or 2.f is marked or checked paragraphs 29 and 30 are applicable.

29. If collateral has been or will be affixed to property in such a way that it has or may become a part of the realty from which it will not be removed without Bank's prior written consent, Borrower agrees to provide Bank on execution of this Agreement and from time to time as is warranted by changes in the Borrower's business operation, with a schedule as required in paragraphs 2.e or 2.f, providing Bank with such information as is required by Bank to perfect its security interest in fixtures.

30. Borrower agrees to deliver, on execution of this Agreement, a subordination agreement, in such form as Bank may prescribe, by the owner of the realty, if a party other than Borrower, and any holder of any mortgage or other interest of any kind in or with respect to the realty, subordinating each such party's right to those of Bank as holder of a security interest in any Collateral described in paragraph(s) 2.e or 2.f.

Filing.

31. At request of Bank, Borrower agrees to join with Bank, in executing such documents as are necessary to perfect the Bank's security interest in the Collateral, including but not confined to, one or more Code Financing Statement(s) in form satisfactory to Bank, and pay the cost of filing same in all offices where Bank considers filing to be necessary. Without prior consent of Bank, Borrower shall not allow an adverse financing statement covering any of the Collateral to be on file with any public office. Borrower will deliver or cause to be delivered to Bank, any certificate of title to the Collateral with security interest of Bank noted thereon. To the extent permitted by applicable law, Borrower hereby grants Bank authority on its behalf to execute, file or record any document necessary to perfect the Bank's security interest in the Collateral.

Affirmation of Warranties and Representations.

32. By applying for any loan secured by this Agreement, Borrower reaffirms all warranties and representations previously set forth in this Agreement.

Default.

33. The happening or occurrence of any of the following shall constitute a default within the meaning of this Agreement:

- a. a failure to pay any Indebtedness; or
- b. default in the performance of any duty imposed by this Agreement, by any loan agreement pursuant to which the Indebtedness was incurred, or by any promissory note evidencing the Indebtedness; or
- c. the making of any warranty, representation or statement made or caused to be made by Borrower to Bank in connection with this Agreement proving to be untrue in any material respect; or
- d. the disposition of Collateral in any manner not expressly permitted by Bank under this Agreement; or
- e. any theft of, or substantial damage to, any of the Collateral, if uninsured, or the making of any levy; or
- f. the issuance of any writ of garnishment naming the Bank as garnishee defendant, obtained by any judgment creditor of Borrower.

Remedies.

34. Upon the occurrence of any default under this Agreement, all of the Indebtedness, at the option of Bank, shall become immediately due and payable without any notice or demand by Bank. Bank shall, in addition, have all the remedies of a secured party under the Code or other applicable law, including, with limitation thereto, the right and authority to do so in its name, or in the name of Borrower, all things with reference to the Collateral that Borrower might have done but for this Agreement, including:

- a. the right to collect, sue and receipt for all sums of money or the proceeds due or to become due to Borrower in connection with any of the Collateral;
- b. the right to endorse in Borrower's name any checks, drafts, orders, notes or other instruments payable to Borrower which Borrower or Bank may receive in connection with any of the Collateral.
- c. the right to settle, adjust and compromise all present and future claims arising out of the Collateral;
- d. the right to dispose of the Collateral at either public or private sale or sales either as a lot or lots, or by individual item, in the sole discretion of the Bank after first giving Borrower reasonable notice of the time and place of any public sale, or of the date after which a private sale will be made;

- e. the right to immediate possession of the Collateral and the right to copy Borrower's books and records pertaining to the Collateral without court order; and
- f. if box 2.e of 2.f is marked or checked, the right to remove any of the Collateral described in the attached schedule, from the realty to which it is affixed, without any liability to Borrower for any resulting physical damage to the realty.

Continuance of Agreement.

35. This Agreement shall continue in full force and effect, and shall bind Borrower with respect to any advance Bank may hereafter make, notwithstanding that Borrower may from time to time fully satisfy its Indebtedness to Bank, so long as any financing statement heretofore or hereafter, filed by Bank against Borrower referring to any Collateral to which this Agreement relates shall remain in force.

Other Provisions.

- 36. Proceeds derived from the sale, disposition or collection of the Collateral or the proceeds thereof, shall first be applied to the expense of sale, disposition, collection and reasonable attorneys' fees and legal expenses. If the proceeds are not sufficient to satisfy the Indebtedness, Borrower shall be liable for any deficiency and agrees to pay same forthwith.
- 37. Borrower authorizes Bank to correct patent errors and omissions in this Agreement and in the note or notes executed in connection herewith. The rights granted hereunder are cumulative and in addition to any other rights Bank may have by agreement or under applicable law.
- 38. Bank's rights hereunder shall inure to the benefit of its successors and assigns, and all duties of Borrower shall bind its successors and assigns.
- 39. No waiver of any default or of the terms, conditions and warranties hereof shall operate as a waiver of any other default, term, condition, or warranty or of the same default, term, condition or warranty on a future occasion. The neuter pronoun, when used herein, shall include the masculine and feminine and also plural.
- 40. This Agreement shall in all respects be governed by and construed in accordance with the laws (including conflict of law rules) of the State of Michigan.
- 41. The phrase "Michigan Uniform Commercial Code" means Act 174 of the Michigan Public Acts of 1962, as from time to time amended. Except as otherwise herein provided, the terms used in the Agreement shall have the meaning assigned to them in Article 9, or absent definition in Article 9, in any other Article of the Michigan Uniform Commercial Code.
- 42. If there is more than one Borrower, all undertakings, warranties and covenants made by Borrower and all rights, powers and authorities given to, or conferred upon Bank shall be made or given jointly and severally.
- 43. Borrower's principal place of business (registered or main office if Borrower is a corporation or partnership) is located at the address stated in the end of this Agreement. Until Bank is advised in writing by Borrower to the contrary all notices, requests and demands required hereunder or by law, shall be given to or made upon Borrower at said principal place of business. Borrower will give Bank prompt written notice of any change in its principal place of business.
- 44. Upon the occurrence of any default, Bank may setoff any of Borrower's deposit balances, or any other indebtedness of Bank to Borrower against the Indebtedness without first having recourse to the Collateral for satisfaction of the Indebtedness.
- 45. Wherever possible, each provision of this Agreement shall be interpreted in such a manner as to be effective and valid under applicable law, but if any provision of this Agreement shall be prohibited by or invalid under applicable law, such provision shall be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of such provisions or the remaining provisions of this Agreement.
- 46. Nothing contained in this Agreement shall be deemed or construed as creating a partnership or joint venture between the Bank and any other person or cause the Bank to be responsible in any way for the debts or obligations of the Borrower or any other person.
- 47. This Agreement is personal to the parties hereto and is for the sole benefit and is not made for the express or implied benefit of any other person or entity.
- 48. Any appraisal of the Borrower's property obtained in connection with this Agreement is for the sole benefit of the Bank, and does not constitute a representation of value of such property by the Bank to the Borrower.

Additional Provisions.

49. (If this section is blank, there are no additional provisions.)

This Agreement has been duly executed as of the day and year first above written.

BANK: FIRST OF AMERICA BANK- **NORTHERN MICHIGAN**

BORROWER:

NORTHERN FEDERAL LEASING, L.L.C.

By: _____

Its: _____

SEE ATTACHED SIGNATURE PAGE

Federal Tax Identification #: _____

Address: _____

Address: _____

SECURITY AGREEMENT

Secured Party: First of America Bank-Northern Michigan
Debtor: Northern Federal Leasing, L.L.C.

SIGNATURE PAGE

THIS AGREEMENT has been duly executed as of the day and year first above written.

WITNESSES:

Dawn N. Desjardins
Dawn N. Desjardins

Michelle L. Sweeney
Michelle L. Sweeney

BANK:

FIRST OF AMERICA BANK-
NORTHERN MICHIGAN

By: Michael C. Mulder
MICHAEL C. MULDER

Its: Community Bank President

Address: 320 Ashmun Street
Sault Ste. Marie
Michigan 49783

BORROWER:

NORTHERN FEDERAL LEASING, L.L.C.

Michael C. Mulder
Michael C. Mulder

Phyllis M. Filipetti
Phyllis M. Filipetti

By: D. Ward
DOUGLAS P. WARD

Its: Manager

Federal Tax ID No.: 38-3171704

Address: 209 Portage Avenue
Sault Ste. Marie
Michigan 49783

SECURITY AGREEMENT

Secured Party: First of America Bank-Northern Michigan
Debtor: Northern Federal Leasing, L.L.C.

SIGNATURE PAGE - PAGE 2 (Acknowledgements)

STATE OF MICHIGAN)
County of *Chippewa*) ss

The foregoing instrument was acknowledged before me, a Notary Public, this 1st day of July, 1994, by MICHAEL D. MULDER, Community Bank President of FIRST OF AMERICA BANK-NORTHERN MICHIGAN.

Dawn N. Rieckelman

Notary Public DAWN N. RIECKELMAN
County: NOTARY PUBLIC - CHIPPEWA COUNTY
My Commission Expires: MY COMMISSION EXPIRES 10-29-

STATE OF MICHIGAN)
County of *Chippewa*) ss

The foregoing instrument was acknowledged before me, a Notary Public, this 1st day of July, 1994, by DOUGLAS P. WARD, Manager of NORTHERN FEDERAL LEASING, L.L.C.

Sharon L. Dorrity

Notary Public SHARON L. DORRITY
County: *Chippewa*
My Commission Expires: *April 01, 1998*

ATTACHMENT "A"

SECURED PARTY: FIRST OF AMERICA BANK-NORTHERN MICHIGAN
DEBTOR: NORTHERN FEDERAL LEASING, L.L.C.

Railcar Markings

ELS101600	ELS101631	ELS101662	ELS101693	ELS101722
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ELS101606	ELS101639	ELS101670	ELS101699	ELS101728
ELS101607	ELS101640	ELS101671	ELS101700	ELS101729
ELS101608	ELS101641	ELS101672	ELS101701	ELS101730
ELS101609	ELS101642	ELS101673	ELS101702	ELS101731
ELS101610	ELS101643	ELS101674	ELS101703	ELS101732
ELS101611	ELS101644	ELS101675	ELS101704	ELS101733
ELS101613	ELS101645	ELS101676	ELS101705	ELS101734
ELS101614	ELS101646	ELS101677	ELS101706	ELS101735
ELS101615	ELS101647	ELS101678	ELS101707	ELS101737
ELS101616	ELS101648	ELS101679	ELS101708	ELS101738
ELS101617	ELS101649	ELS101680	ELS101709	ELS101739
ELS101618	ELS101650	ELS101681	ELS101710	ELS101740
ELS101619	ELS101651	ELS101682	ELS101711	ELS101741
ELS101620	ELS101652	ELS101683	ELS101712	ELS101742
ELS101621	ELS101653	ELS101684	ELS101713	ELS101743
ELS101622	ELS101654	ELS101685	ELS101714	ELS101744
ELS101623	ELS101655	ELS101686	ELS101715	ELS101745
ELS101624	ELS101656	ELS101687	ELS101716	ELS101746
ELS101625	ELS101657	ELS101688	ELS101717	ELS101747
ELS101627	ELS101658	ELS101689	ELS101718	ELS101748
ELS101628	ELS101659	ELS101690	ELS101719	ELS101749
ELS101629	ELS101660	ELS101691	ELS101720	ELS101751
ELS101630	ELS101661	ELS101692	ELS101721	ELS101752

ATTACHMENT "A" CONTINUED

ELS101753	ELS101795	ELS101838	ELS101882
ELS101754	ELS101796	ELS101839	ELS101883
ELS101755	ELS101797	ELS101840	ELS101884
ELS101756	ELS101798	ELS101842	ELS101885
ELS101757	ELS101799	ELS101843	ELS101886
ELS101758	ELS101800	ELS101844	ELS101887
ELS101759	ELS101801	ELS101845	ELS101888
ELS101760	ELS101802	ELS101846	ELS101889
ELS101761	ELS101803	ELS101847	ELS101890
ELS101762	ELS101804	ELS101849	ELS101891
ELS101763	ELS101805	ELS101850	ELS101892
ELS101764	ELS101806	ELS101851	ELS101893
ELS101765	ELS101807	ELS101852	ELS101894
ELS101766	ELS101808	ELS101853	ELS101895
ELS101767	ELS101809	ELS101854	ELS101896
ELS101768	ELS101810	ELS101855	ELS101897
ELS101769	ELS101811	ELS101856	ELS101898
ELS101770	ELS101812	ELS101857	ELS101899
ELS101771	ELS101813	ELS101858	-END-
ELS101772	ELS101814	ELS101859	
ELS101773	ELS101815	ELS101860	
ELS101774	ELS101817	ELS101861	
ELS101775	ELS101818	ELS101862	
ELS101776	ELS101819	ELS101863	
ELS101777	ELS101820	ELS101864	
ELS101778	ELS101821	ELS101866	
ELS101779	ELS101822	ELS101867	
ELS101780	ELS101823	ELS101868	
ELS101781	ELS101824	ELS101869	
ELS101782	ELS101825	ELS101870	
ELS101783	ELS101826	ELS101871	
ELS101784	ELS101827	ELS101872	
ELS101785	ELS101828	ELS101873	
ELS101786	ELS101829	ELS101874	
ELS101787	ELS101830	ELS101875	
ELS101788	ELS101831	ELS101876	
ELS101789	ELS101832	ELS101877	
ELS101790	ELS101834	ELS101878	
ELS101791	ELS101835	ELS101879	
ELS101793	ELS101836	ELS101880	
ELS101794	ELS101837	ELS101881	

SECURITY AGREEMENT

Secured Party: First of America Bank-Northern Michigan
Debtor: Northern Federal Leasing, L.L.C.

ATTACHMENT "B"

Grant of Security Interest:

Paragraph 2(g) - Other Property

All assets of the corporation (Debtor), including by way of example but not by way of limitation, all furniture, fixtures, machinery, equipment, inventory, accounts receivable, contract rights, instruments, chattel paper and general intangibles, as defined by the Michigan Uniform Commercial Code, now existent or hereafter acquired and the proceeds therefrom, excepting all accounts, instruments, general intangibles and chattel paper.