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ROBERT W ALVORD*
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JOHN H DOYLE*
JAMES C MARTIN, JR *

* ALSO ADMITTED IN NEW YORK
* ALSO ADMITTED IN MARYLAND

17162

JAN 2 1990 - 1:55 PM

INTERSTATE COMMERCE COMMISSION

RECORDATION NO 17162 FILED 1925

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INTERSTATE COMMERCE COMMISSION

January 2, 1991

New York #30

1-002A020

JAN 2 1 50 PM '91
MOTOR VEHICLE DIVISION

-A

Mr. Sidney L. Strickland, Jr.
Secretary
Interstate Commerce Commission
Washington, D.C. 20423

Dear Mr. Strickland:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11303(a) are two (2) fully executed and acknowledged copies of 1) a Chattel Mortgage and Security Agreement dated as of December 27, 1990 and 2) an Assignment of Leases dated as of December 27, 1990, primary documents as defined in the Commission's Rules for the Recordation of Documents, 49 C.F.R. Section 1177.

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

Mortgagor/Assignor: South Kansas and Oklahoma Railroad, Inc.
1230 Walnut Street
Coffeyville, Kansas 67337

Mortgagee/Assignee: Greyhound Financial Corporation
Greyhound Tower
Phoenix, Arizona 85077

A description of the railroad equipment covered by the enclosed documents is:

Seven (7) GP 7 locomotives bearing
AT marks and numbers 2174, 2178,
2184, 2186, 2187, 2188, 2191.

Also enclosed is a check in the amount of \$30 payable to the order of the Interstate Commerce Commission covering the required recordation fees.

Handwritten signature: T. Douglas...

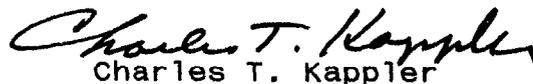
Mr. Sidney L. Strickland, Jr.
January 2, 1991
Page Two

Kindly return stamped copies of the enclosed documents to Charles T. Kappler, Esq., Alvord and Alvord, 918 Sixteenth Street, N.W., Washington, D.C. 20006.

A short summary of the enclosed documents to appear in the Commission's Index:

Chattel Mortgage and Security Agreement, and Assignment of Leases, each dated as of December 27, 1990 between South Kansas and Oklahoma Railroad, Inc. and Greyhound Financial Corporation covering 7 Model GP 7 locomotives bearing AT reporting marks and numbers.

Very truly yours,


Charles T. Kappler

CTK/bg
Enclosures

GREYHOUND/SOUTH-KAN
ASE1RSD-A
clr 1227-11

17162/A

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INTERSTATE COMMERCE COMMISSION

ASSIGNMENT OF LEASES

THIS ASSIGNMENT AND AGREEMENT ("Assignment") is entered into as of December 27, 1990 by SOUTH KANSAS AND OKLAHOMA RAILROAD, INC. for the benefit of GREYHOUND FINANCIAL CORPORATION ("Assignee").

W I T N E S S E T H:

WHEREAS, Assignor, as Borrower, and Assignee, as Lender, did enter into a certain Loan and Security Agreement ("Agreement"), dated as of the date hereof providing for the loan by Lender to Borrower of the sum of \$6,000,000; and

WHEREAS, Assignor's obligations under the Agreement are secured, inter alia, by a Security Interest in certain collateral described in the Agreement; and on Exhibit A attached hereto and made a part hereof (the "Collateral"); and

WHEREAS, Assignor has entered into various lease agreements and desires to enter into other lease agreements in the future (collectively, the "Leases") with various lessees ("Lessees") each of which leases one or more items of the Collateral to a Lessee; and

WHEREAS, pursuant to the Agreement, Assignee is willing to consent to the Leases if (i) Assignor will continue to remain responsible and liable under the Agreement for the full and complete performance of all of Assignor's obligations thereunder and (ii) Assignor assigns to Assignee the Leases as herein provided.

NOW, THEREFORE, Assignor hereby covenants and agrees as follows:

1. GRANT. Assignor does hereby grant, sell, transfer and assign to Assignee all of the right, title and interest of Assignor in and to the Leases now existing or hereafter arising together with all rentals, payments, income, profits and insurance proceeds ("Payments") now due and which may hereafter become due to Assignor by virtue of the Leases and Assignor hereby irrevocably appoints Assignee as Assignor's true and lawful attorney in its name and stead (with or without taking possession of the Collateral), to enforce said Leases and to collect all of said Payments.

2. SECURITY. This Assignment is for the purpose of securing:

(a) Payment in full of all sums together with interest thereon becoming due and payable to Assignee under the provisions of the Agreement and the Documents (as defined in the Agreement) or hereof; and

(b) Performance and discharge of each and every obligation, covenant, condition and agreement of Assignor contained herein and in the Agreement and Documents; and

(c) Payment in full of all sums together with interest thereon becoming due and payable to Assignee under the provisions of the Documents.

3. REPRESENTATIONS AND WARRANTIES. Assignor represents and warrants to Assignee that:

(a) Notwithstanding this Assignment, and the exercise by Assignee of any rights assigned hereunder, Assignor will nevertheless, at all times for the duration of the Leases at its sole cost and expense (i) remain fully obligated and liable under the Leases and faithfully abide by, perform and discharge each and every obligation, covenant, condition and agreement of Assignor thereunder and (ii) use reasonable diligence to enforce or secure the performance of each and every obligation, covenant, condition, and agreement of the Leases to be performed by the Lessees.

(b) No Payment under the Leases has been or will be forgiven, released, reduced or discounted, or otherwise discharged or compromised by Assignor.

(c) Assignor is the sole party entitled to receive said Payments, and to enjoy all the other rights and benefits mentioned herein and the same have not been heretofore nor will they be hereinafter granted, sold, transferred or assigned by Assignor and Assignor has the right to grant, sell, transfer and assign the same and to grant and confer upon Assignee the rights, interest, powers and/or authority herein granted and conferred.

(d) (i) Assignor has the full power and legal right to make this Assignment and all proceedings necessary to authorize this Assignment have been taken; (ii) the existing Leases are in full force and effect, all Collateral has been delivered to and accepted by the Lessees pursuant to the Leases and neither Assignor nor Lessees are in default thereunder; (iii) the Agreement is in full force and effect and Assignor is not in default thereunder; (iv) the existing Leases are and will continue to be valid, binding and enforceable against Assignor and Lessees in accordance with their terms; and (v) the Agreement

and the Documents are and will continue to be valid, binding and enforceable against Assignor in accordance with its terms.

(e) Assignor will execute and deliver, immediately upon the request of Assignee, all such further assurances of assignment of the Leases as Assignee shall from time to time require, and will pay all recording and filing fees or other charges that may be incident to or may arise out of the recording of the same or of this Assignment. Assignor will execute upon request any and all instruments requested by Assignee to carry this Assignment into effect or to accomplish any other purposes deemed by Assignee to be necessary or appropriate in connection with this Assignment and for these purposes hereby confers on Assignee the power to execute in Assignor's name and stead all such instruments.

(f) Each of the Leases are and shall be a true lease and not an installment sale.

4. EXERCISE OF RIGHTS.

(a) Although it is the intention of the parties that this Assignment shall be a present assignment, it is understood and agreed that Assignee will not exercise any of its rights and powers hereunder until and unless there shall occur an Event of Default (as defined in the Agreement) or a default in the performance of any obligation, covenant, condition or agreement hereunder, and so long as none of the same shall occur, Assignor shall have the license to collect, but not in advance of their due date, all Payments due under the Lease and to retain, use and enjoy the same.

(b) If an Event of Default shall occur or there shall occur a default in the performance of any obligation, covenant, condition or agreement hereunder, not cured as provided herein and therein, Assignee may; at its option (i) enforce any and all of Assignee's rights and remedies under the Agreement and Documents, and/or (ii) take such action it deems proper or necessary to collect the Payments from Lessees and to retain use and enjoy same. In furtherance thereof, Assignee may make, cancel, enforce or modify the Leases, and do any acts or things which Assignee deems proper to protect the security hereof, and may in its own name or Assignor's name, sue for or otherwise collect and receive the Payments, including those past due and unpaid, and apply the same in accordance with the provisions of this Assignment.

(c) Assignee in the exercise of the rights and powers conferred upon it by this Assignment shall have the full power to hold, use and apply all of the Payments, to the payment of or on account of any sums due under the Agreement and to the

notes executed pursuant to the foregoing and any cost and expense of collection, including reasonable attorneys' fees, all in such order as Assignee in its sole discretion may determine.

5. NO LIABILITY OF ASSIGNEE. This Assignment shall not operate to increase Assignee's obligations or liabilities or decrease Assignee's rights and remedies under the Agreement. In the exercise of the powers herein granted to Assignee, no liabilities shall be asserted or enforced against Assignee, all such liabilities being herein expressly waived and released by Assignor. Assignee shall not be responsible for any loss, liability or damage under the Leases, or under or by reason of this Assignment. Should Assignee incur any such liability, loss or damage or in the defense of any claims or demands whatsoever asserted against Assignee under the Leases or under or by reason of this Assignment, the amount thereof, including costs, expenses and attorneys' fees, shall be additional sums secured hereby, shall bear interest at the Overdue Rate specified in the Agreement and Assignor agrees that it shall reimburse Assignee therefor immediately upon demand.

6. AUTHORIZATION TO RECOGNIZE CLAIMS OF ASSIGNEE. Each of the Lessees is hereby authorized to recognize the claims of Assignee hereunder when made under the sole signature of Assignee, without investigating the reason for any action taken by Assignee, or the validity of the amounts due and owing to Assignee, or the existence of any default in the Agreement or hereunder, or the application to be made by Assignee of any amount to be paid to Assignee. Checks for all or any part of the payments collected under this Assignment shall be drawn at Assignee's option to the exclusive order of Assignee.

7. NATURE OF REMEDIES. The remedies herein set forth shall be deemed special remedies given to Assignee and shall not be deemed exclusive of any other remedies granted in any of the Agreement or Documents or by law, which shall be cumulative with the remedies herein granted. Any right or remedy exercised hereunder by Assignee including, without limitation, the collection of the Payments and the application thereof as aforesaid shall not cure, modify or waive any default or any notice thereof under the Agreement or Documents or invalidate any act done pursuant to such notice. No delay or failure of Assignee to exercise any right or remedy hereunder or under the Agreement or Documents, or under the Leases, shall be deemed to be a waiver thereof and the single or partial exercise by Assignee of any right or remedy hereunder, under the Agreement, the Documents or the Leases shall not preclude other or further exercise thereof or the exercise or any other right of remedy at any time.

8. CROSS DEFAULT. Any default by Assignor in the performance of any obligation, covenant, condition or agreement herein contained shall at Assignee's option, constitute and be deemed an Event of Default under the terms of the Agreement entitling Assignee to every and all rights and remedies contained therein.

9. BINDING. This Assignment and each and every covenant, agreement and other provision hereof shall be binding upon Assignor and its successors and assigns and shall inure to the benefit of Assignee and its successors and assigns.

10. DURATION. This Assignment shall continue in full force and effect until the payment in full of all sums due to Assignee under the Documents and the Note executed in connection therewith and the performance and discharge of each and every obligation, covenant, condition and agreement of Assignor thereunder and hereunder.

11. ENFORCEABILITY. The unenforceability, illegality or invalidity of any provision hereof shall not render any other provision of provisions herein contained unenforceable, illegal or invalid and this Assignment shall be construed as if such unenforceable, illegal or invalid provision had never been contained herein.

12. NOTICES. All notices hereunder shall be in writing and shall be deemed to have been duly given if sent as provided in the Agreement.

13. CHOICE OF LAW. THIS ASSIGNMENT SHALL BE GOVERNED BY, CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF ARIZONA AND TO THE EXTENT THEY PREEMPT SUCH LAWS, THE LAWS OF THE UNITED STATES.

IN WITNESS WHEREOF, Assignor has caused this Assignment to be executed in its name as of the day and year first above written.

SOUTH KANSAS AND OKLAHOMA RAILROAD, INC.,
"Assignor"

By Richard B. Webb
Name: Richard B. Webb
Title: President

State of Arizona)
) ss.
County of Maricopa)

On this 28 day of December, 1990, before me personally appeared Richard B Webb to me personally known, who being by me duly sworn, say that he is the President of South Kansas and Oklahoma Railroad Inc that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Susan R Filler

Signature of Notary Public

SEAL

My commission expires:

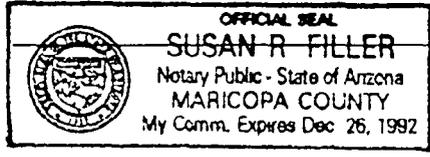


EXHIBIT A

The following 7 GP 7 locomotives:

AT 2174	AT 2187
AT 2178	AT 2188
AT 2184	AT 2191
AT 2186	

including:

(i) all attachments, accessions, fittings, equipment and property now or hereafter affixed thereto or used in connection therewith, and all substitutions and replacements thereof;

(ii) all books and records relating to any of the foregoing whether presently existing or hereafter arising, including, without limitation, all tapes, cards, computer programs and computer data or any computer service bureau or other third party; and

(iii) all improvements and replacements hereafter made in or to the foregoing.

(iv) any and all products and proceeds of the foregoing in any form, including without limitation, any and all proceeds of the sale, lease or other disposition of any or all of the foregoing, any claims against third parties for loss, damage or destruction of any or all of the foregoing and all insurance proceeds relating to all of the above.