RECORDATION NO. 9750-B crossed indexed
FILED 1425
NOV 30 1994 - 11 50 AM
INTERSTATE COMMERCE COMMISSION

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OF COUNSEL
URBAN A. LESTER

FILE IN

RECORDATION NO. 9747-N
FILED 1425
NOV 30 1994 - 11 50 AM
INTERSTATE COMMERCE COMMISSION

November 30, 1994

Mr. Vernon A. Williams
Secretary
Interstate Commerce Commission
Washington, D.C. 20423

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11303(a) are two executed copies of a GE Assignment and Security Agreement, dated as November 30, 1994, a secondary document as defined in the Commission's Rules for the Recordation of Documents under 49 C.F.R. Section 1177.

The enclosed document relates to the Lease, dated as of September 15, 1978, between Residual Based Finance Corporation, as assignee of LaSalle National Trust (successor to Exchange National Bank of Chicago) and General Electric Railcar Services Corporation, as successor to NAC Leasing Corporation, duly filed under Recordation Number 9747-E. Please cross index under Recordation Number 9750.

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

Debtor: Residual Based Finance Corporation
Three First National Plaza, Suite 1240
Chicago, Illinois 60602

Secured Party: Heller Financial, Inc.
500 West Monroe Street
Chicago, Illinois 60661

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

Seven GP38-2 locomotives ATSF 2374 through ATSF 2380, inclusive.

Also enclosed is a check in the amount of $21.00 payable to the order of the Interstate Commerce Commission covering the required recordation fee.

Kindly return one stamped copy of the enclosed document to the undersigned.

Very truly yours,

Robert W. Alvord

RWA/bg
Enclosures

RECORDATION NO. 9750-B FILED 1425 Grossed Indexed

NOV 30 1994 - 11 50 AM

INTERSTATE COMMERCE COMMISSION

RECORDATION NO. 9747-A FILED 1425

NOV 30 1994 - 11 50 AM

INTERSTATE COMMERCE COMMISSION

GE ASSIGNMENT AND SECURITY AGREEMENT

THIS GE ASSIGNMENT AND SECURITY AGREEMENT is made as of November 30, 1994 between RESIDUAL BASED FINANCE CORPORATION, an Illinois corporation ("Debtor"), and HELLER FINANCIAL, INC., a Delaware corporation ("Secured Party").

NOW, THEREFORE, in consideration of the mutual agreements contained herein, the undersigned agree as follows:

1. **Grant of Security Interest**. To secure the payment and performance of the "Obligations" (as hereinafter defined), Debtor hereby assigns the "Lease" (as hereinafter defined) to Secured Party and grants to Secured Party a first priority and continuing security interest in all of its now owned or hereafter acquired right, title and interest in and to the following property (collectively, the "Collateral"):

(a) The equipment ("Equipment") described on Exhibit A attached hereto and all replacements thereof and modifications and accessions thereto;

(b) That certain lease described on Exhibit A attached hereto, as the same may be and may have been amended from time to time, together with all supplements, riders, exhibits and schedules thereto (herein collectively referred to as the "Lease") and that certain Continuing Guaranty of Payment and Performance (the "GECC Guaranty") dated October 12, 1994 from General Electric Capital Corporation ("GECC") to Debtor as to the obligations of the "Lessee" (as hereinafter defined) under the Lease;

(c) All rental payments and other amounts payable hereafter under or in connection with the Lease by the lessee under the Lease (the "Lessee") to Debtor, except those amounts payable to Debtor pursuant to indemnification provisions of the Lease ("Lease Payments"); and

(d) All proceeds of any of the foregoing, including, without limitation, insurance and rental proceeds.

2. **Obligations Secured**. The security interest in the Collateral is given to secure the full and timely performance by Debtor of all indebtedness, liabilities and obligations (collectively, the "Obligations") of Debtor owing to Secured Party, whether now existing or hereafter arising, arising pursuant to the terms of (i) that certain promissory note executed by Debtor in favor of Secured Party dated November 30, 1994 captioned "GE Non-Recourse Promissory Note", as the same may be amended, renewed or extended from time to time (the "Note"), (ii) this Agreement, (iii) that certain promissory note executed by Debtor in favor of Secured Party dated November 30, 1994 captioned "TEP Non-Recourse Promissory Note", as the same may be amended, renewed or extended from time to time (the "Other Note"), and (iv) that certain Limited Guarantee from Debtor to Secured Party dated as of November 30, 1994 (the "RBF Guaranty"). The Obligations referenced in the preceding clause (iii) are herein referred to as the "Additional Obligations".

3. **Representations and Warranties**. Debtor represents and warrants to Secured Party as follows:

(a) Debtor is a corporation duly incorporated, validly existing and in good standing under the laws of Illinois; qualified to do business in each other jurisdiction where the conduct of its business or the ownership of its properties requires such qualification and failure to be so qualified would be materially adverse to Debtor's ability to consummate the transactions or perform its obligations contemplated hereby; and has full power, authority and legal right to carry on its business as presently conducted, to own and operate its properties and assets, and to execute, deliver and perform this Agreement, the RBF Guaranty and the Note.

(b) The execution, delivery and performance by Debtor of this Agreement, the RBF Guaranty and the Note, and the borrowing of the proceeds of the Note have been duly authorized by all necessary action of Debtor, does not require any shareholder approval, or the consent of the holders of any indebtedness of Debtor and does not contravene any law, regulation, rule or order binding on Debtor.

(c) No government approval or filing or registration with any governmental authority is required for the making and performance by Debtor of this Agreement, the RBF Guaranty or the Note or in connection with any of the transactions contemplated hereby, except filings contemplated by the parties with the Interstate Commerce Commission and the Secretary of State of Illinois.

(d) This Agreement, the RBF Guaranty and the Note have been duly executed and delivered by Debtor and constitute the legal, valid and binding obligations of Debtor enforceable against Debtor in accordance with their respective terms, except as limited by applicable bankruptcy, reorganization, insolvency or similar laws affecting the enforcement of creditors' rights generally and except as limited by general principles of equity, whether such enforceability is considered in a proceeding in equity or at law.

(e) The address set forth below the signature of Debtor to this Agreement is its principal place of business, the location of its chief executive office and the address at which Debtor will keep its records concerning the Collateral.

(f) As of the date hereof there are nine (9) semi-annual rental payments, each in the amount of $57,889.83 (subject to the reduction in the event of a Casualty Occurrence), remaining unpaid under the Lease.

4. <u>Transactional Representations</u>. Debtor represents and warrants to Secured Party as follows:

(a) Debtor has good and marketable title to the Collateral;

(b) the Collateral is free and clear of all liens, collateral assignments, security interests and encumbrances (collectively, "Liens") of every kind created by, through or under Debtor other than "Permitted Liens" (as hereinafter defined);

(c) Debtor will execute such Uniform Commercial Code financing statements in connection herewith as Secured Party may reasonably request and take such other action

as may reasonably be requested by Secured Party to perfect its security interest in the Collateral; and

(d) Debtor has not entered into any agreement with the Lessee in respect of the Collateral other than the Lease and the other agreements in connection therewith delivered to Secured Party.

As used herein, the term "Permitted Liens" shall mean (i) the Lessee's interest in the Equipment arising under the Lease together with all liens and encumbrances arising by, through, or under Secured Party or the Lessee, or permitted under the Lease, (ii) Liens hereunder and Liens in favor of Vincent A. Kolber evidenced by a security agreement of even date herewith assigned to Secured Party, (iii) Liens for taxes, assessments or charges which are not yet due or which are being properly contested, (iv) mechanics', workmen's, carriers', warehousemen's, materialmen's or other like Liens arising in the ordinary course of business with respect to obligations which are not yet due, or which are being properly contested, (v) mechanics' and workmen's Liens on personal property leased by Debtor to others to the extent the lessee thereof is obligated to release or cause the release of such lien (or pay the obligation secured thereby) prior to redelivery of such property to Debtor, (vi) legal or equitable encumbrances deemed to exist by reason of the existence of any litigation or other legal proceeding that is being properly contested (other than attachments prior to judgment, judgment liens or attachments in aid of execution on a judgment), and (vii) minor defects, easements, rights-of-way, restrictions and other similar encumbrances incurred in the ordinary course of business, and encumbrances consisting of zoning restrictions, licenses, restrictions on the use of property or minor imperfections in title which, in the aggregate, are not substantial, do not interfere with the ordinary conduct of the business of the Debtor, and do not materially impair the value or use of the property affected thereby or the value of the Liens granted to the Secured Party hereunder.

5. **Appointment of Agent, Etc.** So long as any of the Obligations remain unpaid Debtor does hereby designate and appoint Secured Party its true and lawful attorney with power irrevocable, for it and in its name, place and stead, after the occurrence of an "Event of Default" (as hereinafter defined) or an "Event of Default" under the Lease to (in each case, upon notice to Debtor) ask, demand, receive, receipt and give acquittance for any and all amounts which may be or become due or payable to Debtor with respect to the Collateral, and, in Secured Party's sole discretion, to file any claim or take any action or proceeding, or either, in its own name or in the name of Debtor, or otherwise, which Secured Party deems necessary or desirable in order to collect or enforce payment of the Lease Payments or performance by Lessee of its obligations under the Lease and the performance by GECC under the GECC Guaranty. The acceptance of this appointment by Secured Party shall not obligate it to perform any duty, covenant or obligation required to be performed by Debtor under or by virtue of the Lease. Secured Party shall have the right at any time or times to contact the Lessee upon notice to, but without the consent of Debtor, for any reason, including, without limitation, to confirm the terms of the Lease and the status of payments thereunder. Secured Party may also execute, on behalf of Debtor, any financing statements which in its opinion may be necessary or desirable to perfect or protect its security interest in the Collateral. Secured Party may, upon ten (10) days prior written notice to Debtor, perform any obligation of Debtor under the Lease or this Agreement, and any expenses incurred in such performance shall bear interest from the date incurred until repaid at a per annum rate ("Default Rate")

equal to the rate then applicable to principal under the Note. Any such amounts shall be secured hereby and shall be repaid to Secured Party on demand.

6. **Debtor's Covenants**. For the benefit of Secured Party, Debtor agrees to perform each of the following covenants:

(a) Debtor will pay before delinquency any taxes which are or may become through assessment or distraint or otherwise a lien or charge on the Collateral (other than Permitted Liens) and will pay any tax which may be levied on any Obligation secured hereby (other than income or similar taxes). Debtor may, however, promptly and diligently contest such taxes in good faith , provided no part of the Collateral will be subject to a lien forfeiture, sale or diminution in value during such contest.

(b) Debtor will not change its corporate name without prior notice to Secured Party.

(c) Debtor will not move or permit the movement of any tangible collateral except in accordance with the terms of the Lease unless Debtor shall have given prior written notice of such a move to Secured Party.

(d) Debtor agrees to maintain full and accurate books of account prepared and maintained in accordance with good accounting practices covering its interest in the Collateral and to deliver, upon request, to Secured Party copies of such of the books as relate to the Collateral. Secured Party shall at all reasonable times have free access to Debtor's ledgers, books of account and other written records evidencing or relating to the Collateral and the right to make and retain copies or memoranda of the same.

(e) Debtor will comply with all of its obligations under the Lease and shall fully comply with the terms and conditions of all other agreements between it and the Lessee, if any.

(f) Debtor will not waive, amend, modify, cancel or terminate any provision of the Lease, or enter into any new lease with respect to the Equipment, in each case without the prior written consent of Secured Party.

(g) Debtor will make all reasonable efforts consistent with its usual and ordinary practice and in all events, efforts at least comparable to the standard practice then prevailing in the industry, to monitor and enforce compliance by the Lessee with the terms and conditions of the Lease. Without limiting the foregoing, Debtor shall take any and all action as reasonably requested by Secured Party from time to time to cause the Lessee to perform the Lessee's obligations under the Lease.

(h) Debtor shall cause all amounts received by it and payable under the Lease upon the occurrence of a "Casualty Occurrence" (as defined therein) to be paid to Secured Party. Debtor shall use reasonable efforts to cause Lessee to at all times furnish it, and Debtor shall in turn furnish to Secured Party, evidence of the existence and maintenance of the liability and property damage insurance called for under the Lease, and Debtor shall use

reasonable efforts to cause Secured Party to be named loss payee with respect to such property damage insurance and additional insured as to such liability insurance.

7. **Lease Payments**. Promptly upon the execution of this Agreement, all Lease Payments due after the date hereof are to be made by Lessee to Secured Party for the account of Debtor for application to the Note. Payments are to be made to Secured Party at 500 West Monroe Street, Chicago, Illinois 60661 or to such other address as Secured Party may from time to time specify in writing. Debtor authorizes and directs Secured Party to endorse all Lease Payments in Debtor's name and to apply such payment against Debtor's obligations under the Note and, after the occurrence of an Event of Default, any other Obligations (including without limitation the Additional Obligations). Debtor agrees that if any Lease Payments are received by it or if any other amounts are received by it in respect of the Collateral after the date hereof, such sums shall be received in trust by Debtor and immediately shall be paid over to Secured Party for application against the amounts due under the Note and, after the occurrence of an Event of Default, any other Obligations.

8. **Release of Collateral, Etc.** The obligations of Debtor shall not be affected by the release or substitution of any collateral (including the Collateral) or by the release of or any renewal or extensions of time to any party to any instrument, obligation or liability secured hereby. Secured Party shall not be bound to resort to or exhaust its recourse or to take any action against other parties or other collateral. Debtor expressly waives the benefit of any and all defenses available to sureties under applicable law. Debtor hereby waives presentment, demand, protest, notice of protest and notice of non-acceptance or non-payment with respect to any Obligation described herein.

9. **Further Assurances**. Debtor, at its sole cost and expense, will at all times hereafter (a) execute such financing statements and other instruments and perform such other acts as Secured Party may reasonably request to establish and maintain the security interests herein granted and the priority and continued perfection thereof; (b) obtain and promptly furnish to Secured Party evidence of all such government approvals as may be required to enable Debtor to comply with its obligations under this Agreement and under the Note; (c) not change the location of its principal place of business or chief executive office, unless prior written notice of such a change shall have been given to Secured Party; and (d) execute and deliver all such other instruments and perform all such other acts as Secured Party may reasonably request to carry out the transactions contemplated by this Agreement and the Note.

10. **Assignment**. Secured Party may assign or transfer the whole or any part of the Obligations and may transfer therewith as collateral security its security interest in the whole or any part of the Collateral and all obligations, rights, powers and privileges herein provided shall inure to the benefit of the assignee to the extent of such assignment. Debtor will not sell, transfer, lease (other than pursuant to the Lease), assign, or encumber any interest in the Collateral, or its rights under this Agreement without Secured Party's prior written consent, which consent will not be unreasonably withheld. In any event, notwithstanding any assignment by Debtor, Debtor shall remain fully liable for all Obligations to the extent provided in this Agreement and the Note. Secured Party may require the payment of a reasonable fee in connection with its consent to any assignment or transfer.

11. **Events of Default**. If any of the following events shall occur and be continuing, it shall constitute an " Event of Default" hereunder:

(a) Note Payment Default. Secured Party shall fail to receive when due any amount of principal or interest due under the Note and such failure shall continue for a period of ten (10) days after notice to Debtor of the same; or

(b) Other Payment Default. Secured Party shall fail to receive for a period of ten (10) days after the date when due, any amounts payable to it under the terms of this Agreement; or

(c) Breach of Warranty. Any representation or warranty made by Debtor under or in connection with this Agreement or the Note shall prove to have been incorrect in any material respect when made; or

(d) Breach of Other Covenant. Debtor shall fail to perform or observe any other covenant, obligation or term of this Agreement, or any recourse obligation to Secured Party, and such failure shall remain unremedied for a period of thirty (30) days after notice to Debtor of the same; or

(e) Lease Default. The Lessee shall default in the payment or performance of any terms or conditions under the Lease and such default shall continue for more than thirty (30) days or an "Event of Default" as defined in the Lease shall occur; or

(f) Voluntary Bankruptcy, Etc. Debtor shall: (1) file a petition seeking relief for itself under Title 11 of the United States Code, as now constituted or hereafter amended, or file an answer consenting to, admitting the material allegations of or otherwise not controverting, or fail timely to controvert a petition filed against it seeking relief under Title 11 of the United States Code, as now constituted or hereafter amended; or (2) file such petition or answer with respect to relief under the provisions of any other now existing or future applicable bankruptcy, insolvency, or other similar law of the United States of America or any State thereof or of any other country or jurisdiction providing for the reorganization, winding-up or liquidation of corporations or arrangement, composition, extension or adjustment with creditors; or

(g) Involuntary Bankruptcy, Etc. An order for relief shall be entered against Debtor under Title 11 of the United States Code, as now constituted or hereafter amended, which order is not stayed; or upon the entry of an order, judgment or decree by operation of law or by a court having jurisdiction in the premises which is not stayed adjudging it a bankrupt or insolvent under, or ordering relief against it under, or approving as properly filed a petition seeking relief against it under the provisions of any other now existing or future applicable bankruptcy, insolvency or other similar law of the United States of America or any State thereof or of any other country or jurisdiction providing for the reorganization, winding-up or liquidation of corporations or any arrangement, composition, extension or adjustment with creditors, or appointing a receiver, liquidator, assignee, sequestrator, trustee or custodian of Debtor or of any substantial part of its property, or ordering the reorganization, winding-up or liquidation of its affairs, or upon the expiration of thirty (30) days after the filing of any

involuntary petition against it seeking any of the relief specified in Section 11 (f) hereof or this Section 11(g) without the petition being dismissed prior to that time; or

(h) Insolvency, Etc. Debtor shall (i) make a general assignment for the benefit of its creditors or (ii) consent to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, or custodian of all or a substantial part of its property, or (iii) admit its insolvency or inability to pay its debts generally as they become due, or (iv) fail generally to pay its debts as they become due, or (v) take any action looking to the dissolution, termination or liquidation of Debtor.

12. **General Remedies**. If an "Event of Default" shall occur, Secured Party shall have all remedies provided by law and, without limiting the generality of the foregoing, shall have the following remedies:

(a) The remedies of a secured party under the Uniform Commercial Code; and

(b) The right to make notification and pursue collection or, at Secured Party's option, to sell all or part of the Collateral and make application of all proceeds or sums due on the Collateral to the Obligations (including without limitation the Additional Obligations) at its sole discretion; and

(c) The right to enter any premises where any of the Collateral is situated and take possession of such Collateral without notice or demand and without legal proceedings (subject to Section 19) hereof; and

(d) All other remedies which may be available in law or equity.

To the extent that notice of sale shall be required by law to be given, Debtor agrees that a period of five (5) days from the time the notice is sent shall be a reasonable period of notification of a sale or other disposition of Collateral by Secured Party, and that any notice or other communication from Secured Party to Debtor under this Agreement or required by any statute may be given to Debtor by personal delivery, telex, telegram or mail (with first-class postage prepaid) in each case sent or delivered to Debtor at the address set forth under its name on the signature page hereof. All such notices and communications if duly given or made shall be effective upon the earlier of receipt or two (2) business days after deposit in the mail. Debtor agrees to pay on demand the amount of all reasonable costs, attorneys fees and legal expenses incurred by Secured Party in exercising its rights and remedies herein, and Debtor further agrees that its obligation to pay such amounts shall bear interest from the date such expenditures are made by Secured Party until repaid at the Default Rate and shall be secured hereby. Secured Party agrees to pay forthwith to Debtor any surplus remaining from the Collateral after payment of all indebtedness secured hereunder, and all unpaid costs and expenses due Secured Party hereunder.

13. **Limitation of Liability**. Debtor does not have, and shall not have, any liability or obligation with respect to payment of the indebtedness evidenced by the Note or other amounts due under this Agreement (except amounts due under the provisions of Section 14 hereof) or the Note (except for the Additional Interest (as defined in the Note) accruing

prior to the occurrence of an Event of Default), all of which are payable solely from proceeds received by Secured Party in respect of the Collateral and any other collateral (i.e., certificates of deposit) pledged to secure the Obligations (including without limitation the Additional Obligations); provided, however, that Debtor shall be liable and shall have responsibility for any loss, damage or expense incurred by Secured Party arising out of or in any manner connected with a breach by Debtor of any covenant herein contained (but not the covenant of Debtor to repay principal and interest under the Note or the covenants to maintain insurance, restrain movement or pay taxes as provided in Sections 6 (a), (c) and (h) hereof) or by the falsity of any material representation or warranty made by Debtor herein.

14. **Hold Harmless**. Debtor will indemnify and hold Secured Party harmless from all liability, loss, damage or expense, including reasonable attorneys' fees and costs, that Secured Party may incur and which arise out of or in any way relate to the Lease, the Lessee, the Collateral, this Agreement, or Debtor, provided, however, that this covenant shall not apply to any liability, loss, damage or expenses arising out of acts or omissions occurring prior to the date hereof and, provided, further, that this covenant shall not apply to liability, loss, cost, damage or expense which is solely the result of Debtor's failure to perform its obligations under the Note or this Agreement (whether or not due to Lessee's defaults under the Lease) or Lessee's breach of the Lease or as to matters subject to indemnity under the Lease. The terms of this Section 14 are intended to supplement and not supersede or replace the terms of Section 13 hereof. The covenants set forth in this Section 14 shall survive the termination of this Agreement.

15. **Waivers**. This Agreement shall not be qualified or supplemented by course of dealing. No waiver or modification by Secured Party of any of the terms and conditions hereof shall be effective unless in writing signed by Secured Party. No waiver or indulgence by Secured Party as to any required performance by Debtor shall constitute a waiver as to any required other performance or obligations of Debtor hereunder.

16. **Severability**. In case any one or more of the provisions contained in this Agreement is invalid, illegal or unenforceable in any respect in any jurisdiction, the validity, legality and enforceability of such provision or provisions will not in any way be affected or impaired thereby in any other jurisdiction; and the validity, legality and enforceability of the remaining provisions contained herein will not in any way be affected or impaired thereby.

17. **Governing Law and Venue.** This Agreement shall be construed and enforced in accordance with the internal laws of the State of Illinois except where the location of Collateral requires that the creation, validity, perfection, the effect of non-perfection, or enforcement of the security interests provided for herein may be governed by the laws of the jurisdiction where such collateral is located. Debtor hereby irrevocably submits to the jurisdiction of any state or federal court sitting in Chicago, Illinois, in any action or proceeding brought to enforce or otherwise arising out of or relating to the Note or this Agreement.

18. **Successors**. This Agreement inures to the benefit of Secured Party and its successors and assigns, and shall bind the successors and assigns of Debtor. Secured Party agrees that, in the event of any transfer by it of the Note, it will endorse thereon a notation as to the portion of the principal of the Note which shall have been paid at the time of such transfer and as to the date to which interest shall have been last paid thereon.

19. **Quiet Enjoyment.** Notwithstanding any other provision of this Agreement, Secured Party agrees that its security interest and rights hereunder are subject to the rights of the Lessee under the Lease and so long as no "Event of Default" (as such term is defined in the Lease) shall have occurred and is continuing, Secured Party shall not disturb Lessee's peaceful possession of the Equipment and Lessee's right to use the Equipment for its intended purposes pursuant to the terms of the Lease. In any event, Secured Party shall not breach any of Debtor's obligations under the Lease or exercise any rights of Debtor as lessor under the Lease as assignee of Debtor except in accordance with the terms thereof and applicable law.

20. **Counterparts**. This Agreement may be executed in separate counterparts all of which, when taken together shall constitute but one and the same instrument.

21. **Termination**. This Agreement and the security interest of Secured Party in the Collateral granted hereunder shall terminate and be released upon the payment and performance in full of the Obligations other than the Additional Obligations (the "Primary Obligations") if no Event of Default exists and is continuing at the time of such payment and performance of the Primary Obligations . Upon such occurrence, Secured Party shall execute and deliver to Debtor such termination statements, releases and other instruments as Debtor may reasonably require to evidence such termination and release and return to Debtor any Lease Payments received by Secured Party in excess of the Primary Obligations.

22. **WAIVER OF JURY TRIAL**. DEBTOR AND SECURED PARTY HEREBY WAIVE THEIR RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT. DEBTOR AND SECURED PARTY ALSO WAIVE ANY BOND OR SURETY OR SECURITY UPON SUCH BOND WHICH MIGHT, BUT FOR THIS WAIVER, BE REQUIRED OF SECURED PARTY. THIS WAIVER IS INTENDED TO BE EFFECTIVE WITH RESPECT TO ALL DISPUTES WHICH ARISE OUT OF THIS AGREEMENT OR PERTAIN TO THE TRANSACTIONS CONTEMPLATED HEREBY. DEBTOR AND SECURED PARTY EACH ACKNOWLEDGE THAT THIS WAIVER IS A MATERIAL INDUCEMENT TO ENTER INTO A BUSINESS RELATIONSHIP, THAT EACH ALREADY HAS RELIED ON SUCH WAIVER IN ENTERING INTO THIS AGREEMENT AND THAT EACH WILL CONTINUE TO RELY ON SUCH WAIVER IN THEIR RELATED FUTURE DEALINGS. DEBTOR AND SECURED PARTY FURTHER WARRANT AND REPRESENT THAT EACH KNOWINGLY AND VOLUNTARILY HAS WAIVED ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL. THIS WAIVER IS IRREVOCABLE, AND MAY NOT BE MODIFIED EITHER ORALLY OR IN WRITING, AND SUCH WAIVER SET FORTH HEREIN SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS AGREEMENT. IN THE EVENT OF LITIGATION, THIS AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT.

IN WITNESS WHEREOF, the parties hereto have caused their duly authorized officers to execute this Security Agreement as of the date and year first above written.

Secured Party:

HELLER FINANCIAL, INC.

By: _____
David A. Sands
Vice President

Address: 500 West Monroe Street
Chicago, Illinois 60661

Debtor:

RESIDUAL BASED FINANCE CORPORATION

By: _____
Vincent A. Kolber
President

Address: Three First National Plaza, Suite 1240
Chicago, Illinois 60602

State of Illinois)
) ss:
County of Cook)

On this 29th day of November, 1994, before me, personally appeared David A. Sands, to me personally known, who being by me duly sworn, says that he is the Vice President of Heller Financial, Inc., a Delaware corporation, that said instrument was signed on behalf of said corporation by authority of its Board of Directors, and (s)he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

[Seal]

Rosemarie Lewandowski

Signature of Notary Public

My commission expires 10-27-96.

OFFICIAL SEAL
ROSEMARIE LEWANDOWSKI
NOTARY PUBLIC STATE OF ILLINOIS
MY COMMISSION EXP. OCT. 27,1996

Subscribed and sworn to before me
this 29th day of November,1994.

State of Illinois)
) ss:
County of Cook)

On this 29th day of November, 1994, before me, personally appeared Vincent A. Kolber, to me personally known, who being by me duly sworn, says that he is the President of Residual Based Finance Corporation, an Illinois corporation, that said instrument was signed 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.

[Seal]

Rosemarie Lewandowski

Signature of Notary Public

My commission expires 10-27-96.

OFFICIAL SEAL
ROSEMARIE LEWANDOWSKI
NOTARY PUBLIC STATE OF ILLINOIS
MY COMMISSION EXP. OCT. 27,1996

Subscribed and sworn to before me
this 29th day of November, 1994.

EXHIBIT A

Description of Equipment and Lease

Equipment:

Seven (7) 2,000 Horsepower GP38-2 Locomotives manufactured by General Motors Corporation (Electro-Motive Division) and numbered ATSF2374 through ATSF2380, inclusive, formerly ATSF 3565 through 3571, inclusive, and prior thereto TP&W 2005 through 2011, inclusive.

Lease:

Lease dated as of September 15, 1978 between (i) Residual Based Finance Corporation ("Lessor"), as assignee of LaSalle National Trust, N.A., as successor to Exchange National Bank of Chicago, and (ii) General Electric Railcar Services Corporation, as successor to NAC Leasing Corporation.

c:\text\sep\SA-FORM.001