

ALVORD AND ALVORD

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

OF COUNSEL
URBAN A. LESTER

March 15, 1996

19970
15

Mr. Vernon A. Williams
Secretary
Surface Transportation Board
Washington, D.C. 20423

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a), and the regulations thereunder, are two (2) copies of a Collateral Assignment of Leases, dated as of March 15, 1996, a primary document as defined in the Board's Rules for the Recordation of Documents.

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

Assignee : First Union Commercial Corporation
301 South College Street
Charlotte, North Carolina 28202

Assignor : Dakota Rail, Inc.
25 Adams Street North
Hutchinson, Minnesota 55350

A description of the Leases that are subject to the Collateral Assignment are identified on Exhibit A attached to the Assignment.

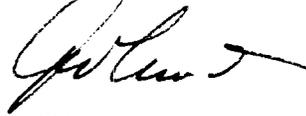
File
Secretary

Mr. Vernon A. Williams
March 15, 1996
Page 2

Also enclosed is a check in the amount of \$21.00 payable to the order of the Surface Transportation Board covering the required recordation fee.

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

Very truly yours,

A handwritten signature in black ink, appearing to read "Robert W. Alvord", written in a cursive style.

Robert W. Alvord

RWA/bg
Enclosures

SURFACE TRANSPORTATION BOARD
WASHINGTON, D.C. 20423-0001

3/15/96

Robert W. Alvord
Alvord And Alvord
918 Sixteenth Street, NW., Ste. 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 3/15/96 at 4:00PM, and assigned recordation number(s). 19974, 19974-A, 19975, 19975-A and 19976.

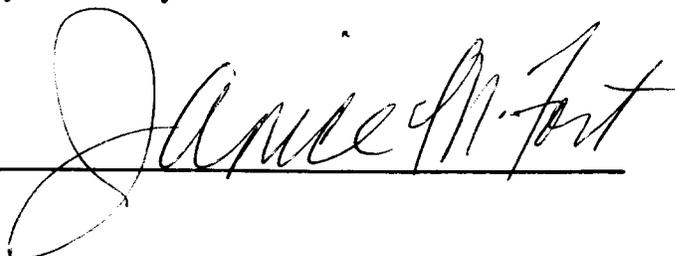
Sincerely yours,


Vernon A. Williams
Secretary

Enclosure(s)

\$ 105.00 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



COLLATERAL ASSIGNMENT OF LEASES

THIS ASSIGNMENT (the "Assignment") is made as of this the 15th day of March, 1996, by DAKOTA RAIL, INC., a South Dakota corporation ("Assignor") and FIRST UNION COMMERCIAL CORPORATION, a North Carolina corporation ("Assignee").

WITNESSETH:

WHEREAS, Assignor and Assignee are entering into that certain Master Equipment Lease Agreement dated as of March 15, 1996 (the "Lease"; capitalized terms used herein and not otherwise defined herein shall have the meaning attributed thereto in the Lease).

WHEREAS, in connection with the Lease, Assignor has agreed to assign its rights in and to certain agreements on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the Assignee entering into the Lease, for the mutual promises contained herein and for other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the parties hereto do hereby agree as follows:

1. Assigned Agreements. The items which shall be the subject of this Assignment and which are sometimes collectively referred to as the "Assigned Collateral" are as follows:

(a) all rights, benefits, privileges and amounts payable or accruing to Assignor (but none of the duties or obligations of Assignor) under those certain Master Railcar Lease and Service Contracts and any other present or future lease or sublease entered into by Assignor in connection with the Equipment (including, without limitation, each of the leases set forth on Exhibit A hereto); and

(b) any and all proceeds arising from the foregoing.

2. Assignment. Assignor hereby assigns, transfers and sets over unto Assignee all of its right, title and interest in and to the Assigned Collateral and all the rights and benefits therefrom as security for the full, timely and faithful payment by Assignor of all and any amounts due and owing under the Lease and performance by Assignor of all of its obligations with respect to the Lease.

3. Security Interest. Assignor hereby grants to Assignee a first priority perfected security interest in all of Assignor's right, title and interest in and to the Assigned Collateral and all of the rights and benefits therefrom and agrees that it shall execute appropriate UCC financing statements relating thereto and shall take such further action as is requested by Assignee to secure and perfect the security interest granted hereby.

4. Representations and Warranties. Assignor hereby represents and warrants to Assignee (all such representations and warranties being continuing) that:

a. Assignor has not and will not make any other or further assignment, transfer or disposition of the Assigned Collateral and will not otherwise pledge the Assigned Collateral or permit any lien and encumbrance thereon and will take such action as required to cause the security interest granted to Assignee hereby to be a first priority perfected security interest.

b. Assignor hereby covenants and agrees not to do any act that would destroy, impair or otherwise adversely affect the security of Assignee arising under this Assignment.

5. Occurrence of Event of Default. Until the occurrence of a default under the Lease, Assignor may retain, use and enjoy the benefits of the Assigned Collateral. After the occurrence of a default as aforesaid, Assignee may, at its option, enforce this Assignment by notifying Assignor by registered or certified mail or by personal delivery sent or delivered to the last known address of Assignor. The affidavit or written statement of an officer, agent or attorney of Assignee stating that there has been a default under the Lease shall constitute conclusive evidence thereof and any officer or other employee of Assignor is authorized and directed to rely thereon.

6. No Assumption. Assignee will not be deemed in any manner to have assumed any duties or obligations with respect to the Assigned Collateral or any document or agreement evidencing all or a portion of the Assigned Collateral, nor shall Assignee be liable to Assignor or any party with whom Assignor has contracted. Assignor agrees to indemnify and hold harmless Assignee from any and all liability, loss or damage that it may or might incur by reason of any claims or demands against it based on an alleged assumption of Assignor's duties and obligations under any agreement evidencing all or any part of the Assigned Collateral.

7. Remedies. After the occurrence of a default with respect to the Lease Assignee may exercise any and all of Assignor's rights and remedies with respect to the Assigned Collateral, without any interference from Assignor.

Assignor hereby irrevocably constitutes and appoints Assignee and its designees, as its attorneys-in-fact to demand, receive and enforce upon a default under the Lease, Assignor's rights with respect to the Assigned Collateral, to give appropriate receipts, releases and satisfactions for and on behalf of Assignor and to do any and all acts in the name of Assignee with the same force and effect as Assignor could do if this Assignment had not been made, including, at Assignee's option, to enforce and enjoy the benefits of the Assigned Collateral and to require performance by Assignor of matters arising or existing thereunder. Except for the gross negligence or wilful misconduct of Assignee, Assignor hereby releases any and all claims that it has or might have against Assignee arising out of such performance by Assignee and its agents.

8. No Waiver. This Assignment may be enforced from time to time by Assignee at its discretion, with or without order of any court and with or without appointment of a receiver, as Assignee shall determine. Assignee may also at any time cease to enforce this Assignment. Any failure on the part of Assignee promptly to exercise any option hereby given or reserved shall not prevent the exercise of any such option at any time thereafter. Assignee

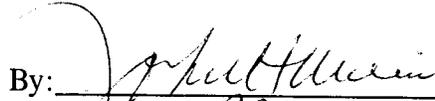
may pursue and enforce any remedy or remedies accorded it hereunder independently or, in conjunction or concurrently with, or subsequent to its pursuing enforcement of any remedy or remedies that it may have under the Lease.

9. Counterparts Governing Law, Etc. This Assignment may be executed in any number of counterparts, and by the parties hereto in separate counterparts, each an original, but all together constituting one and the same instrument and contract. Neither this Assignment nor any of the terms hereof may be terminated, amended, supplemented, waived or modified, except by an instrument in writing signed by the party against which the enforcement of the termination, amendment, supplement, waiver or modification is sought; and no such termination, amendment, supplement, waiver or modification shall be effective unless a signed copy thereof shall have been delivered to Assignee. At any time and from time to time, upon the written request of Assignee, Assignor agrees to promptly and duly execute and deliver any and all such further documents and take such further actions as Assignor may reasonably request in order to obtain the full benefits of this Assignment and the rights and powers herein granted. The terms of this Assignment shall be binding upon, and inure to the benefit of and shall be enforceable by the parties hereto. This Assignment shall in all respects be governed by, and construed in accordance with, the internal laws of the State of North Carolina, including all manners of construction, validity and performance.

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

ASSIGNOR:

DAKOTA RAIL, INC.

By: 
Title: President

ASSIGNEE:

FIRST UNION COMMERCIAL CORPORATION

By: _____
Title: _____

State of Virginia

County of Fairfax

I, Anne Park a Notary Public in and for said state and county, do hereby certify that John H. Marino personally appeared before me this day and acknowledged his due execution of the foregoing Collateral Assignment of Leases.

Witness my hand and official seal this 13 day of March, 1996

Anne Park
Notary Public

My commission expires: 30 Nov 98

State of _____

County of _____

I, _____, a Notary Public in and for said state and county, do hereby certify that _____ personally appeared before me this day and acknowledged his due execution of the foregoing Collateral Assignment of Leases.

Witness my hand and official seal this ____ day of _____, 19__.

Notary Public

My commission expires: _____

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

ASSIGNOR:

DAKOTA RAIL, INC.

By: _____
Title: _____

ASSIGNEE:

FIRST UNION COMMERCIAL CORPORATION

By: *Daniel J. [Signature]*
Title: Sub

STATE OF _____

COUNTY OF _____

I, _____, a Notary Public in and for said state and county, do hereby certify that _____ personally appeared before me this day and acknowledged his due execution of the foregoing Collateral Assignment of Leases.

Witness my hand and official seal this ____ day of _____, 19__.

Notary Public

My commission expires:

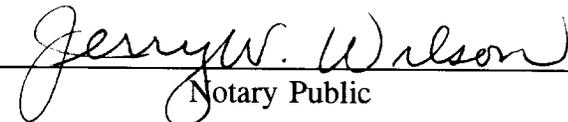
[NOTARY SEAL]

STATE OF NORTH CAROLINA

COUNTY OF MECKLENBURG

I, Jerry W. Wilson, a Notary Public in and for said state and county, do hereby certify that DANIEL D. TYBURSKI personally appeared before me this day and acknowledged his due execution of the foregoing Collateral Assignment of Leases.

Witness my hand and official seal this 14th day of March, 1996.



Notary Public

My commission expires: July 26, 2000

[NOTARY SEAL]

EXHIBIT A

1. Temco Corporation Master Railcar Lease and Service Contract No. 2149B dated September 5, 1991 between Temco Corporation ("Temco") and Sunbelt Environmental Services, Inc.
2. Temco Corporation Master Railcar Lease and Service Contract No. 2178B dated May 11, 1992 between Temco and Fertilzona Company of Arizona, Inc.
3. Temco Corporation Master Railcar Lease and Service Contract No. 2182B dated July 15, 1993 between Temco and Hydro-Agri.
4. Temco Corporation Master Railcar Lease and Service Contract No. 2142B dated November 16, 1990 between Temco and The Andersons.
5. Temco Corporation Master Railcar Lease and Service Contract No. 2155B dated December 21, 1990 between Temco and Alpine Plant Foods.
6. Temco Corporation Master Railcar Lease and Service Contract No. 2179B dated February 6, 1996 between RailAmerica Equipment Company ("RailAmerica") and Venture Commodities.
7. Temco Corporation Master Railcar Lease and Service Contract No. 2184 B.01B dated August 24, 1993 between Temco and Safety Kleen Corp.
8. Temco Corporation Master Railcar Lease and Service Contract No. 2176B dated February 6, 1996 between RailAmerica and Rampart Range.
9. Temco Corporation Master Railcar Lease and Service Contract No. 2160B dated February 6, 1996 between RailAmerica and Arcadian Corporation.
10. Temco Corporation Master Railcar Lease and Service Contract No. 2159B dated May 9, 1991 between Temco and Diamond R Fertilizer.
11. Temco Corporation Master Railcar Lease and Service Contract No. 2170B dated April 23, 1991 between Temco and Cenex.
12. Temco Corporation Master Railcar Lease and Service Contract No. 2174B dated March 5, 1992 between Temco and Stolt-Nielsen, Inc.
13. Master Equipment Lease Agreement dated as of March 15, 1996 between Dakota Rail, Inc. and RailAmerica.