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December 21, 1990

REGISTRATION NO. 17144
DEC 24 1990 - 10 05 AM
INTERSTATE COMMERCE COMMISSION

Secretary
Interstate Commerce Commission
Washington, D.C. 20423

Attention: Document for recordation

0-360A003

Dear Secretary:

I have enclosed two original counterparts of the document described below, to be recorded pursuant to Section 11303 of Title 49 of the U.S. Code.

This document is a Security Agreement, a primary document, dated November 30, 1990.

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

Debtor: Rail One, Limited Partnership, One Foxfield Square, Suite 200, St. Charles, Illinois 60174.

Secured Party: The First National Bank of Maryland, 25 S. Charles Street, 15th Floor, Baltimore, Maryland 21201.

A description of the equipment covered by the document follows:

Twenty (20) 70 ton plate C rigid underframe railroad boxcars with railroad car marks NOKL 88270 through NOKL 88289 together with all leases relating to said rail cars.

A recording fee of \$15.00 is enclosed. Please return one of the original counterparts stamped with the recording information to me

A short summary of the document follows: Security Agreement granting a lien from Rail One, Limited Partnership, an Oklahoma limited partnership, One Foxfield Square, Suite 200, St. Charles, Illinois 60174, as Debtor, to The First National Bank of

DEC 24 10 59 AM '90
NOTICE
REGISTRATION UNIT

Chad C. Ebel, Jr.
Chandler

Interstate Commerce Commission
December 21, 1990
Page 2

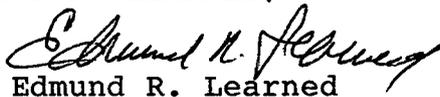
Maryland, a national banking association, 25 S. Charles Street, 15th Floor, Baltimore, Maryland 21201 on Twenty 70 ton plate C rigid underframe railroad boxcars with railroad car marks NOKL 88270 through NOKL 88289 together with all leases relating to said rail cars which was dated November 30,1990.

I am an attorney for the Debtor. Please call me at (316) 261-5311 if you have any questions.

Thank you very much.

Sincerely yours,

EDMUND R. LEARNED, P.A.

By 
Edmund R. Learned

ERL/ms

RECORDATION NO 17144 FILED 1425
DEC 24 1990 - 10 05 AM
INTERSTATE COMMERCE COMMISSION

SECURITY AGREEMENT

DATED November 30, 1990

BETWEEN

RAIL ONE, LIMITED PARTNERSHIP,
as Debtor,

AND

THE FIRST NATIONAL BANK OF MARYLAND,
as Secured Party

Filed and recorded with the Interstate Commerce Commission
pursuant to the Interstate Commerce Act, 49 U.S. C. §11303 on
the _____ of December, 1990, at _____ .m.,
Recordation No. _____.

SECURITY AGREEMENT

THIS SECURITY AGREEMENT (the "Security Agreement") is made as of this 30th day of November, 1990, by and between THE FIRST NATIONAL BANK OF MARYLAND, a national banking association (the "Secured Party"), whose principal address is 25 S. Charles Street, Baltimore Maryland 21201, Attn: Transportation Department and Rail One, Limited Partnership, an Oklahoma limited partnership (the "Debtor"), whose post office address is One Foxfield Square, Suite 200, St. Charles, IL 60174.

R E C T I A L S:

- A. The defined terms used in this Security Agreement shall have the respective meanings indicated herein unless elsewhere defined or the context shall otherwise require.
- B. The Debtor and the Secured Party have entered into a Loan Agreement dated as of the 30th day of November, 1990 (the "Loan Agreement") wherein subject to certain conditions precedent, the Secured Party has agreed to lend to the Debtor, and the Debtor has agreed to borrow from the Secured Party, prior to December 31, 1990 up to the principal amount of \$137,140.00.
- C. The proceeds of the loan (the "Loan") are to be used by the Debtor for the purchase of Twenty (20) railroad cars (the "Equipment"), described on the attached Exhibit A.
- D. The Equipment is currently covered by the terms and conditions of that certain Bi-Lateral Agreement (the "B C Rail, Ltd. Bi-Lateral Agreement") which was made and entered into on the 1st day of October, 1988 by and between B C Rail, Ltd., a company formed and existing under the laws of the Province of British Columbia, Canada and Northwestern Oklahoma Railroad Co., an Oklahoma railroad company and which has been assigned to the Debtor by Northwestern Oklahoma Railroad Co. in so far as the said Bi-Lateral Agreement relates to the Equipment. The Debtor in strict compliance with the terms of this Security Agreement may enter, itself or through its agents, into leases or other agreements for the use, operation and employment of the Equipment hereinafter. The B C Rail, Ltd. Bi-Lateral Agreement and any other agreement hereinafter entered into by the Debtor in strict compliance with the terms of this Security Agreement for the use, operation and employment of the Equipment shall hereinafter be referred to individually as "Lease" and collectively as "Leases".
- E. The indebtedness incurred by the Loan shall be evidenced by a promissory note of the Debtor (the "Note"). The Note and all principal thereof and interest (and premium, if any) thereon and all additional amounts and other sums at the time due

and owing from or required to be paid by the Debtor under the terms of the Note, this Security Agreement, or the Loan Agreement are hereinafter sometimes referred to as "indebtedness hereby secured".

F. All of the requirements of law have been fully complied with and all other acts and things necessary to make this Security Agreement a valid, binding and legal instrument for the security of this Security Agreement, the Loan Agreement and the Note have been done and performed.

SECTION 1. GRANT OF SECURITY INTEREST. The Debtor in consideration of the premises and of the sum of One Hundred Thirty Seven Thousand One Hundred Forty Dollars received by the Debtor from the Secured Party and other good and valuable consideration, receipt whereof is hereby acknowledged, and in order to secure the payment of the principal of and interest on the Note, and to secure the payment of all other indebtedness hereby secured and the performance and observance of all covenants and conditions in the Note, in this Security Agreement, and in the Loan Agreement contained, does hereby convey, warrant, mortgage, assign, pledge and grant the Secured Party, its successors and assigns, a first priority security interest in all and singular of the Debtor's right, title and interest in and to the properties, rights, interests and privileges described in Sections 1(a), (b), and (c) hereof (all of which properties hereby mortgaged, assigned and pledged or intended so to be are hereinafter collectively referred to as the "Collateral").

(a) Collateral includes the Equipment.

Except as otherwise specifically provided in this Section 1 and in Section 3 hereof, when and only when all payments under the Note, Loan Agreement and as herein provided, shall have been paid and all the Debtor's obligations under the Note, Loan Agreement and herein contained shall have been performed by the Debtor, absolute right to the possession of, title to and property in the Collateral shall pass to and vest in the Debtor without further transfer or action on the part of the Secured Party. However, the Secured Party, if so requested by the Debtor at that time, will execute and deliver for filing, recording or depositing in all necessary public offices, such instrument or instruments in writing as may be necessary or appropriate in order then to make clear upon the public records the release of the security interest of the Secured Party in the Collateral. The Debtor hereby waives and releases any and all rights, existing or that may be acquired, in or to the payment of any penalty, forfeit or damages for failure to execute and deliver such bill or bills of sale or instrument or instruments or to file any certificate of payment in compliance with any law or statute

requiring the filing of the same, except for failure to execute and deliver such instrument or instruments or to file such certificate within a reasonable time after written demand by the Debtor.

(b) Collateral also includes all right, title, interest, claims and demands of the Debtor as lessor in, to and under the Leases, including all extensions of the respective terms of said Leases, together with all rights, powers, privileges, options and other benefits of the Debtor as lessor under said Leases, including, without limitation:

(1) the right to receive and collect all installments of rent and third party payments (referred to in Section 3 hereof), insurance proceeds, condemnation awards and other payments, tenders and security now or hereafter payable or receivable by the Debtor, as lessor under any Lease.

(2) the right to make all waivers and agreements and to give and receive duplicate copies of all notices and other instruments or communications, and

(3) the right to take such action upon the occurrence of an event of default under any Lease or an event which with the lapse of time or giving of notice, or both, would constitute an event of default under any Lease, including the commencement, conduct and consummation of legal, administrative or other proceedings, as shall be permitted by said Leases or by law, and to do any and all other things whatsoever which the Debtor or any lessor is or may be entitled to do under any Lease. So long as no Event of Default shall have occurred and be continuing, the Debtor (a) may retain possession of and/or lease the Equipment, (b) at its own expense endeavor to collect as and when due the rentals due and payable under any Lease pursuant to which such Equipment may from time to time be subject and (c) pursue all claims against manufacturers of such Equipment. The foregoing to the contrary notwithstanding, Debtor agrees that, upon receipt of the written request of Secured Party, it will notify the lessees under all Leases of the Equipment to make payment of installments of rental directly to Secured Party.

(4) the right to receive payment due to the Debtor by reason of that certain Management Agreement, (the "Management Agreement") made and entered into by and between Debtor and Northwest Oklahoma Railroad Co, copy of which Management Agreement is attached hereto as an Exhibit B

(c) All rights, claims, causes of action, if any, which the Debtor may have against any manufacturer or seller or any lessee of the Debtor, as lessor, or the Equipment or other property described in clause (a) of this Section 1 and proceeds of such rights, claims and causes of action.

(d) All right, title and interest of Debtor in the Borrower's Bank Account (as that term is defined in the Loan Agreement) in all moneys on deposit therein from time to time.

SECTION 2. REPRESENTATIONS AND WARRANTIES. The Debtor represents, warrants and covenants that:

(a) It is the owner of the Collateral, free and clear of all encumbrances or liens of any kind or character other than: (i) the lien granted to the Secured Party pursuant hereto, (ii) leasehold interest of the Lessees under the respective Leases, and (iii) the lien of current taxes and assessments not currently due and owing (collectively hereinafter referred to as the "Permitted Encumbrances"), and that it has good right and lawful authority to transfer, convey, assign, mortgage and grant a security interest in the same, as of the date hereof.

(b) The Debtor will keep at all times all and every part of the Collateral free and clear of all claims and encumbrances (except Permitted Encumbrances), liens or impositions. If any liens, claims or impositions for which the Debtor is liable as aforesaid shall have been charged or levied against the Secured Party directly and paid by the Secured Party, the Debtor shall reimburse the Secured Party upon presentation of an invoice therefor, and any amounts so paid by the Secured Party shall be secured by and under this Security Agreement.

(c) The Debtor has not made any pledge, mortgage, grant of security interest or assignment of the Collateral except under this Security Agreement and the Loan Agreement.

SECTION 3. INSURANCE, CASUALTY LOSS AND RELEASES OF COLLATERAL.

The Debtor will at all times, at its own expense, carry and maintain, or cause to be carried and maintained (i) all risk property insurance in an amount equal to the greater of the full replacement value of the Equipment or the then outstanding balance of the Loan from time to time and (ii) public liability insurance in respect to third-party personal and property damage in an amount at least equal to \$5,000,000.00 per occurrence. All such insurance shall be for such risks and with such insurance companies as may be reasonably acceptable to the Secured Party, provided that in all events, said insurance shall not be less than that customarily carried by the Debtor with respect to equipment owned or leased by it similar in type to the Equipment and otherwise shall be consistent with prudent Class 1 railroad

industry standards. All policies of insurance carried in accordance with this Section and any policies taken out in substitution or replacement for any such policies shall (a) provide that, if such insurance is cancelled or modified for any reason whatsoever, the Secured Party shall receive thirty (30) days' prior written notice of such cancellation or modification and (b) shall name the Secured Party and the Debtor as additional insureds and co-loss payees, as their respective interests may appear. The Debtor shall cause all property insurance on the Equipment to provide that the proceeds for any loss or damage to any Equipment shall be paid to the Secured Party. Debtor shall furnish to the Secured Party as soon as practicable, but in no event later than thirty (30) days prior to the expiration date on the policy or policies they replace certificates or binders evidencing substitution or replacement for any such policies. Provided no Event of Default shall have occurred and is continuing, the Debtor shall, at its own cost and expense, be entitled to make all proofs of loss and take all of the steps necessary to collect the proceeds of such insurance. The Secured Party shall not be liable for the payment of premiums and assessments under any insurance policy and such insurance shall be primary without right of contribution from any other insurance which is carried by the Secured Party to the extent that such other insurance provides it with contingent and/or excess liability insurance with respect to its interest as such in the Equipment.

The entire proceeds of any property or casualty insurance or third party payments for damages to any Equipment (including any Association of American Railroad interline settlements) received by the Secured Party, or received by the Debtor and remitted to the Secured Party, shall be held by the Secured Party until, with respect to such Equipment, the repairs or substitutions referred to in clause (aa) below are made as specified therein or the Secured Party receives payment in full of the principal portion of the Loan allocable to such Equipment, together with all accrued but unpaid interest thereon. Thereafter, the entire proceeds will be paid either: (aa) to the Debtor promptly following receipt by the Secured Party of the written application signed by the Debtor for payment to the Debtor for repairing, restoring or replacing the Equipment which had been damaged or destroyed so long as (i) the Debtor shall have complied with the applicable provisions of this Security Agreement, and (ii) the Debtor shall have certified that any damage to such Equipment shall have been fully repaired or, if destroyed, that a replacement of such Equipment has been substituted therefor; and (bb) in the event Debtor elects within thirty (30) days of the occurrence of such damage or destruction to such Equipment not to repair or replace such Equipment, to apply the same towards payment of the outstanding balance of the Loan.

The Debtor shall give the Secured Party prompt notice of any event or condition constituting a casualty to any item of the Equipment, upon a responsible officer of the General Partner of the Debtor having actual knowledge of such event or condition and providing the details of the occurrence thereof. For purposes thereof, a "responsible officer" shall mean the corporate officer of the General Partner of the Debtor who, in the normal performance of his operational responsibilities, would have knowledge of such event or condition. This certificate shall be provided to the Secured Party within ten (10) days of the responsible officer of the General Partner of the Debtor having actual knowledge of such event.

In the event that any item of Equipment (i) shall suffer destruction, damage, contamination or wear which in the Debtor's good faith opinion makes the repair uneconomical or renders such item of Equipment unfit for commercial use, or (ii) shall suffer theft or disappearance, or (iii) shall be permanently returned to the manufacturer pursuant to a patent indemnity provision, or (iv) shall have title thereto taken or appropriated by any governmental authority under the power of eminent domain or otherwise, or (v) shall be taken or requisitioned for use by any governmental authority under power of eminent domain or otherwise for a period which extends beyond the term of the Loan (any such occurrence being hereinafter called an "Event of Loss"), the Debtor shall promptly inform the Secured Party of such Event of Loss.

Upon the occurrence of an Event of Loss, the Debtor shall within thirty (30) days after a responsible officer of the General Partner of the Debtor shall have actual knowledge of such occurrence, give the Secured Party notice of its election to perform one of the following options (it being agreed that if the Debtor shall not have given notice of such election within such thirty (30) days after a responsible officer of the General Partner of the Debtor shall have actual knowledge of such occurrence, the Debtor shall be deemed to have elected to perform the option set forth in subparagraph (ii) below:

(i) As promptly as practical, and in any event within thirty (30) days of the date a responsible officer of the General Partner of the Debtor shall have actual knowledge of such occurrence, the Debtor shall repair or restore the damaged Equipment or shall obtain a replacement item of Equipment, such replacement Equipment to be free and clear of all liens and encumbrances (other than Permitted Liens) and to have a fair market value, utility, and remaining useful life at least equal to the item of Equipment so replaced (assuming such item of Equipment was in the condition required to be maintained by the terms of this Security Agreement); provided, however, that if the Debtor shall not perform its obligation to effect such repair or replacement within the period of time provided above, then

the Debtor shall pay to the Secured Party on the next installment payment date the Casualty Value of such item of Equipment as specified in paragraph (ii) below; or

(ii) on or before the next installment payment date following the Event of Loss, the Debtor shall pay or cause to be paid to the Secured Party an amount equal to the Casualty Value of such item of Equipment determined as of such date. As used herein, the term "Casualty Value", with respect to each item of Equipment, shall mean the product of the then outstanding balance of the Loan multiplied by the fraction, the numerator of which is 1 and the denominator is the number of items of Equipments still subject to the terms of this Security Agreement.

Upon payment of all sums required to be paid pursuant hereto in respect of any item of Equipment or the Equipment, the Secured Party shall release its lien on such item of Equipment or the Equipments and shall execute and deliver to the Debtor such statement or statements of partial release or other documents and instruments as the Debtor shall reasonable request to evidence the release by the Secured Party of its interest in the said item of Equipment or the Equipment. As to each item of Equipment so disposed of, the Debtor shall be entitled to any amounts arising from such disposition, plus any awards, insurance or other proceeds and damages (including any Association of American Railroads interline settlement paid upon an Event of Loss) received by Debtor or the Secured Party for reason of such Event of Loss after having paid to the Secured Party the Casualty Value attributable thereto.

At the time of or prior to any replacement of any item of Equipment, the Debtor, at its own expense, will (aaa) furnish to the Secured Party evidence satisfactory to the Secured Party of its ownership interest in the replaced item of Equipment, (bbb) cause such loan supplement or other document to be executed subjecting said replacement item of Equipment to the terms of this Security Agreement and file and/or deposit the same for recordation in the same manner as this Securtiy Agreement, and (ccc) cause financing statement or statements with respect to the replacement item of Equipment to be filed in such place or places as may be necessary in order to perfect the first priority security interest created by or pursuant to the Loan Agreement or this Security Agreement.

The Debtor irrevocably appoints the Secured Party as the Debtor's attorney-in-fact to make claim for, receive payment of, and execute and endorse all documents, checks or drafts received in payment for loss or damage under any of said insurance policies, but only to the extent the same relates to the Equipment. Should the Debtor fail to maintain, or cause to be maintained, insurance as herein provided, the Secured Party may, at its option (but shall not be obligated to), provide such insurance, and, in such event, the Debtor shall, upon demand of the Secured Party, reimburse the Secured Party for the cost thereof, together with interest thereon at the rate then applicable to the Note plus two percent (2%) per annum, until paid in full.

SECTION 4. REPORTS AND INSPECTIONS. On or before April 30 in each year, commencing in 1991, the Debtor shall furnish to the Secured Party an accurate statement signed by an officer of Debtor (a) setting forth as at the preceding December 31 the amount, description and numbers of all units of the Equipment that have suffered a Casualty Occurrence during the preceding calendar year (or since the date of this Security Agreement in the case of the first such statement) and such other information regarding the condition and state of repair of the Equipment as the Secured Party may reasonably request, and (b) stating that, in the case of all Equipment repaired or repainted during the period covered by such statement, the numbers and markings required by Section 12 hereof have been preserved or replaced. The Secured Party shall have the right, by its agents, to inspect the Equipment and the Debtor's records with respect thereto at such reasonable times as the Secured Party may request during the terms of this Security Agreement.

SECTION 5. COMPLIANCE WITH LAWS AND RULES. During the term of this Security Agreement, the Debtor will comply, and will cause each lessee under the Leases to comply at all times in all respects with all laws of the jurisdictions in which its operations involving the Equipment may extend, with the interchange rules of the Association of American Railroads and with all lawful rules of the Department of Transportation, Interstate Commerce Commission and any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Equipment, to the extent that such laws and rules affect the title, operation or use of the Equipment, and in the event that such laws or rules require any alteration, replacement or addition of any part on any unit of the Equipment, the Debtor shall cause or shall cause the lessee of any Lease to conform therewith, at the Debtor's or such lessee's own expense; provided, however, that the Debtor may, in good faith, contest the validity or application of any such law or rule in any reasonable manner which does not, in the opinion of the Secured Party, adversely affect the property or rights of the Secured Party under this Security Agreement.

SECTION 6. POSSESSION AND USE. The Debtor and each lessee under the Leases, so long as an Event of Default shall not have occurred under this Security Agreement and be continuing, shall be entitled to the possession of the Equipment and the use thereof; provided, however, that such possession and use of the Equipment shall be upon the lines of railroad owned or operated by any railroad company operating only in the United States or Canada, but only upon and subject to all the terms and conditions of this Security Agreement and the Loan Agreement.

SECTION 7. MAINTENANCE. The Debtor, at its own cost and expense, shall maintain, repair and keep each item of the Equipment in good condition and repair: (i) in accordance with Class 1 railroad industry maintenance practices in existence from time to time; (ii) in a manner consistent with maintenance practice used by Debtor in respect of equipment owned or leased by Debtor similar in type to such Equipment; (iii) in accordance with maintenance requirements of all insurance policies covering such Equipment; and (iv) in compliance, in all material respects, with all applicable laws and regulations of the Association of American Railroads, including any applicable interchange rules.

SECTION 8. OTHER ENCUMBRANCES, ETC. The Debtor will not, except as permitted by the Loan Agreement or this Security Agreement, sell, pledge, mortgage, lease, assign or otherwise dispose of, or create or suffer to be created any levies, liens or encumbrances on any of the Equipment, or any interest therein, and the Debtor will from time to time cause to be paid all liens, taxes, assessments and governmental charges lawfully levied, assessed or imposed upon the Collateral or any interest therein; provided, however, that nothing herein contained shall be deemed to require any lien, tax, assessment, charge, claim or demand to be paid or discharged prior to the due date thereof, or so long as the validity thereof is being contested by the Debtor in good faith by appropriate and diligent legal proceedings, if (i) an adequate reserve with respect thereto is established and maintained in accordance with generally accepted accounting principles, and (ii) the lien, tax, assessment, charge, claim or demand is paid prior to the foreclosure of any lien which may have attached as security therefor. The Debtor will give the Secured Party notice of any attachment or judicial process affecting the Equipment as soon as it has knowledge thereof.

SECTION 9. INDEMNITIES. The Debtor agrees to indemnify, protect and hold harmless the Secured Party and its respective agents, officers, directors and employees from and against all losses, costs, charges, expenses, damages, injuries, liabilities, claims, penalties, interest and demands whatsoever, regardless of the cause thereof, and expenses in connection therewith (including, without limitation, attorneys fees and costs), arising out of or as the result of (a) the entering into or the performance of this Security Agreement, (b) the retention by the Secured Party of security title to the Equipment, (c) the use, construction, operation, condition, repair, refurbishing, reconfiguration, purchase, delivery, storage, or return of the Equipment, (d) any accident in connection with the repair, refurbishing, reconfiguration, operation, use, condition, possession, storage or return of the Equipment resulting in damage to property or injury or death to any person and (e) the transfer of title to the Equipment by the Secured Party pursuant to any of the provisions of this Security Agreement.

The Debtor further agrees to indemnify, protect and hold harmless the Secured Party and its respective agents, officers, directors and employees, from and against any and all losses, charges, expenses, liability, claims and demands, including royalty payments and any attorneys' fees and costs, in any manner imposed upon or accruing against the Debtor, its assigns or the lessees of the Equipment because of the use in or about the construction or operation of the Equipment of any design system, process, formula, combination, article or material which infringes or is claimed to infringe on any patent or other right.

This covenant of indemnity shall continue in full force and effect notwithstanding the full satisfaction of the Note and the release and the conveyance of security title to the Equipment to the Debtor, or the termination of this Security Agreement in any manner whatsoever.

The Secured Party shall give notice to the Debtor of any claim arising hereunder and the Debtor shall have the right to take up and defend any such claim.

The Debtor will bear the responsibility for and risk of and shall not be released from its obligations hereunder in the event of any damage to or the destruction or loss of the Equipment.

SECTION 10. Events of Default. The Debtor shall be deemed to be in default hereunder upon the occurrence of any of the following events (each an "Event of Default"):

(a) The Debtor shall fail to pay as and when due any installment of principal of, or interest on, the Note and such failure shall not have been remedied within any time period granted to cure such default in the Note or Loan Agreement; or

(b) The Debtor fails to perform or observe any agreement, covenant, term or condition contained in Section 5.01(a), (b), (f), (g), (h), (j), (m), (n), (o) through (v) and Section 5.02 of the Loan Agreement; or

(c) The Debtor fails to perform or observe any other agreement, covenant, term or condition of the Loan Agreement, the Note, or this Security Agreement if such default shall not have been remedied within thirty (30) days after written notice thereof shall have been mailed by the Secured Party; provided, however, if such default can be remedied but such remedy can not be effectuated within thirty (30) days, it shall not be an Event of Default so long as, in the reasonable opinion of the Secured Party, the Borrower is taking appropriate remedial action to cure such default and such default will not impair the security for the Loan; or

(d) Any warranty, representation or written statement made or furnished to the Secured Party by or on behalf of Debtor proving to have been incorrect or untrue in any material respect when made or furnished; or

(e) Any unauthorized sale, transfer, encumbrance or other disposition of any of the Collateral, which is not consented to in advance in writing by the Secured Party; or

(f) The Debtor shall become insolvent or bankrupt or file a voluntary petition in bankruptcy or be unable, or admit in writing its inability, to pay its debts as they mature or make an assignment for the benefit of creditors or consent to the appointment of a trustee or receiver, or a trustee or a receiver shall be appointed for Debtor or for a substantial part of its property without its consent and shall not be dismissed for a period of thirty (30) days thereafter; or

(g) The occurrence of a default by the Debtor under the B C Rail, Ltd. Bi-Lateral Agreement or any other Lease; or

(h) Failure by Northwest Oklahoma Railroad Co. to pay in accordance with the provisions of the Management Agreement and within five (5) days after the same are due and payable any amount due and payable by Northwest Oklahoma Railroad Co. to the Debtor pursuant to the Management Agreement.

(i) The occurrence of an event of default under the Loan Agreement.

SECTION 11. REMEDIES. Upon the occurrence of an Event of Default hereunder, this Security Agreement shall be in default, and at anytime thereafter the Secured Party may do any one or more of the following, all of which are hereby authorized by the Debtor: (a) declare all sums due hereunder and under the Loan Agreement and Note to be immediately due and payable; (b) convert the Collateral into cash, and otherwise dispose of the Collateral in order to realize upon the proceeds thereof, for application in reduction of the Debtor's obligations hereunder and under the Loan Agreement and Note; (c) foreclose on the Equipment in accordance with the terms of this Security Agreement; (d) exercise all rights available to it under the terms of the other Loan Documents executed in connection with the Loan Agreement; and/or (e) exercise any other right and remedy provided by applicable law. The rights and remedies of the Secured Party hereunder are cumulative, and recourse to one or more rights or remedies shall not constitute a waiver of the others or an election of remedies. If the net proceeds of any disposition of Collateral exceed the amount then due and owing, whether by acceleration, normal maturity or otherwise, such excess will be remitted to the Debtor or whomsoever shall be entitled thereto. In addition, the Debtor shall be liable for all reasonable legal fees and other costs and expenses incurred by the Secured Party by reason of any Event of Default or the exercise of Secured Party's remedies with respect thereto. If the net proceeds of any disposition of Collateral is less than the amount due, Debtor will continue to be liable for such deficiency.

SECTION 12. MARKING OF EQUIPMENT, FILING AND RECORDING. ETC.

The Debtor will cause each unit of the Equipment to be kept numbered with its identifying number as set forth in the Exhibit A attached hereto and will cause to be kept and maintained, plainly, distinctly, permanently and conspicuously marked on each side of each unit, in letters not less than three-quarter inches in height, the words "Title to this Car subject to documents recorded under Section 11303 of Title 49 of the United State Code" or the other appropriate markings approved by the Secured Party with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the Secured Party's interest in the Equipment and its rights under this Security Agreement. The Debtor will replace promptly and such markings which may be removed, defaced, obliterated or destroyed. The Debtor will not change the number of any unit of the Equipment except in accordance with a statement of new number or numbers to be substituted therefor, which statement previously shall have been filed with the Secured Party by the Debtor and filed, recorded and deposited by the Debtor in all public offices where this Security Agreement and the B C Rail, Ltd. Bi-Lateral Agreement (or copies of such instruments) shall have been filed, recorded and deposited.

Except as provided in the immediately preceding paragraph, the Debtor will not allow the name of any person, association or corporation to be placed on any unit of the Equipment as a designation that might be interpreted as a claim of ownership; provided, however, the the Debtor may cause the Equipment to be lettered with the names or initials or other insignia of a Lessee or its affiliates.

The Debtor will cause this Security Agreement, the B C Bi-Lateral Agreement (or in the event the original of the B C Bi-Lateral Agreement are not available to Debtor, such instrument as is acceptable to the legal counsel to the Secured Parties) and the Bi-Lateral Assignment and any amendments or supplements hereto or thereto to be filed and recorded with the Interstate Commerce Commission in accordance with Section 11303 of the Interstate Commerce Act; the Debtor will cause this Security Agreement, the B C Bi-Lateral Agreement (or in the event the original of the B C Bi-Lateral Agreement are not available to Debtor, such instrument as is acceptable to the legal counsel to the Secured Parties) and the Bi-Lateral Assignment and any amendments or supplements hereto or thereto to be deposited with the Registrar-General of Canada and publication of notice thereof in The Canada Gazette; and the Debtor will from time to time do and perform any other act and will execute, acknowledge, deliver, file, register, deposit and record any and all further instruments required by law or reasonably requested by the Secured Party for the purpose of proper protection, to the satisfaction of counsel for the Secured Party, of its interest in the Equipment and its rights under this Security Agreement or for the purpose of carrying out the intention of this Security Agreement; and the Debtor will promptly furnish to the Secured Party certificates or other evidence of such filing, registering, depositing and recording satisfactory to the Secured Party.

SECTION 13. APPLICABLE STATE LAWS. Any provision of this Security Agreement prohibited by any applicable law of any jurisdiction (which is not overridden by applicable Federal law) shall as to such jurisdiction be ineffective, without modifying the remaining provisions of this Security Agreement. Where, however, the conflicting provisions of any such applicable law may be waived, they are hereby waived by the Debtor to the full extent permitted by law, it being the intention of the parties hereto that this Security Agreement shall be deemed to be a Security Agreement and enforced and such.

Except as otherwise provided in this Security Agreement, the Debtor, to the full extent permitted by law, hereby waives all statutory or other legal requirements for any notice of any kind, notice of intention to take possession of or to sell or lease the Equipment, or any unit thereof, and any other requirements as to the time, place and terms of the sale or lease thereof, any other requirements with respect to the enforcement of the Secured Party's rights under this Security Agreement and any and all rights of redemption.

SECTION 14. SUCCESSORS AND ASSIGNS. Whenever any of the parties hereto is referred to, such reference shall be deemed to include the successors and assigns of such party; and all the covenants, promises and agreements in this Security Agreement contained by or on behalf of the Debtor or by or on behalf of the Secured Party, shall bind and inure to the benefit of the respective successors and assigns of such parties whether so expressed or not.

Nothing in this Section 14 shall be deemed to restrict the right of the Debtor to assign or transfer its interest under the Security Agreement or its leasehold interest under the Leases, respectively, in the Equipment or possession of the Equipment to any corporation or any general or limited partnership (which shall have duly assumed in writing satisfactory to the Secured Party the obligations hereunder of the Debtor) into or with which the Debtor shall have become merged or consolidated, provided that such assignees, successors or transferees will not, upon the effectiveness of such merger or consolidation, be in default under any provision of this Security Agreement or the Leases and that such merger or consolidation or acquisition shall not alter in any way the Debtor's obligations to the Secured Party or any lessee's obligations to the Debtor which shall be and remain those of a principal and not a guarantor. The Debtor agrees to give the lessor and the Secured Party prior written notice of any such merger or consolidation.

SECTION 15. PARTIAL INVALIDITY. The unenforceability or invalidity of any provision or provisions of this Security Agreement shall not render any other provision or provisions herein contained unenforceable or invalid.

SECTION 16. COMMUNICATIONS. All communications provided for herein shall be in writing and shall be deemed to have been given (unless otherwise required by the specific provisions hereof in respect of any matter) when delivered personally or when deposited in the United States mail, certified or registered, postaged prepaid, addressed as follows:

If to the Secured Party:

The First National Bank of
Maryland
25 South Charles Street
15th Floor
Baltimore, Maryland 21201
Attn: Transportation
Division

If to the Debtor:

Rail One, Limited
Partnership
One Foxfield Square,
Suite 200
St. Charles, IL 60174
Attn: Bob M. White

or to any such party at such other address as such party may designate by notice duly given in accordance with this Section to the other party.

SECTION 17. GOVERNING LAW. This Security Agreement and the Loan Agreement and Note shall be construed in accordance with and governed by the laws of the State of Maryland; provided, however, that the Secured Party shall be entitled to all the rights conferred by any applicable federal statute, rule or regulation.

SECTION 18. COUNTERPARTS. This Security Agreement may be executed, acknowledged and delivered in any number of counterparts, each of such counterparts constituting an original but all together only one Security Agreement.

SECTION 19. HEADINGS. Any headings or captions preceding the text of the several sections hereof are intended solely for convenience of reference and shall not constitute a part of this Security Agreement nor shall they affect its meaning, construction or effect.

IN WITNESS WHEREOF, the Debtor and Secured Party have caused this Security Agreement to be executed, under seal, all as of the day and year first above written.

DEBTOR:

RAIL ONE, LIMITED
PARTNERSHIP
By Northwestern Oklahoma
Railroad Co., its General
Partner

(Seal)

ATTEST:

Lita K. Jimenez
Lita K. Jimenez, Secretary

By Richard F. Seymour
Richard F. Seymour,
President

SECURED PARTY:

THE FIRST NATIONAL BANK OF
MARYLAND

(Seal)

WITNESS:
ATTEST:

Patrick K. Cameron
Name Patrick K. Cameron
Title Attorney

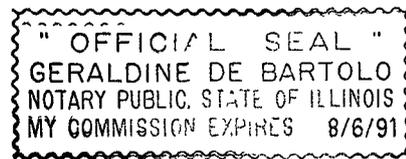
By George Wood
~~Michael F. Dockman~~ **GEORGE WOOD**
~~Assistant Vice President~~
SENIOR

State of Illinois,
County of De Page) SS

On this 20th day of December, 1990, before me appeared Richard F. Seymour and Lita K. Jimenez, to me personally known and who executed this instrument before me on this date, who being by me duly sworn, did say that they are the President and Secretary, respectively, of Northwestern Oklahoma Railroad Co., an Oklahoma railroad corporation, and that the foregoing instrument was signed and sealed on behalf of said corporation in the capacity therein set forth and is the free act and deed of the said corporation.

My commission/appointment expires:

Geraldine De Bartolo
Notary Public



State of MARYLAND,
City of Baltimore) SS
County of Baltimore

On this 21st day of DECEMBER, 1990, before me appeared ~~Michael F. Dockman~~ and GEORGE WOOD, to me personally known, and who executed this instrument before me on this date, who being by me duly sworn, did say that ~~they~~ HE IS are the ~~Assistant Vice President and SENIOR V.P.~~ respectively, of The First National Bank of Maryland, a national banking association, and that the foregoing instrument was signed and sealed on behalf of said bank in the capacity therein set forth and is the free act and deed of the said bank.

My commission/appointment expires:

11-1-94

George Wood
Notary Public