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2-069A051

RECORDATION NO 17677-A FILED 1425

March 1, 1992

MAR 9 1992 -3 20 PM

INTERSTATE COMMERCE COMMISSION

Office of the Secretary
Interstate Commerce Commission
Washington D.C. 20423

MAR 9 3 14 PM '92

Re: Collateral Assignment of Certain Leases
National Railway Equipment Co., Assignor
LaSalle National Bank, Collateral Assignee

Dear Secretary:

I have enclosed two copies of the document described below to be recorded pursuant to Section 11303 of Title 49 of the U.S. Code. Attached is an Affidavit executed by the attorney-in-fact for LaSalle National Bank and appropriately notarized declaring that the copies transmitted herewith have been compared to the original and have been found to be complete and identical in all respects to the original documents.

Since the Collateral Assignment of Certain Leases relates to five (5) different filings all to be recorded on the same date, Ms. Mildred Lee stated that only one original had to be included with this group of filings.

This document is a Collateral Assignment of certain leases of locomotive equipment and is a primary document dated December 18, 1991. The names and addresses of the parties to the documents are as follows:

<u>Assignor</u>

National Railway Equipment Co.
an Illinois Corporation
14400 S. Robey Street
P.O. Box 2270
Dixmoor, IL 60426

<u>Collateral Assignee</u>

LaSalle National Bank
120 South LaSalle Street
Chicago, Illinois 60603

A description of the locomotive lease covered by this filing is as follows:

Name of Lessee	Date of Lease	Date Recorded With ICC and No.
Delta Southern Railroad Company	February 1, 1991	January 21, 1992 #17677

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

> A Collateral Assignment of certain leases as security for a loan with National Railway Equipment Co., as Assignor and LaSalle National Bank, as Collateral Assignee.

A check in the amount of $16.00 is enclosed to cover your fees. Please return any extra copies not needed by the Commission for recordation to Kathleen Finefrock, Schwartz & Freeman, 401 N. Michigan Avenue, Suite 1900, Chicago, Illinois 60611.

Very truly yours,

By: Stephen R. Miller

Its Attorney and Agent in Fact

SRM:mlm
Attachments
a:\NRECOFF4.LTR
NRECOFF5.MRG
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INTERSTATE COMMERCE COMMISSION

STATE OF ILLINOIS)
)
COUNTY OF C O O K)

The undersigned states that she has read a true copy of the original document and that the document attached hereto is a complete and identical document in all respects to the original.

The undersigned has compared the copy with th original and has found the copy to be complete and identical in all respects to the original document.

This Affidavit is made pursuant to the procedures in Section 117.3(2)(b) relative to the recordation of documents with the Interstate Commerce Commission.

Affiant

SUBSCRIBED AND SWORN to before me this 4th day of March, 1992.

Notary Public

"OFFICIAL SEAL"
DAWN D. DICKINSON
Notary Public, State of Illinois
My Commission Expires June 12, 1994

RECORDATION NO. 17677-A
FILED
MAR 9 1992 -3 30 PM
INTERSTATE COMMERCE COMMISSION

COLLATERAL ASSIGNMENT OF LEASE AND SECURITY AGREEMENT

THIS COLLATERAL ASSIGNMENT OF LEASE AND SECURITY AGREEMENT (this "Agreement"), dated as of the 18th day of December, 1991, by and between LASALLE NATIONAL BANK ("Bank"), a national banking association with its principal place of business at 120 South LaSalle Street, Chicago, Illinois 60603, and NATIONAL RAILWAY Leased Equipment CO. ("Borrower"), an Illinois corporation with its principal place of business at 14400 S. Robey, Dixmoor, Illinois 60426.

RECITALS

A. Borrower has requested that Bank advance monies to Borrower under that certain Term Loan facility which Bank has made available to Borrower pursuant to that certain Loan and Security Agreement between Bank and Borrower dated December 18, 1991 (the "Loan Agreement:); and

B. As an inducement to Bank to make such advances to Borrower under the Term Loan facility, Borrower has agreed to pledge leases of locomotives to Bank as security for Borrower's Liabilities; and

NOW THEREFORE, in consideration of any loan, advance, extension of credit and/or other financial accommodation made by Bank to or for the benefit of Borrower, and of the promises set forth herein, the parties hereto agree as follows:

1. Definitions and Terms. The terms, representations, warranties and covenants of the Loan Agreement are incorporated in the Agreement by this reference as set forth in full in this Agreement. Any term not otherwise defined in this Agreement shall have the meaning ascribed to it in the Loan Agreement. For purposes of this Agreement, the term "Leased Locomotive Equipment" shall mean each item of equipment which is the subject of each Lease identified on the Schedule(s) attached to this Agreement.

2. Grant of Security Interest. To secure the prompt payment to Bank of Borrower's Liabilities and the prompt, full and faithful performance by Borrower of Borrower's Obligations, Borrower hereby grants to Bank a security interest in and to, and assigns and pledges to Bank all of Borrower's right, title, and interest in and to the following Collateral:

(a) each item of Leased Locomotive Equipment;

(b) each Lease of Leased Locomotive Equipment under which Borrower is lessor identified on the Schedule(s) attached to this Agreement (the "Assigned Leases");

(c) all rental payments and other amounts payable under the Assigned Leases;

(d) all Records at any time evidencing or relating to the Assigned Leases or Leased Locomotive Equipment;

(e) all accessions to any of the Leased Locomotive Equipment and all substitutions, renewals, improvements and replacements of and additions thereto;

(f) all insurance policies and any interest of Borrower under any insurance policy insuring, or proceeds of or relating to any of the foregoing; and

(g) all products and proceeds of the foregoing (whether such proceeds are in the form of cash, cash equivalents, proceeds of insurance policies or otherwise).

3. Conditions to Disbursement. A condition precedent to Bank making the advance under this Agreement shall be the delivery by Borrower to Bank of the following items, each of which shall be in a form acceptable to Bank:

(a) An executed Collateral Assignment of Lease;

(b) Original Lease Agreement or a copy certified by an officer of Borrower to be a true and correct copy of the original executed Lease Agreement. If Borrower furnishes Bank with a certified copy of a Lease Agreement, Borrower shall deliver to Bank within 45 days of such advance the original Lease Agreement;

(c) Payment to the Bank of a fee of $500 for each Assigned Lease assigned after the December 18, 1992;

(d) Delivery and Acceptance Certificate from Borrower to the lessee under each Assigned Lease (the "Lessee") in the form attached hereto as Exhibit A;

(e) Uniform Commercial Code Financing Statement time stamped by the Secretary of State of the state in which the Lessee has its chief executive office showing Borrower as secured party, Lessee as debtor and Bank as assignee;

(f) Appropriate documents for filing with the Interstate Commerce Commission to evidence Bank's lien in the Assigned Lease;

(g) Certificate of Insurance for hazard or property insurance insuring the Lessee and the Borrower and naming Bank as additional insured and as loss payee;

(h) Notice to Lessee of Collateral Assignment of Lease in form attached hereto as Exhibit B;

(i) Certified copy of corporate or partnership resolutions of Lessee, certified by the Secretary or a general partner of Lessee; and

(j) A Uniform Commercial Code search against the Lessee in the state in which its chief executive office is located which search shows no filings identifying the Leased Locomotive Equipment.

4. Warranties on Leased Locomotive Equipment. Borrower warrants and represents to Bank that as of the date hereof with respect to the Leased Locomotive Equipment and each Assigned Lease:

(a) Borrower has good, indefeasible, and merchantable title, free and clear of all liens, claims and encumbrances, to and ownership of the Leased Locomotive Equipment and Borrower will not grant a security interest in the Collateral or sell the Collateral to any other party;

(b) Borrower has full power and authority to enter into the Assigned Lease;

(c) The Assigned Lease is genuine, and is in all respects what it purports to be and Borrower will not modify the terms of, terminate or supersede any Assigned Lease, and will fully and faithfully perform each and every obligation Borrower has under the Assigned Lease;

(d) the Assigned Lease represents an undisputed, bona fide transaction completed in accordance with the terms and provisions contained in the lease agreement and other documents delivered to Bank with respect thereto;

(e) to the best of Borrower's knowledge the Lessee has the capacity to contract and is solvent and Borrower has no knowledge of any fact or circumstance which would impair the validity or collectibility of the Assigned Lease;

(f) to the best of Borrower's knowledge, but without duty of inquiry, there are no proceedings or actions which are threatened or pending against any Lessee which might result in any material adverse change in its financial condition.

(g) Borrower shall keep and maintain, at its sole cost and expense, or cause Lessee to keep and maintain the Leased Locomotive Equipment insured under all risk property insurance for the greater of the full insurable value or the full replacement value thereof. All such policies of insurance

shall be in the form and with the terms provided in the Loan Agreement;

(h) Borrower shall or shall cause Lessee to keep and maintain the Leased Locomotive Equipment in good operating condition and repair and shall make all necessary replacements thereof and renewals thereto so that the value and operating efficiency thereof shall at all times be maintained and preserved.

(i) The Leased Locomotive Equipment has been delivered to and accepted by each Lessee. No Assigned Lease is in default and each Lessee has promptly made all payments due under its respective Assigned Lease.

(j) Borrower, upon request by Bank and at Borrower's cost and expense, will cause all financing and continuation statements and similar notices required by applicable law at all times to be kept, recorded and filed in such manner and in such places as may be required by law or reasonably requested by the Bank in order to preserve and protect the rights of the Bank in and to the Collateral;

(k) Without Bank's consent, Borrower will not (i) cancel, terminate or surrender any Assigned Lease or schedule or consent to or accept any cancellation, termination or surrender thereof otherwise than as may be provided in the Assigned Lease, (ii) give any consent, waiver or approval to any default or breach under the Assigned Lease, (iii) consent to or permit or accept any prepayment under any Assigned Lease, except as may be expressly provided thereunder, (iv) declare a default or exercise the remedies of the Lessor under any Assigned Lease, including, but not limited to, repossession or consent to the return of any of the Leased Locomotive Equipment, unless, upon such declaration or exercise, Borrower shall pay to Bank the outstanding principal balance, and all accrued interest thereon, advanced by Bank to Borrower with respect to such Assigned Lease, or (v) take any other action (or fail to take any action) in connection with any Leased Locomotive Equipment or Assigned Lease which would impair the interest or rights of Borrower or Bank thereunder or in the Leased Locomotive Equipment.

5. Assigned Leases. On the date hereof and hereafter until this Agreement is terminated, each Assigned Lease shall satisfy the positive covenants of this Agreement and shall not violate the negative covenants of this Agreement. The following lease agreements are not an Assigned Leases:

(a) Assigned Leases under which the Lessee owes Borrower more than three (3) months rent or is in default under the

terms of the Assigned Lease and any applicable cure period has expired;

(b) a portion of an Assigned Lease to the extent the Lessee has a deduction, credit, counterclaim or a right of set-off against the Lease;

(c) Assigned Leases with respect to which the Lessee is the subject of bankruptcy or a similar insolvency proceeding or has made an assignment for the benefit of creditors or whose assets have been conveyed to a receiver or trustee;

(d) Assigned Leases as to which Bank, at any time or times hereafter, determines, in good faith, that the prospect of payment or performance by the Lessee is or will be impaired;

(e) Assigned Leases with respect to which Bank's assignment and security interest is not entitled to first priority;

(f) Assigned Leases which have been canceled, terminated or under which the Leased Locomotive Equipment has been surrendered or under which the Lessee has exercised any right to purchase the Leased Locomotive Equipment; or

(g) Assigned Leases if the Leased Locomotive Equipment under such Assigned Lease is lost, stolen, destroyed or otherwise damaged and such loss or damage is not covered by insurance.

Borrower, immediately upon learning thereof, shall notify Bank that an lease agreement is no longer an Assigned Lease. If the Term Loan would then exceed the maximum sum Bank has agreed to loan to Borrower under the Loan Agreement, then, immediately upon demand from Bank, Borrower shall pay to Bank the outstanding principal amount, and any accrued interest, theretofore advanced by Bank to Borrower with respect to such Assigned Lease and Bank shall apply such payment to and on account of Borrower's Liabilities.

6. Possession and Inspection of Collateral. Bank shall retain possession of the original of each Assigned Lease until Borrower's Liabilities are paid in full or otherwise satisfied. All copies of each Assigned Lease retained by Borrower shall be marked "Duplicate." Borrower will permit and will cause the Lessee to permit the Bank to inspect the Leased Locomotive Equipment and to examine Borrower's and Lessee's records pertaining to the Collateral at any reasonable time.

7. Indemnification. Bank is not, and shall not under any circumstances be, obligated to assume, perform, or fulfill any obligation of Borrower as lessor under any Assigned Lease. Borrower will hold harmless and defend Bank from and against any

claim by any person arising out of or connected with the use of any Leased Locomotive Equipment, any Assigned Lease and any performance or failure to perform of Borrower of its obligations as lessor.

8. Event of Default. An Event of Default under the Loan Agreement shall be an Event of Default under this Agreement. Bank shall have all of the rights and remedies set forth in the Loan Agreement upon an Event of Default.

9. Duration. This Agreement shall remain in effect from the date first above mentioned until Borrower's Liabilities are paid in full or otherwise satisfied.

10. Assigns. This Agreement and all rights and liabilities hereunder and in and to any and all Collateral shall inure to the benefit of the Bank and its successors and assigns and shall be binding on the Borrower and the Borrower's successors and assigns.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date and year first above written.

NATIONAL RAILWAY EQUIPMENT CO.

By: Lawrence J. Beal
Title: PRESIDENT

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EXHIBIT A
ACCEPTANCE AND DELIVERY CERTIFICATE

DELIVERY AND ACCEPTANCE CERTIFICATE

Pursuant to the lease dated _____, 19__ between the undersigned, as Lessee, and National Railway Equipment Co. as Lessor, the undersigned agrees that the locomotives leased under such agreement,

(List Locomotives)

have been received by Lessee, and are hereby accepted by the undersigned as of the _____ day of _____, 19__.

_____
Lessee

_____
Name of Authorized Signer

_____
Signature

_____
Title

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SCHEDULE
ASSIGNED LEASE

Lessee:

Date of Lease:

Commencement Date:

Termination Date:

Monthly Lease Payment:

Beginning:

Amount:

Renewal Option:

Purchase Option:

Exercisable at following time:

Purchase Price:

Special Provisions:

EXHIBIT B

NOTICE TO LESSEE OF ASSIGNMENT OF LEASE

NOTICE TO LESSEE OF COLLATERAL ASSIGNMENT OF LEASE

Date:

Lessee's Address

Re: Lease Agreement dated _____ by and between National Railway Equipment Co. ("Lessor") and _____ ("Lessee") (the "Lease")

Dear _____:

Reference is made to the above-referenced Lease for the following locomotives:

Serial Number

Please be advised that National Railway Equipment Co. has collaterally assigned the Lease effective _____ to LaSalle National Bank of Chicago, Illinois. This is to notify you of the assignment and to authorize you to send such future remittances to:

LaSalle National Bank
120 South LaSalle Street
Chicago, Illinois 60603
Attn: _____

Ongoing invoices will be received from National Railway Equipment Co. in the normal manner and will indicate that all rental payments commencing with the_____ payment are to be made directly to LaSalle National Bank.

Any applicable sales taxes, use taxes and property taxes will be invoiced separately and are to be remitted to National Railway Equipment Co. for the duration of the lease.

The Lease is for a period of _____ months, commencing

_____. As of and including _____ _____, there will be aggregate remaining rental payments of _____ consisting of _____ payments of _____ each.

Please have an authorized party sign the original and a copy of this letter, indicating that Lessee will make rental payments as outlined above; that the Lease Agreement dated _____ is in full force and effect; that no defaults exist on the part of National Railway Equipment Co., Lessee, and that Lessee will continue to pay rentals as provided in the Lease Agreement; and that Lessee has no claims, offsets, demands, or defenses of any kind, nature, or description with reference to any of National Railway Equipment Co.'s obligations under the Lease Agreement at this time.

Sincerely,

NATIONAL RAILWAY EQUIPMENT CO.

_____
President

ACKNOWLEDGEMENT:

Acknowledged this _____ day of _____, 19____.

_____, as Lessee

_____
Name of Authorized Signer

_____
Signature

_____
Title

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