

ITEL

December 10, 1992

IteI Rail Corporation

550 California Street
San Francisco, CA 94104
(415) 984-4200 *984-4257 Buh*

Hon. Sidney L. Strickland, Jr., Esq.
Secretary
Interstate Commerce Commission
Washington, DC 20423

2-356A028

RECORDATION NO. 17893 A

DEC 21 1992 -3 03 PM

Re: Termination of Security Agreement

INTERSTATE COMMERCE COMMISSION

Dear Mr. Strickland:

On behalf of IteI Rail Corporation, the above instrument, in three (3) counterparts, is hereby submitted for filing and recording pursuant to 49 U.S.C. Section 11303(a), along with the \$16 recordation fee.

Please record the subject Termination under the Security Agreement dated as of July 1, 1992, between 4 Rails, Inc. and McCloud River Railroad Company, which was filed with the ICC on July 16, 1992, and given Recordation No. 17893.

The parties to the above instrument are listed below:

4 Rails, Inc. (Debtor)
P. O. Box 1500
McCloud, California 96057

McCloud River Railroad Company (Secured Party)
550 California Street
San Francisco, California 94104

This Termination terminates in its entirety the Security Agreement and any security interest of the Secured Party in the Collateral identified therein.

Please return to the undersigned the stamped counterparts not required for filing purposes, together with the ICC fee receipt and acknowledgment letter.

Very truly yours,

Patricia Schumacker

Patricia Schumacker
Legal Assistant

RECORDED & INDEXED
DEC 21 2 55 PM '92

Interstate Commerce Commission
Washington, D.C. 20423

12/22/92

OFFICE OF THE SECRETARY

Patricia Schumacker

Legal Assistant

IteI Rail Corporation

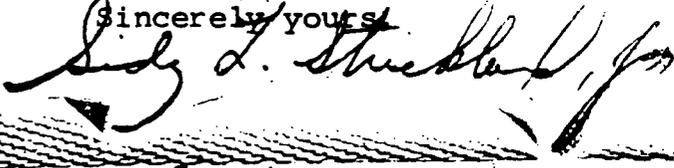
550 Calif. St.

San Francisco, Calif. 94104

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 12/21/92 at 3:05pm, and assigned re-
recording number(s). 17893-A

Sincerely yours,



Secretary

SIDNEY L. STRICKLAND, JR.

Enclosure(s)

SE-30
(7/79)

TERMINATION OF SECURITY AGREEMENT

DEC 21 1992-3 05 PM

INTERSTATE COMMERCE COMMISSION

TERMINATION OF SECURITY AGREEMENT (THE "TERMINATION") dated as of July 23, 1992, between **4 RAILS, INC.**, a California corporation ("4 Rails") and **McCLOUD RIVER RAILROAD COMPANY**, a California corporation ("McCloud").

WHEREAS, 4 Rails, as buyer, purchased from McCloud, as seller, certain assets (the "Assets") pursuant to an Asset Purchase Agreement dated as of February 1, 1992 (the "Asset Purchase Agreement"); and

WHEREAS, McCloud made a loan to 4 Rails to finance part of the purchase price of the Assets pursuant to a Security Agreement dated as of July 1, 1992 (the "Security Agreement"), which Security Agreement was filed with the Interstate Commerce Commission pursuant to 49 U.S.C. Section 11303(a) on July 16, 1992, and given Recordation No. 17893; and

WHEREAS, 4 Rails issued a promissory note (the "Note") to McCloud pursuant to the Security Agreement to evidence the loan; and

WHEREAS, as security for 4 Rails's payment and performance obligations under the Security Agreement, 4 Rails granted to McCloud a security interest in and to the Collateral (as defined in the Security Agreement); and

WHEREAS, 4 Rails paid the Note in full on July 23, 1992; and

WHEREAS, pursuant to the terms of the Security Agreement, McCloud has agreed to release its security interest in the Collateral, and to make the termination of the Security Agreement a matter of public record.

NOW, THEREFORE, 4 Rails and McCloud agree as follows:

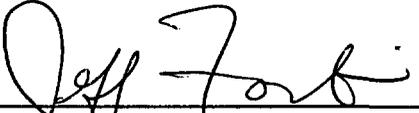
1. Effective as of July 23, 1992, the Security Agreement is hereby terminated in its entirety, except as to any rights and obligations that may, by their terms, survive expiration or termination.
2. Effective as of July 23, 1992, McCloud fully, completely and irrevocably releases any interest it has or might have in and to the Collateral (as defined in the Security Agreement).
3. McCloud will, at 4 Rails's expense, from time to time, do and perform any other act and will execute and acknowledge any and all further instruments required by law or reasonably requested and prepared by 4 Rails in order

to release or convey to 4 Rails any interests which McCloud has or may have in the Collateral (as defined in the Security Agreement).

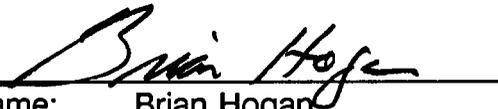
4. This Termination shall be governed by and construed in accordance with the laws of the State of California, but the parties shall be entitled to all rights conferred by the laws of the United States permitting filing with the Interstate Commerce Commission.

IN WITNESS WHEREOF, the parties have executed and delivered this Termination as of the date first above written.

4 RAILS, INC.

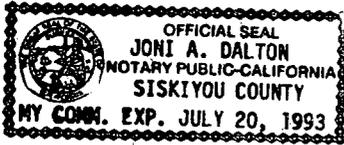
By 
Name: Jeff Forbis
Title: President

McCLOUD RIVER RAILROAD COMPANY

By 
Name: Brian Hogan
Title: Treasurer

STATE OF CALIFORNIA)
) ss.
COUNTY OF SHASTA)

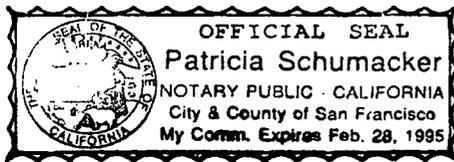
On this 15th day of December, 1992, before me personally appeared Jeff Forbis personally known to me to be the person who executed the within instrument as President of 4 Rails, Inc. and acknowledged to me that the corporation executed it.



Joni A. Dalton
Notary Public

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

On this 11th day of December, 1992, before me personally appeared Brian Hogan, personally known to me to be the person who executed the within instrument as Treasurer of McCloud River Railroad Company, and acknowledged to me that the corporation executed it.



Patricia Schumacker
Notary Public

TERMINATION OF SECURITY AGREEMENT

DEC 21 1992 - 3 05 PM

INTERSTATE COMMERCE COMMISSION

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2. Effective as of July 23, 1992, McCloud fully, completely and irrevocably releases any interest it has or might have in and to the Collateral (as defined in the Security Agreement).
3. McCloud will, at 4 Rails's expense, from time to time, do and perform any other act and will execute and acknowledge any and all further instruments required by law or reasonably requested and prepared by 4 Rails in order

to release or convey to 4 Rails any interests which McCloud has or may have in the Collateral (as defined in the Security Agreement).

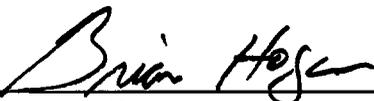
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IN WITNESS WHEREOF, the parties have executed and delivered this Termination as of the date first above written.

4 RAILS, INC.

By 
Name: Jeff Forbis
Title: President

McCLOUD RIVER RAILROAD COMPANY

By 
Name: Brian Hogan
Title: Treasurer

