

Plaza VII
45 South Seventh Street
Suite 3400
Minneapolis, MN 55402
(612) 344-9300
Telex: 701605
FAX: (612) 344-9376

Brussels
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London
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New York
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Washington, D.C.

May 30, 1991

VIA FEDERAL EXPRESS

17360

MAY 31 1991 -3 10 PM

INTERSTATE COMMERCE COMMISSION

Ms. Mildred Lee
Interstate Commerce Commission
12th Street and Constitution Avenue
Washington, D.C. 20423

1-151A018

Dear Ms. Lee:

On behalf of our client, First Bank National Association ("First Bank"), I have enclosed two (2) executed originals of the document described below, to be recorded pursuant to Section 11303 of Title 49 of the U.S. Code. This document is a Chattel Mortgage, Assignment and Security Agreement, dated May 21, 1991 (the "Chattel Mortgage") and executed by Habco Int'l., Inc. in favor of First Bank, the secured party. Included in the property covered by the aforesaid Chattel Mortgage are railroad cars, locomotives and other rolling stock intended for use related to interstate commerce, or interests therein, owned by Habco Int'l., Inc. at the date of said Chattel Mortgage or thereafter acquired by it or its successors as owners of the lines of railway covered by the Chattel Mortgage.

A fee of \$15 is enclosed. Please return the extra original to:

Robert W. Newell
Oppenheimer Wolff & Donnelly
3400 Plaza VII
45 South Seventh Street
Minneapolis, MN 55402

A short summary of the document to appear in the index follows:

Chattel Mortgage, Assignment and Security Agreement between Habco, Int'l., Inc. and First Bank National Association, dated May 21, 1991, and covering fifty-seven (57) railroad cars and engines, other accessories thereto, and other rolling stock.

Should you have any questions or comments please give me a call at (612) 344-9357.

Sincerely,

Robert W. Newell

RWN/cwt
Enclosure

cc: Ms. Maureen Foss Wollak
Eric B. Nilsson, Esq.

16 JUN 20 1991

Interstate Commerce Commission
Washington, D.C. 20423

6/3/91

OFFICE OF THE SECRETARY

Robert W. Newell

Oppenheimer Wolff & Donnelly

3400 Plaza VII

45 South Seventh Street

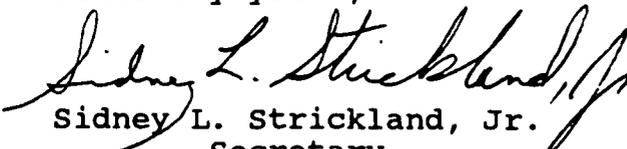
Minneapolis, MN. 55402

Dear

Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 5/31/91 at 3:10pm, and assigned recordation number(s). 17360

Sincerely yours,


Sidney L. Strickland, Jr.
Secretary

17360

RECORDED NO. _____ FILED IN

MAY 31 1991 - 3 10 PM

INTERSTATE COMMERCE COMMISSION

**CHATTEL MORTGAGE,
ASSIGNMENT AND
SECURITY AGREEMENT**

THIS CHATTEL MORTGAGE, ASSIGNMENT, AND SECURITY AGREEMENT (the "Security Agreement") is made of this 27th day of May, 1991, by HABCO INT'L, INC., a Missouri corporation, with its chief executive office at 930 North Olive, Kansas City, Missouri 64120 (the "Company"), in favor of FIRST BANK NATIONAL ASSOCIATION, a national banking association, with its banking office at 16 Ninth Avenue North, Hopkins, Minnesota 55343 (the "Bank").

RECITALS

FIRST: The Company has received extensions of credit from the Bank pursuant to the terms of a Loan Agreement dated March 30, 1990 and amended by an Amendment to Revolving Credit Agreement, dated May 14, 1990, as evidenced by a Revolving Note dated March 30, 1990, in the original principal amount of Two Million Five Hundred Thousand and No/100 Dollars (\$2,500,000.00) and a Promissory Note dated May 14, 1990 in the original principal amount of Nine Hundred Thousand and No/100 Dollars (\$900,000.00) (collectively, the "Prior Revolving Line of Credit");

SECOND: The aforesaid Revolving Note and Promissory Note were secured by, among other things, a Borrower's Security Agreement dated March 10, 1989, and the Revolving Note was guaranteed by a Guaranty dated March 30, 1990;

THIRD: The Bank has agreed to restructure and consolidate the aforesaid Prior Revolving Line of Credit into a new revolving line of credit (the "New Revolving Line of Credit") pursuant to the terms of a Restated Credit Agreement dated of even date herewith between Borrower, the Bank, and Donald E. Horne (as originally executed and as may be amended, modified, supplemented or restated from time to time, the "Restated Credit Agreement"), which New Revolving Line of Credit will be evidenced by that certain Renewal Revolving Credit Note (the "Renewal Revolving Credit Note") of the Company dated of even date herewith in the original principal amount of Two Million Two Hundred Thousand and No/100 Dollars (\$2,200,000.00);

FOURTH: The Company has applied to the Bank for, and the Bank has agreed to make to the Company, a term loan in the original principal amount of Seven Hundred Fifty Thousand and No/100 Dollars (\$750,000.00) to be evidenced by a Term Note (the "Company Term Note") dated of even date herewith (the Term Note and the Renewal Revolving Credit Note hereinafter collectively referred to as the "Notes");

FIFTH: As a condition to such restructuring and consolidation into the New Revolving Line of Credit, and the granting of a term loan to the Company, the Bank requires that the Company grant a new security interest in its assets in accordance with this Chattel Mortgage, Assignment and Security Agreement; and

SIXTH: The Company has determined that the execution, delivery and performance of this Security Agreement is in its best business and pecuniary interest.

NOW, THEREFORE, for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged by each of the parties hereto, it is agreed as follows:

The Company does hereby sell, convey, warrant, mortgage, assign, pledge, grant a security interest in and lien upon, and hypothecate to the Bank, its successors and assigns, the following described properties, rights, interests and privileges (all of such properties, rights, interests and privileges hereby mortgaged, assigned and pledged or intended so to be are hereinafter collectively referred to as the "Collateral"):

- (a) Railroad equipment consisting of fifty-seven (57) freight cars and engines (said freight cars and equipment are more specifically described in Exhibit A attached hereto) together with all accessories, equipment, parts and appurtenances attached to any of the railroad equipment, whether

now owned or hereafter acquired, and all substitutions, renewals and replacements of, and additions, improvements to, any and all of said railroad equipment

provided, however, that if the Company, its successors or assigns, shall pay to the Bank the sum of Two Million Two Hundred Thousand and No/100 Dollars (\$2,200,000), according to the terms of the Renewal Revolving Credit Note and the Bank's obligation to extend any further Advances thereunder terminates and the sum of Seven Hundred Fifty Thousand and No/100 Dollars (\$750,000) according to the terms of the Company Term Note, the terms of the Notes being incorporated herein by reference and made a part hereof, together with any extension or renewals thereof, due and payable with interest thereon at the rate set forth therein, executed by the Company and payable to the Bank, the balance of said principal sums together with interest thereon being due and payable in any event on April 30, 1992, and shall repay to the Bank, its successors or assigns, at the times demanded and with interest thereon at the same rate as specified in the Notes, all sums advanced in protecting the lien of this Chattel Mortgage, Assignment and Security Agreement, including taxes, assessments, charges, claims, fines, impositions, insurance premiums, amounts due upon prior or superior liens, encumbrances and interests, and legal expenses and attorney's fees and all sums advanced for any other purposes authorized herein, and shall keep and perform all of the covenants and agreements herein contained, then this Chattel Mortgage, Assignment and Security Agreement shall become null and void, and shall be released at the Company's expense.

1. The Company represents and warrants that:

(a) The Company has title to the Collateral free and clear of all liens and encumbrances.

(b) No financing statement, chattel mortgage, nor other security agreement covering any of the Collateral is on file in any public office.

(c) The Company is and will continue to be, a corporation duly incorporated and validly existing under the laws of the State of Missouri, in good standing therein, duly qualified to transact business in all places where such qualification is necessary and all of its outstanding stock is fully paid and non-assessable. The Company has corporate power to make this Security Agreement and to incur and perform its obligations hereunder.

(d) The making and performance by the Company of this Security Agreement and the execution and delivery of the Notes, the Restated Credit Agreement and all other documents executed in connection therein or incidental thereto have been duly authorized by all necessary corporate action and will not violate any provision of law or of the Company's charter or by-laws or result in the breach of or constitute a default under or require consent under any indenture or other agreement or instrument to which the Company is a party or by which the Company or any of its property may be bound or affected.

(e) The Company agrees to maintain the Collateral in accordance with Manufacturer's specifications and recommendations, and in at least the same condition and manner as other equipment similar thereto owned or leased by the Company. The Company also agrees to maintain logs recording and evidencing the maintenance performed on the Collateral. The Company shall upon request by the Bank provide said logs and other documentation relating to the maintenance of said Collateral to the Bank for its review and approval.

(f) No consent, approval, authorization, permit or license from any federal, state or other regulatory authority is required in connection with the making or performance of this Security Agreement by the Company, nor will such making or performance violate any law or regulation applicable to the Company.

2. The Company covenants and agrees that it (i) will keep the Collateral or cause the Collateral to be kept in good working order, repair and running condition, and will replace any worn, broken or defective parts;

(ii) will keep or cause the Collateral to be insured against loss by damage or destruction in such amounts and against such risks as is usually carried by owners and operators of similar equipment; (iii) will promptly pay all taxes validly levied or assessed against the Collateral and will keep the Collateral free and clear of all liens, attachments and encumbrances except liens in favor of the Bank; (iv) will allow the Bank and its representatives free access to the Collateral at all reasonable times for the purpose of inspection; (v) will promptly notify the Bank in writing of any loss to the Collateral; (vi) will indemnify the Bank against all claims, liabilities, expenses, costs, losses and charges and expense, including any counsel fees, in any manner imposed upon or accruing against the Bank or its assigns, including claims for royalties arising because of the use in or about the construction or operation of the Collateral, or any unit thereof, of any design, article or material which infringes or is claimed to infringe on any patent or other right, arising out of or connected with the ownership or use of the Collateral; (vii) will reimburse the Bank upon demand for all expenses incurred in connection with perfecting the security interest granted herein or the satisfaction thereof; (viii) will not abandon the Collateral except upon loss, theft or destruction; (ix) will not settle, assign, lease, mortgage or otherwise dispose of any interest in the Collateral; and (x) will not use or permit the Collateral to be used for any unlawful purpose or in violation of any Federal, state or municipal law, statute or ordinance.

3. The Company hereby assigns to the Bank any and all moneys (including, but not limited to, proceeds of insurance for casualty or business interruption and return or unearned premiums) which may become due under any policy or agreement insuring the Collateral against any loss due to destruction or interruption of use and directs the insurance company issuing such policies or other party to make payment thereof directly to the Bank as its interest may appear. The Bank may, at its option, apply any insurance or other moneys so received to the cost of repairs to the Collateral and/or to payment of the Notes or other expenses of the Bank, in any order the Bank may determine, whether or not due, and shall remit any surplus to the Company. The Company irrevocably appoints the Bank as the Company's attorney-in-fact, with full power of substitution, to receive all such moneys, to execute proof of claim, to endorse drafts, checks and other instruments for the payment of money payable to the Company in payment of such insurance moneys, to adjust and compromise any claim, to execute releases, to cancel any insurance policy covering the Collateral when such policy is not required to protect Company's or the Bank's interest and to do all other acts and things that may be necessary or required to carry into effect the power herein granted.

4. Simultaneously with the execution and delivery of this Security Agreement, there shall be delivered to the Bank:

(a) A certificate or certificates signed by an authorized representative of the Company, stating that the Collateral has been inspected; that the Collateral is in good order and condition; that the Collateral conforms to all applicable Interstate Commerce Commission requirements and specifications and all standards recommended by the Association of American Railroads.

(b) A favorable opinion of counsel for the Company, stating that (i) this Security Agreement has been duly authorized, executed and delivered and is a valid and binding instrument enforceable in accordance with its terms; (ii) the Bank is vested with all the right, title and interest of the Company in and to the Collateral purported to be assigned to the Bank by this Security Agreement; (iii) and no approval of the Interstate Commerce Commission or any other governmental authority is necessary for the execution and delivery of this Security Agreement.

5. The Company agrees that any of the following shall constitute an Event of Default:

(a) An Event of Default shall occur under the Restated Credit Agreement; or

(b) Any representation or warranty made by the Company shall prove to have been incorrect, or shall be breached, in any material respect, or any statement or certificate furnished by or on behalf of the Company under this Security Agreement shall prove to have been incorrect in any material respect; or

As soon as possible after the Company knows or has reason to know that any Event of Default as above specified or any event which with notice or lapse of time or both would become such an Event of Default, has occurred, the Company shall furnish to the Bank written notice of such occurrence, together with a statement by a senior officer of the Company describing the action, if any, which the Company proposes to take with respect thereto.

6. The Company agrees that upon an Event of Default, the Bank shall have the following rights and remedies to the extent permitted by applicable law: (a) to enter such place or places where any of the Collateral may be located and take and carry away the same by any of its representatives, with or without legal process, to Company's or other place of storage; (b) to sell the Collateral at public or private sale, whether or not the Collateral is present at such sale whether or not the Collateral is in the constructive possession of the Bank or the person conducting the sale, in one or more sales, as an entirety or in parcels, for the best price that the Bank can obtain and upon such terms as the Bank may deem desirable; (c) to be the purchaser at any such sale; (d) to require the Company to pay all expenses of such sale, taking, keeping and storage of the Collateral, including reasonable attorney's fees; (e) to apply the proceeds of such sale to all expenses in connection with the taking and sale of the Collateral, and any balance of such proceeds toward the payment of the Notes in such order of application as the Bank may from time to time elect; (f) to require the Company to assemble the Collateral upon the Bank's demand, at the Company's expense and make it available to the Bank at a place designated by the Bank which is reasonably convenient to both parties; and (g) to exercise any one or more rights or remedies accorded by the Uniform Commercial Code or the Interstate Commerce Act and the Rules and Regulations thereunder. If the proceeds of any such sale are insufficient to pay the expenses, as aforesaid, and the Notes, the Company agrees to pay any deficiency to the Bank upon demand and if such proceeds are more than sufficient to pay such expenses and the Notes, the Bank agrees to pay the surplus to the Company.

If at the time of any such repossession, the Collateral contains other personal property not included in the Collateral, the Bank may take such personal property into custody and store it at the risk and expense of the Company. The Company agrees to notify the Bank within 48 hours after repossession of the Collateral of any such other personal property claimed and that failure to do so will release the Bank from any liability for loss or damage thereto.

7. At the request of the Bank, the Company will join with the Bank in filing this Security Agreement. The Company hereby authorizes the Bank to file a financing statement signed only by the Bank in all places where necessary to perfect the Bank's security interest in the Collateral. Company will take such actions and will execute, from time to time, such financing statements, assignments, and other documents covering the Collateral, including any proceeds thereof, as the Bank may request in order to create, evidence, perfect, maintain or continue its security interest in the Collateral (including additional Collateral acquired by the Company after the date hereof), and Company will pay the cost of filing the same in all public offices in which the Bank may deem filing to be appropriate; and will notify the Bank promptly upon acquiring any additional Collateral.

8. This Security Agreement is in addition to, and not in limitation of, any other right and remedy the Bank may have by virtue of any other instrument or agreement heretofore, contemporaneously herewith or hereafter executed by the Company or by law or otherwise including but not limited to the Notes, the Restated Credit Agreement or any other agreements executed in connection therewith or incidental thereto. If any provision of this Security Agreement is contrary to applicable law, such provision shall be deemed ineffective without invalidating the remaining provisions hereof. If and to the extent that applicable law confers any right or imposes any duty inconsistent with or in addition to any of the provisions hereof the affected provision shall be considered amended to conform thereto. The Bank shall not by any act, delay, omission or otherwise be deemed to have waived any of its rights or remedies hereunder. A waiver by the Bank of any right or remedy hereunder on any one occasion shall not be construed as a bar to or waiver of any such right or remedy which the Bank would have had on any future occasion, nor shall the Bank be liable for exercising or failing to exercise any such right or remedy. It is expressly understood and agreed that whenever the service of any

notice to the Company or the Bank is herein or otherwise required, such notice may be sent by ordinary mail addressed to:

The Bank: First Bank National Association
16 Ninth Avenue North
Hopkins, Minnesota 55343
Attention: Ms. Maureen Foss Wollak

With a copy to: Eric B. Nilsson
Oppenheimer Wolff & Donnelly
3400 Plaza VII Building
45 South Seventh Street
Minneapolis, MN 55402

The Company: Habco Int'l, Inc.
930 North Olive
Kansas City, Missouri 64120
Attention: President

With a copy to: Avron L. Gordon
Briggs & Morgan, P.A.
2400 IDS Center
80 South Eighth Street
Minneapolis, MN 55402

9. The Company shall pay all costs and expenses reasonably incurred by the Bank in connection with the preparation, execution, delivery, performance, and enforcement of any of the terms and provisions of this Security Agreement, the Notes, and other instruments, documents and agreements executed or delivered in connection with this Security Agreement, and any supplements and amendments thereto, including fees and disbursements of counsel for the Bank, and costs, fees and expenses incurred in connection with the filing of mortgages, assignments and financing statements with respect to the railroad freight cars, documentary and other taxes, if any.

10. This Security Agreement shall be construed in accordance with the laws of the State of Minnesota and shall be binding upon and shall inure to the benefit of the Company, the Bank and their respective successors and assigns.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed all as of the 21st day of May, 1991.

HABCO INT'L, INC., a Missouri corporation

By: Donald E. Stone
Its: Chairman and Chief Executive Officer

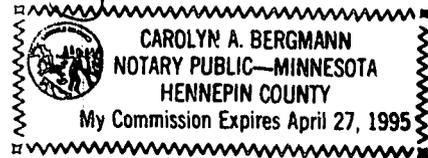
FIRST BANK NATIONAL ASSOCIATION, a national banking association

By: Maureen Foss Wollak
Its: ASST. VICE PRESIDENT

STATE OF MINNESOTA)
)ss.
COUNTY OF HENNEPIN)

The foregoing instrument was acknowledged before me this 21ST day of May, 1991, by Donald E. HORNE, the Chairman and Chief Executive Officer of HABCO INT'L, INC., a Missouri corporation, on behalf of the corporation.

Carolyn A. Bergmann
Notary Public



STATE OF MINNESOTA)
)ss.
COUNTY OF HENNEPIN)

The foregoing instrument was acknowledged before me this 21ST day of May, 1991, by MARREN Goss Wollack, the Asst. Vice President of FIRST BANK NATIONAL ASSOCIATION, a national banking association.

Carolyn A. Bergmann
Notary Public



EXHIBIT A
TRAIN CONSISTS

	A	B	C	D	E	F
1	SPRAYERS	2**		LINED TANKS	51*	
2	AGITATORS	3**		TANKS	55*-57*	
3	FLATS	4**		BOXES	60*	
4		ORIGINAL				HABX
5	TRAIN #	CAR #	DESCRIPTION	BRGS.	CAPACITY	NUMBER
6	60	211	SPRAY CAR	ROLLER		211
7	60	320	AGITATOR	FB	7600	314
8	60	321	AGITATOR	ROLLER	13000	316
9	60	468	FLAT	ROLLER		471
10	60	AT 209899	LINED TANK	ROLLER	16000	512
11	60	305	TANK	ROLLER	20700	520
12	60	AT 209870	TANK	ROLLER	16000	550
13	60	AT 209871	TANK	ROLLER	16000	551
14	60	AT 209872	TANK	ROLLER	16000	552
15				TOTAL CAPACITY	105300	
16						
17	61	217	SPRAY CAR	ROLLER		217
18	61	310	AGITATOR	FB	7600	310
19	61	AT 209998	R/AGITATOR	ROLLER	16000	320
20	61	470	FLAT	ROLLER		470
21	61	306	TANK	ROLLER	20700	521
22	61	AT 209873	TANK	ROLLER	16000	553
23	61	AT 209874	TANK	ROLLER	16000	554
24	61	AT 209875	TANK	ROLLER	16000	555
25	61	AT 209876	TANK	ROLLER	16000	556
26				TOTAL CAPACITY	108300	
27						
28	62	218	SPRAY CAR	ROLLER		218
29	62	311	AGITATOR	ROLLER	13000	315
30	62	AT 209999	R/AGITATOR	ROLLER	16000	321
31	62	473	FLAT	ROLLER		473
32	62	307	TANK	ROLLER	20700	522
33	62	AT 209877	TANK	ROLLER	16000	557
34	62	AT 209878	TANK	ROLLER	16000	558
35	62	AT 209879	TANK	ROLLER	16000	559
36	62	AT 209880	TANK	ROLLER	16000	560
37				TOTAL CAPACITY	113700	
38						
39	63	500	SPRAY CAR	ROLLER		212
40	63	318	AGITATOR	FB	7600	311
41	63	474	FLAT	ROLLER		474
42	63	AT 209897	LINED TANK	ROLLER	16000	510
43	63	308	TANK	ROLLER	20720	523
44	63	AT 209881	TANK	ROLLER	16000	561
45	63	AT 209882	TANK	ROLLER	16000	562
46	63	AT 209883	TANK	ROLLER	16000	563
47				TOTAL CAPACITY	92320	
48						

TRAIN CONSISTS

	A	B	C	D	E	F
49	SPRAYERS	2**		LINED TANKS	91*	
50	AGITATORS	3**		TANKS	55*-57*	
51	FLATS	4**		BOXES	60*	
52		ORIGINAL				
53	TRAIN #	CAR #	DESCRIPTION	BRGS.	CAPACITY	NUMBER
54	64	AT 199206	SPRAY CAR	ROLLER		206
55	64	313	AGITATOR	ROLLER	7600	313
56	64	AT 209970	R/AGITATOR	ROLLER	16000	322
57	64		FLAT	ROLLER		472
58	64	326	TANK	ROLLER	11000	501
59	64	309	TANK	ROLLER	20733	524
60	64	AT 209884	TANK	ROLLER	16000	564
61	64	AT 209885	TANK	ROLLER	16000	565
62	64	AT 209886	TANK	ROLLER	16000	566
63				TOTAL CAPACITY	103333	
64						
65	65	AT 199208	SPRAY CAR	ROLLER		208
66	65	312	AGITATOR	FB	7600	312
67	65		FLAT	ROLLER		473
68	65	AT 209898	LINED TANK	ROLLER	16000	511
69	65	334	TANK	ROLLER	20759	529
70	65	AT 209887	TANK	ROLLER	16000	567
71	65	AT 209888	TANK	ROLLER	16000	568
72	65	AT 209889	TANK	ROLLER	16000	569
73	65	AT 209890	TANK	ROLLER	16000	570
74	65	AT 205444	BOX	ROLLER		600
75	65	AT 205494	BOX	ROLLER		601
76				TOTAL CAPACITY	108359	

66 Power CAR - *HABX 6871
 # 67 Power CAR - *HABX 6891