

RECORDATION NO 17079
NOV 3 1990-3 00 PM
INTERSTATE COMMERCE COMMISSION



Valley Bank

P.O. BOX 5000, JANESVILLE, WISCONSIN 53547-5000 PHONE (608) 754-7771

RECORDATION NO 17079
FILED 1425

NOV 3 1990-3 00 PM

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INTERSTATE COMMERCE COMMISSION

October 31, 1990

Secretary
Interstate Commerce Commission
Washington, D.C. 20423

Dear Secretary:

I have enclosed an original and one copy of the documents described below, to be recorded pursuant to Section 11303 of Title 49 of the U.S. Code.

- PRIMARY (1) Lease, dated December 1, 1989 between Railway Equipment Associates, lessor, and Wisconsin & Calumet Railroad Company, lessee, covering F7 railroad locomotive, Road number 106.
- PRIMARY (2) Lease, dated December 1, 1989 between Railway Equipment Associates, lessor, and Wisconsin & Calumet Railroad Company, lessee, covering F7 railroad locomotive, Road number 901.
- SECONDARY (3) Assignment of Rents and Leases, dated October 23, 1990 between Valley Bank, Janesville, assignee, and Railway Equipment Associates, assignor, covering the two above referenced leases. We request that this assignment be cross-referenced.
- PRIMARY (4) Chattel Security Agreement, dated October 23, 1990 between Glenn Monhart d/b/a Railway Equipment Associates, mortgagor, and Valley Bank, Janesville, mortgagee covering specific railroad cars and locomotives described herein.
- PRIMARY (5) Chattel Security Agreement, dated October 23, 1990 between Janesville & Southeastern Railway Co., mortgagor and Valley Bank, Janesville, mortgagee covering specific railroad cars and locomotives described herein.

The names and addresses of the parties referred to above are as follows:

Glenn Monhart d/b/a Railway Equipment Associates
5627 South Washington
Hinsdale, Illinois 60521

Wisconsin & Calumet Railroad Company
203 South Pearl Street
Janesville, WI 53545

Janesville & Southeastern Railway Co.
203 South Pearl Street
Janesville, WI 53545

Secretary/Interstate Commerce Commission
October 31, 1990
Page 2

Valley Bank, Janesville
100 N. Main St.
Janesville, WI 53545

A fee of \$50.00 is enclosed for the filing of the four primary documents and one secondary document submitted concurrently. Please return the original and any extra copies not needed by the Commission for recordation to Valley Bank, Janesville, to the attention of Michael Donohue.

Very truly yours,

Michael J. Donohue
Assistant Vice President
Commercial Banking Department

MJD/mac
Enclosures

CHattel Security Agreement

Prepared and intended for use by commercial banks in transactions governed by Wisconsin Law.

410 (2/27/87)

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Business equipment and fixtures (and consumer goods and fixtures, and farm equipment and fixtures, if amount financed exceeds \$25,000), but NOT farm products

(Use only for loans (1) to organizations, or (2) primarily for a business purpose, or (3) when the amount financed exceeds \$25,000)

(Revised For Wisconsin Marital Property Act)

1. CREATION OF SECURITY INTEREST

The undersigned ("Debtor", whether one or more), grants to Valley Bank, Janesville ("Secured Party") a security interest in the property, wherever located, described in Section 2 ("Collateral") to secure all debts, obligations and liabilities of any Debtor to Secured Party arising out of credit previously granted, credit contemporaneously granted or credit granted in the future by Secured Party to any Debtor, to any Debtor and another, or to another guaranteed or indorsed by any Debtor ("Obligations").

2. DESCRIPTION OF COLLATERAL

Make	Model	Year	Serial No. or Identification No.	Other Reasonable Identification	<input type="checkbox"/> If Checked here, description continues on attached sheet.
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FP7 Passenger Unit
BL2 Passenger Unit

Road Number 96A

Road Number ~~XX~~ 52

17079

RECORDATION NO. FILED NOV

NOV 3 1990 3 20 PM

INTERSTATE COMMERCE COMMISSION

and all accessions to, and spare and repair parts, special tools and equipment and replacements for, and all proceeds of the foregoing, and if checked here, all equipment of the same type or kind hereafter acquired by Debtor, and its proceeds.

If applicable, titled or to be titled in name of _____

3. WARRANTIES

Debtor warrants:

- (a) **OWNERSHIP** — Debtor owns (or with spouse owns) the Collateral, the Collateral is free of all liens, encumbrances and security interests (except Secured Party's security interest), and acting alone Debtor may grant a security interest in the Collateral.
- (b) **USE AND ADDRESS** — The Collateral is used or bought for use *primarily* for the purpose checked below:
 - Personal, family or household purposes, or farming operations, and the address of Debtor's residence is shown opposite Debtor's signature.
 - Business, and the address of Debtor's residence, or if Debtor is a corporation or partnership, Debtor's place of business (or if Debtor has more than one place of business, the address of Debtor's chief executive office) is shown opposite Debtor's signature.
- (c) **LOCATION OF COLLATERAL** — The Collateral will be kept at the address opposite Debtor's signature or, if not, at:

(NO. AND STREET)	(CITY OR TOWN)	(COUNTY)	(STATE)
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and such location shall not be changed without the prior written consent of Secured Party, but the parties intend that the Collateral, wherever located, is covered by this Agreement.

(d) **FIXTURES** — If the Collateral is to be attached to real estate, the legal description of such real estate is:

(e) **CHANGE OF NAME OR ADDRESS** — Debtor shall immediately advise Secured Party in writing of any change in name or address.

4. PERSONS BOUND

The obligations of all Debtors under this Agreement are joint and several. This Agreement benefits Secured Party, its successors and assigns, and binds Debtor(s) and their respective heirs, personal representatives, successors and assigns.

5. OTHER PROVISIONS

Included in the property covered by the aforesaid Security Agreement are Railroad cars, locomotives and other rolling stock intended for use related to interstate commerce, or interests therein, owned by Janesville & Southeastern Railway Co. at the date of said Security Agreement or hereafter acquired by it or its successors as owners of the lines of railway.

THIS AGREEMENT INCLUDES ALL THE PROVISIONS ON THE REVERSE SIDE.

Signed and Sealed on October 23, 19 90

Subscribed and sworn to before me this 23rd day of October, 1990

The Janesville & Southeastern Railway Co.

Elaine M. Goodger 7/12/92
Elaine M. Goodger, Notary Public, Rock County, WI

Glenn F. Monhart (SEAL)
DEBTOR

Address: 203 S. Pearl St.

* Glenn F. Monhart, Sec.

Janesville, WI 53545

DEBTOR (SEAL)

County: Rock

6. ADDITIONAL PROVISIONS

(a) **Maintenance of Collateral** Debtor shall maintain the Collateral in good condition and repair and not permit its value to be impaired, keep it free from all liens, encumbrances and security interests (other than those created or expressly permitted by this Agreement), defend it against all claims and legal proceedings by persons other than Secured Party, pay and discharge when due all taxes, license fees, levies and other charges upon it, not sell, lease or otherwise dispose of it or permit it to become a fixture or accession to other goods except as specifically authorized in this Agreement or in writing by the Secured Party, not permit it to be used in violation of any applicable law, regulation or policy of insurance. Loss of or damage to the Collateral shall not release Debtor from any of the Obligations.

(b) **Insurance** Debtor shall keep the Collateral, and Secured Party's interest in it, insured under policies with such provisions, for such amounts and by such insurers as shall be satisfactory to Secured Party from time to time and shall furnish satisfactory evidence of such insurance to Secured Party. Debtor assigns (and directs any insurer to pay) to Secured Party the proceeds of all such insurance and any premium refund and authorizes Secured Party to endorse in the name of Debtor any instrument for such proceeds or refunds and, at the option of Secured Party, to apply such proceeds and refunds to any unpaid balance of the Obligations, whether or not due, and/or to restoration of the Collateral, returning any excess to Debtor. Secured Party is authorized, in the name of Debtor or otherwise, to make, adjust and/or settle claims under any credit insurance financed by Secured Party or any insurance on the Collateral or cancel the same after the occurrence of an event of default.

(c) **Inspection of Collateral** Secured Party is authorized to examine the Collateral wherever located at any reasonable time or times and Debtor shall assist Secured Party in making any such inspection.

(d) **Power of Secured Party** Secured Party is authorized to request title action to take title to the Collateral to preserve the Collateral or to establish, determine priority of, perfect, to insure, terminate and/or enforce Secured Party's interest in the Collateral under this Agreement.

(e) **Authority of Secured Party to Perform for Debtor** If Debtor fails to perform any of Debtor's duties set forth in this Agreement or in any evidence of or document relating to the Obligations, Secured Party is authorized, in Debtor's name or otherwise, to take any such action including without limitation signing Debtor's name or paying any amounts so required, and the cost shall be one of the Obligations secured by this Agreement and shall be payable by Debtor upon demand with interest from the date of payment by Secured Party at the highest rate stated in any evidence of any Obligation but not in excess of the maximum rate permitted by law.

(f) **Default** Upon the occurrence of one or more of the following events of default:

(1) **Nonperformance** Debtor fails to pay when due any of the Obligations, or to perform, or rectify breach of, any warranty or other undertaking by Debtor in this Agreement or in any evidence of or document relating to the Obligations;

(2) **Inability to Perform Debtor**, Debtor's spouse or a surety for any of the Obligations dies, ceases to exist, becomes insolvent or the subject to bankruptcy or insolvency proceedings;

(3) **Misrepresentation** Any warranty or representation made to induce Secured Party to extend credit to Debtor, under this Agreement or otherwise is false in any material respect when made, or

(4) **Insecurity** Any other event which causes Secured Party, in good faith, to deem itself insecure, all of the Obligations shall, at the option of Secured Party and without any notice or demand, become immediately payable, and Secured Party shall have all rights and remedies for default provided by the Wisconsin Uniform Commercial Code, as well as any other applicable law and any evidence of or document relating to the Obligations. With respect to such rights and remedies,

(5) **Repossession** Secured Party may take possession of the Collateral without notice or hearing, which Debtor waives.

(6) **Assembling Collateral** - Secured Party may require Debtor to assemble the Collateral and to make it available to Secured Party at any convenient place designated by Secured Party.

(7) **Notice of Disposition** - Written notice, when required by law, sent to any address of Debtor in this Agreement at least 10 calendar days (excluding the day of sending) before the date of proposed disposition of the Collateral is reasonable notice.

(8) **Expenses and Application of Proceeds** Debtor shall reimburse Secured Party for any expense incurred by Secured Party in protecting or enforcing its rights under this Agreement, including without limitation reasonable attorneys' fees and legal expenses and all expenses of taking possession, holding, preparing for disposition, and disposing of the Collateral. After deduction of such expenses, Secured Party may apply the proceeds of disposition to the Obligations in such order and amounts as it elects.

(9) **Waiver** Secured Party may waive any default without waiving any other subsequent or prior default by Debtor.

(g) **Consumer Debt** Even though the Collateral may at any time secure a consumer transaction as defined in the Wisconsin Consumer Act ("Consumer Debt") by reason of this or any other agreement, Secured Party may exercise the rights and remedies in the Collateral provided by this agreement and the Uniform Commercial Code while any Obligation which is not Consumer Debt remains outstanding. If Secured Party disposes of the Collateral, Secured Party shall hold, as possessor, title to the Collateral and Consumer Debt subject to the terms of the Wisconsin Consumer Act and any applicable consumer security agreement relating to the Collateral, or, to the extent in excess of the amount required to satisfy the non-Consumer Debt to the consumer referred to in section 6(f)(8) above.

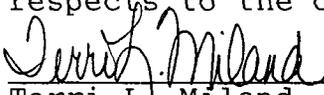
(h) **Non-Responsibility of Secured Party** Secured Party shall not be liable for any act or omission relating to the Obligations, the Collateral or this Agreement, except Secured Party's willful misconduct.

(i) **Waiver of Defenses Against Assignee** Debtor shall not assert against any assignee of Secured Party's rights under this Agreement or any evidence of the Obligations any claim or defense Debtor may have against Secured Party.

(j) **Charging Debtor's Credit Balance** Debtor grants Secured Party, as further security for the Obligations, a security interest and lien in any demand savings or time account Debtor may at any time have with Secured Party (except accounts, the interest on which is exempt from federal income tax) and other monies now or hereafter owed Debtor by Secured Party and Debtor agrees that Secured Party may, at any time and from time to time, upon default, without prior notice or demand, set-off all or any part of the unpaid balance of the Obligations against any deposit balances Debtor may at any time have with Secured Party or other money now or hereafter owed Debtor by Secured Party.

(k) **Interpretation** The validity, construction and enforcement of this Agreement are governed by the internal laws of Wisconsin. All terms not otherwise defined have the meanings assigned to them by the Wisconsin Uniform Commercial Code. Invalidity of any provision of this Agreement shall not affect the validity of any other provision.

I hereby certify that I have compared this copy with the original document and have found the copy to be complete and identical in all respects to the original.



Terri L. Miland
Notary Public
State of Wisconsin
County of Rock

10/23/90

Date