



RECORDATION NO 21962 FILED

JAN 14 '99

12-00PM

Norwest Bank Montana, N.A.  
Bozeman Office  
211 West Main Street  
Post Office Box 370  
Bozeman, Montana 59771-0370  
406/586-3381  
Fax: 406/586-8368

January 5, 1999

Janice Fort  
Surface Transportation Board  
1925 K Street NW  
Washington, DC 20423

Dear Ms. Janice Fort:

Enclosed is a Security Agreement dated 11-30-98 between the following parties:

Lender: Norwest Bank Montana, National Association  
323 West Park  
Livingston, MT 59047

Debtor: LRC Credit Corp.  
P.O. Box 1493  
Livingston, MT 59047

The equipment included in this agreement is listed on Exhibit A.

Please record this agreement as a primary document. The filing fee of \$26.00 is enclosed.  
If you have any questions please call me at 406-582-5105.

Thank you for your assistance.

Sincerely,

Sandy Patton  
Business Banking Assistant

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

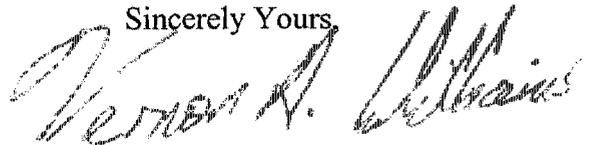
OFFICE OF THE SECRETARY

Sandy Patton  
Norwest Bank, Montana, NA.,  
211 West Main Street ( Post Office Box 370)  
Bozeman, Montana 59771-0370

Dear Sir/Madam

The enclosed documents (s) was recorded pursuant to the provisions of 49 U.S.C.  
11301 and CFR 1177.3 (c), on 1/14/99 at 12:00PM, and  
assigned recordation numbers (s): 21962.

Sincerely Yours,



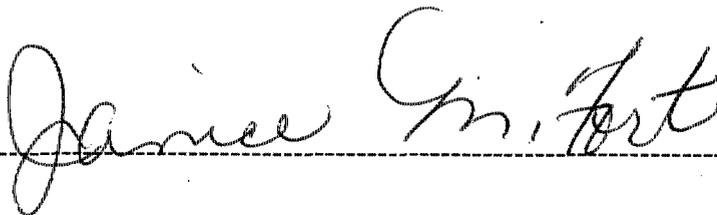
Vernon A. Williams

Enclosure(s)

26.00

\$\_\_\_\_\_ 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. In the event of an error or any questions concerning this fee, you will receive a notification after the Surface Transportation Board has an opportunity to examine your document.

Signature \_\_\_\_\_





JAN 14 '99

12-00PM

# Security Agreement

Date 11-30-98	
Debtor LRC Credit Corp.	Secured Party Norwest Bank Montana, National Association
Street Address P.O. Box 1493 City, State, Zip Code Livingston, MT 59047	Street Address 323 West Park City, State, Zip Code Livingston, MT 59047

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 "Obligations"), Debtor hereby grants Secured Party a security interest therein 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, appliances, fixtures, manufacturing and processing equipment, farm machinery and equipment, shop equipment, office and record-keeping equipment, computer hardware and software, parts and tools, goods, and types of goods of every kind and description.
- 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, all holding marks and brands and branding irons of Debtor that at any time cover any such livestock, and, if the livestock includes sheep, all wool pulled, clipped or shorn therefrom, (ii) all crops, whether annual or perennial, and the products thereof (THIS SECURITY AGREEMENT COVERS CROPS NOW GROWING. THIS SECURITY AGREEMENT ALSO COVERS FUTURE CROPS TO BE GROWN IN THE CURRENT YEAR OR ANY YEAR HEREAFTER), (iii) all feed, seed, fertilizer, medicines and other supplies used or produced by Debtor in farming operations, and (iv) all rights to crop insurance payments and storage payments and all rights to payments of any type under any government agricultural diversion, assistance, support or incentive program, Farm Services Agency program and any other government agricultural program. The real estate concerned with the above described crops growing or to be grown is:

and the name of the record owner(s) is:

The following goods or types of goods:  
SEE ATTACHED SCHEDULE "A"

(c) ACCOUNTS AND OTHER RIGHTS TO PAYMENT:

- All accounts and each and every right of Debtor to the payment of money, whether such right to payment now exists or hereafter arises, whether such accounts or other rights to payment arise 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, contract rights, loans and obligations receivable, tax refunds, unearned insurance premiums, rebates, and negotiable documents.
- 

(d) GENERAL INTANGIBLES

- All general intangibles of Debtor, whether now owned or hereafter acquired, including, but not limited to, certificates of deposit, applications for patents, patents, copyrights, trademarks, trade secrets, good will, trade names, customers' lists, permits and franchises, and the right to use Debtor's name, together with all other intangible property rights such as the right to redeem or accept payment under an annuity contract or a non-negotiable certificate of deposit issued by a bank.

Regardless of which boxes are checked above, this Agreement also covers all substitutions and replacements for and products of any of the foregoing property not constituting consumer goods and proceeds of any and all of the foregoing property including, but not limited to, insurance proceeds and any rights of subrogation resulting from the damage or destruction thereof, 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 a(n) Corporation;
- (b) The Collateral will be used primarily for  personal, family or household purposes;  agricultural purposes;  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:

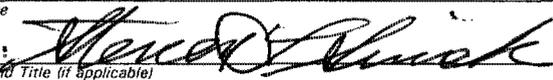
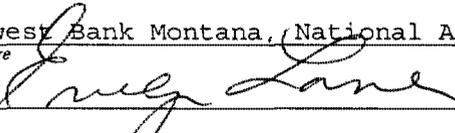
(d) Debtor's chief executive office is located at: \_\_\_\_\_ or, if left blank, at the address of Debtor shown at the beginning of this Agreement. If Debtor is an individual, the Debtor's residence is at the address of Debtor shown at the beginning of this Agreement.

- 7. Events of Default.** Each of the following occurrences shall constitute an event of default under this Agreement (herein called "Event of Default"):
- (i) Debtor shall fail to pay any or all of the Obligations when due or (if payable on demand) on demand, or shall fail to observe or perform any covenant or agreement binding on it;
  - (ii) any representation or warranty by Debtor set forth in this Agreement or otherwise made to Secured Party, including without limitation in any financial statements or reports submitted to Secured Party, by or on behalf of Debtor, shall prove materially false or misleading;
  - (iii) a garnishment, summons or a writ of attachment shall be issued against or served upon the Secured Party for the attachment of any property of the Debtor or any indebtedness owing to Debtor;
  - (iv) Debtor or any guarantor of any Obligation shall (A) be or become insolvent (however defined); or (B) voluntarily file, or have filed against it involuntarily, a petition under the United States Bankruptcy Code; or (C) if a corporation, partnership, or organization, be dissolved or liquidated or, if a partnership, suffer the death of a partner or, if an individual, die; or (D) go out of business; or (v) Secured Party shall in good faith believe that the prospect of due and punctual payment of any or all of the Obligations is impaired.
- 8. Remedies upon Event of Default.** Upon the occurrence of an Event of Default under Section 7 and at any time thereafter, Secured Party may exercise any one or more of the following rights and remedies: (i) declare all unmatured Obligations to be immediately due and payable, and the same shall thereupon be immediately due and payable, without presentment or other notice or demand; (ii) exercise and enforce any or all rights and remedies available upon default to a secured party under the Uniform Commercial Code, including but not limited to the right to take possession of any Collateral, proceeding without judicial process or by judicial process (without a prior hearing or notice thereof, which Debtor hereby expressly waives), and the right to sell, lease or otherwise dispose of any or all of the Collateral, and in connection therewith, Secured Party may require Debtor to make the Collateral available to Secured Party at a place to be designated by Secured Party which is reasonably convenient to both parties, and if notice to Debtor of any intended disposition of Collateral or any other intended action is required by law in a particular instance, such notice shall be deemed commercially reasonable if given (in the manner specified in Section 10) at least 10 calendar days prior to the date of intended disposition or other action; (iii) exercise or enforce any or all other rights or remedies available to Secured Party by law or agreement against the Collateral, against Debtor or against any other person or property. Upon the occurrence of the Event of Default described in Section 7(iv)(B), all Obligations shall be immediately due and payable without demand or notice thereof. Secured Party is hereby granted a nonexclusive, worldwide and royalty-free license to use or otherwise exploit all trademarks, trade secrets, franchises, copyrights and patents of Debtor that Secured Party deems necessary or appropriate to the disposition of any Collateral.
- 9. Other Personal Property.** Unless at the time Secured Party takes possession of any tangible Collateral, or within seven days thereafter, Debtor gives written notice to Secured Party of the existence of any goods, papers or other property of Debtor, not affixed to or constituting a part of such Collateral, but which are located or found upon or within such Collateral, describing such property, Secured Party shall not be responsible or liable to Debtor for any action taken or omitted by or on behalf of Secured Party with respect to such property without actual knowledge of the existence of any such property or without actual knowledge that it was located or to be found upon or within such Collateral.
- 10. Miscellaneous.** This Agreement does not contemplate a sale of accounts, or chattel paper. Debtor agrees that each provision whose box is checked is part of this Agreement. This Agreement can be waived, modified, amended, terminated or discharged, and the Security Interest can be released, only explicitly in a writing signed by Secured Party. A waiver signed by Secured Party shall be effective only in the specific instance and for the specific purpose given. Mere delay or failure to act shall not preclude the exercise or enforcement of any of Secured Party's rights or remedies. All rights and remedies of Secured Party shall be cumulative and may be exercised singularly or concurrently, at Secured Party's option, and the exercise or enforcement of any one such right or remedy shall neither be a condition to nor bar the exercise or enforcement of any other. All notices to be given to Debtor shall be deemed sufficiently given if delivered or mailed by registered or certified mail, postage prepaid, to Debtor at its address set forth above or at the most recent address shown on Secured Party's records. Secured Party's duty of care with respect to Collateral in its possession (as imposed by law) shall be deemed fulfilled if Secured Party exercises reasonable care in physically safekeeping such Collateral or, in the case of Collateral in the custody or possession of a bailee or other third person, exercises reasonable care in the selection of the bailee or other third person, and Secured Party need not otherwise preserve, protect, insure or care for any Collateral. Secured Party shall not be obligated to preserve any rights Debtor may have against prior parties, to realize on the Collateral at all or in any particular manner or order, or to apply any cash proceeds of Collateral in any particular order of application. This Agreement shall be binding upon and inure to the benefit of Debtor and Secured Party and their respective heirs, representatives, successors and assigns and shall take effect when signed by Debtor and delivered to Secured Party, and Debtor waives notice of Secured Party's acceptance hereof. Secured Party may execute this Agreement if appropriate for the purpose of filing, but the failure of Secured Party to execute this Agreement shall not affect or impair the validity or effectiveness of this Agreement. A photographic or other reproduction of this Agreement or of any financing statement signed by the Debtor shall have the same force and effects as the original for all purposes of a financing statement. Except to the extent otherwise required by law, this Agreement shall be governed by the internal laws of the state named as part of Secured Party's address above. If any provision or application of this Agreement is held unlawful or unenforceable in any respect, such illegality or unenforceability shall not affect other provisions or applications which can be given effect, and this Agreement shall be construed as if the unlawful or unenforceable provision or application had never been contained herein or prescribed hereby. All representations and warranties contained in this Agreement shall survive the execution, delivery and performance of this Agreement and the creation and payment of the Obligations. If this Agreement is signed by more than one person as Debtor, the term "Debtor" shall refer to each of them separately and to both or all of them jointly; all such persons shall be bound both severally and jointly with the others; and the Obligations shall include all debts, liabilities and obligations owed to Secured Party by any Debtor solely or by both or several or all Debtors jointly or jointly and severally, and all property described in Section 1 shall be included as part of the Collateral, whether it is owned jointly or by both or all Debtors or is owned in whole or in part by one (or more) of them. **THIS WRITTEN AGREEMENT REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES WITH RESPECT TO THE COLLATERAL AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES WITH RESPECT TO THE COLLATERAL.**

**Signatures**

Debtor's Name

LRC Credit Corp.

Signature X BY:  Name and Title (if applicable) Steve L Swick, Treasurer	Signature X Name and Title (if applicable)
Signature X Name and Title (if applicable)	Signature X Name and Title (if applicable)
Street Address P.O. Box 1493 Bank's Name Norwest Bank Montana, National Association	City, State, Zip Code Livingston, MT 59047
Signature  Title Evelyn L Lane, Senior Vice President	

SCHEDULE "A"

Dated: November 30, 1998

Debtor: LRC Credit Corp.

Description: C30 Locomotives

LRCX 8077

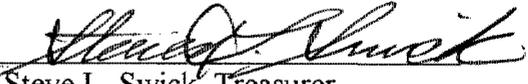
LRCX 8080

LRCX 8143

LRCX 8152

LRC Credit Corp.

By:

  
Its: Steve L. Swick, Treasurer