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Country of Origin - May A Oster

April 4, 1995

Mr. Vernon Williams
Secretary
Interstate Commerce Commission
12th & Constitution Avenue, N.W.
Washington, D.C. 20423

Dear Mr. Williams:

Enclosed is a Security Agreement dated 3/27/95 for filing with the Interstate Commerce Commission between the following parties:

Secured Party: Norwest Equipment Finance, Inc.
733 Marquette Avenue
Minneapolis, MN 55479

Debtor: Dakota, Minnesota & Eastern Railroad
Corporation
337 22nd Avenue South
Post Office Box 178
Brookings, SD 57006

The equipment involved in this transaction includes:

Equipment: 9, EMD SD40-2 3000 HP Locomotives
DME 6359-6364; 6384; 6386; 6387

Please file this agreement as a primary document. The filing fee of \$21 is enclosed. Thank you for your assistance.

Sincerely,

Mary A Oster

Mary Ann Oster
Research Consultant

Enclosures

Security Agreement

0341

DATE March 27, 19 95

DEBTOR	Dakota, Minnesota & Eastern Railroad Corporation	SECURED PARTY	Norwest Equipment Finance, Inc.
BUSINESS OR RESIDENCE ADDRESS	337 22nd Avenue South P.O. Box 178	ADDRESS	733 Marquette Avenue Suite 300 Investors Building
CITY, STATE & ZIP CODE	Brookings, SD 57006	CITY, STATE & ZIP CODE	Minneapolis, MN 55479-2048

1. Security Interest and Collateral. To secure the payment and performance of each and every debt, liability and obligation of every type and description which Debtor may now or at any time hereafter owe to Secured Party (whether such debt, liability or obligation now exists or is hereafter created or incurred, whether it is currently contemplated by the Debtor and Secured Party, whether any documents evidencing it refer to this Security Agreement, whether it arises with or without any documents (e.g. obligations to Secured Party created by checking overdrafts), and whether it is or may be direct or indirect, due or to become due, absolute or contingent, primary or secondary, liquidated or unliquidated, or joint, several or joint and several; all such debts, liabilities and obligations being herein collectively referred to as the "Obligations"), Debtor hereby grants Secured Party a security interest (herein called the "Security Interest") in the following property (herein called the "Collateral") (check applicable boxes and complete information):

(a) INVENTORY:

All inventory of Debtor, whether now owned or hereafter acquired and wherever located;

(b) EQUIPMENT, FARM PRODUCTS AND CONSUMER GOODS:

All equipment of Debtor, whether now owned or hereafter acquired, including but not limited to all present and future machinery, vehicles, furniture, fixtures, manufacturing equipment, farm machinery and equipment, shop equipment, office and recordkeeping equipment, parts and tools, and the goods described in any equipment schedule or list herewith or hereafter furnished to Secured Party by Debtor (but no such schedule or list need be furnished in order for the security interest granted herein to be valid as to all of Debtor's equipment).

All farm products of Debtor, whether now owned or hereafter acquired, including but not limited to (i) all poultry and livestock and their young, products thereof and produce thereof, (ii) all crops, whether annual or perennial, and the products thereof, and (iii) all feed, seed, fertilizer, medicines and other supplies used or produced by Debtor in farming operations, and (iv) any crop insurance payments and any government farm support payments, including any diversion or deficiency payments. The real estate concerned with the above described crops growing or to be grown is:

and the name of the record owner is:

The following goods or types of goods:

9 - EMD Model SD40-2 3000 h.p. Diesel Electric Six Axle Locomotives
Equipment Numbers: DME 6359-6364, 6384, 6386, 6387

(c) ACCOUNTS AND OTHER RIGHTS TO PAYMENT:

Each and every right of Debtor to the payment of money, whether such right to payment now exists or hereafter arises, whether such right to payment arises out of a sale, lease or other disposition of goods or other property by Debtor, out of a rendering of services by Debtor, out of a loan by Debtor, out of the overpayment of taxes or other liabilities of Debtor, or otherwise arises under any contract or agreement, whether such right to payment is or is not already earned by performance, and howsoever such right to payment may be evidenced, together with all other rights and interests (including all liens and security interests) which Debtor may at any time have by law or agreement against any account debtor or other obligor obligated to make any such payment or against any of the property of such account debtor or other obligor; all including but not limited to all present and future debt instruments, chattel papers, accounts, loans and obligations receivable and tax refunds.

(d) GENERAL INTANGIBLES:

All general intangibles of Debtor, whether now owned or hereafter acquired, including, but not limited to, applications for patents, patents, copyrights, trademarks, trade secrets, good will, tradenames, customers' lists, permits and franchises, and the right to use Debtor's name.

together with all substitutions and replacements for and products of any of the foregoing property not constituting consumer goods and together with proceeds of any and all of the foregoing property and, in the case of all tangible Collateral, together with all accessions and, except in the case of consumer goods, together with (i) all accessories, attachments, parts, equipment and repairs now or hereafter attached or affixed to or used in connection with any such goods, and (ii) all warehouse receipts, bills of lading and other documents of title now or hereafter covering such goods.

2. Representations, Warranties and Agreements. Debtor represents, warrants and agrees that:

(a) Debtor is an individual, a partnership, a corporation and, if Debtor is an individual, the Debtor's residence is at the address of Debtor shown at the beginning of this Agreement.

(b) The Collateral will be used primarily for personal, family or household purposes; farming operations; business purposes.

(c) If any part or all of the tangible Collateral will become so related to particular real estate as to become a fixture, the real estate concerned is:

and the name of the record owner is:

(d) Debtor's chief executive office is located at _____ or, if left blank, at the address of Debtor shown at the beginning of this Agreement.

THIS AGREEMENT CONTAINS ADDITIONAL PROVISIONS SET FORTH ON THE REVERSE SIDE HEREOF, ALL OF WHICH ARE MADE A PART HEREOF.

Norwest Equipment Finance, Inc.
Secured Party's Name

Dakota, Minnesota & Eastern Railroad Corporation
Debtor's Name

By Judy S. [Signature]
Title Vice President

By [Signature]
Title CEO, Treasurer

By _____
Title _____

Corporate Form of Acknowledgment

State of Minnesota
County of Hennepin ss:

On this 31st day of March, 1995 before me personally appeared, Judy I. Van Osdel, to me personally known, who being by me duly sworn, says that he is the VP of Norwest Equipment Finance, that the foregoing Security Agreement was signed by him on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing Security Agreement was the free act and deed of said corporation.

[Notarial Seal]

Jill Griffiths
Signature of notary public
My commission expires 10-14-98



Corporate Form of Acknowledgment

State of Minnesota
County of Hampton ss:

On this 31st day of March, 1995 before me personally appeared, Kurt V. Feaster, to me personally known, who being by me duly sworn, says that he is the CFO, Treasurer of Dakota, Minnesota & Eastern Railroad Corporation; that the foregoing Security Agreement was signed by him on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing Security Agreement was the free act and deed of said corporation.

[Notarial Seal]

Pauline A. Glendenning
Signature of notary public
My commission expires Jan 31, 2000

