



**FBS
Leasing**

First Bank Place
601 Second Avenue South
Minneapolis, MN 55402-4302
Fax: 612 973-0833

July 20, 1993

Mildred Lee
Interstate Commerce Commission
12th Street & Constitution Ave NW
Washington, D.C. 20423

Dear Ms. Lee:

I am enclosing three Loan and Security Agreement's with description of the railroad equipment for filing and recordation with the Interstate Commerce Commission. Also enclosed is a check for \$48.00 to cover recordation fee. The names of the parties to the enclosed documents are **Independent Locomotive Services, Inc.** as Borrower and **FBS Business Finance Corporation** as Secured Party. Please return the stamped original of the Loan and Security Agreement's to my attention.

Jody Robeck
FBS Leasing
PO Box 1540
Minneapolis, MN 55480

If you have any questions, please give me a call at (612) 973-0693.

Sincerely,

Jody Robeck
Commercial Assistant

Enclosures

3-207A022

18324
RECORDATION NO. _____ FILED 1425

JUL 26 1993 10-30 AM

INTERSTATE COMMERCE COMMISSION

18323
RECORDATION NO. _____ FILED 1425

JUL 26 1993 10-30 AM

INTERSTATE COMMERCE COMMISSION

18322
RECORDATION NO. _____ FILED 1425
JUL 26 1993 10-30 AM
INTERSTATE COMMERCE COMMISSION

JUL 26 10 25 AM '93
MOTOR OPERATING UNIT



FBS Leasing

First Bank Place
601 Second Avenue South
Minneapolis, MN 55402-4302
Fax: 612 973-0833

July 27, 1993

Mildred Lee
Interstate Commerce Commission
12th Street & Constitution Ave NW
Washington, D.C. 20423

RE: Independent Locomotive Service, Inc.

Dear Ms. Lee:

I am enclosing three certified copies of the original Loan and Security Agreements which I sent to you previously. You left a message yesterday saying you needed another copy of the Loan and Security Agreements. I hope these will do for we only had one copy of original signature.

If you have any questions, please give me a call at 612-973-0693.

Sincerely,

Jody A Robeck
Commercial Assistant

Enclosure

Interstate Commerce Commission
Washington, D.C. 20423

8/4/93

OFFICE OF THE SECRETARY

Jody Robeck
FBS Leasing
P.O.Box 1540
Minneapolis, MN. 55480

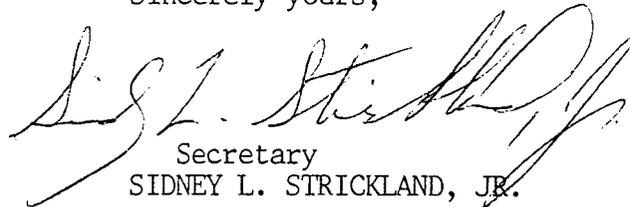
Dear

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 **7/26/93** at **10:30am**, and assigned
recordation number(s).

18322, 18323, & 18324

Sincerely yours,



Secretary
SIDNEY L. STRICKLAND, JR.

Enclosure(s)

This is a exact and true copy of the original.



Notary Public seal for Jody A. Robeck, Notary Public - Minnesota, Hennepin County, My commission expires 2-19-98

FBS BUSINESS FINANCE CORPORATION - Secured Party • 18322
LEASING DIVISION
120 South Sixth Street (MPFW0309)
Minneapolis, MN 55480
(612) 343-1400 FAX (612) 343-1807
RECORDATION NO. FILED 1428
JUL 26 1993 10:30 AM

LOAN AND SECURITY AGREEMENT

INTERSTATE COMMERCE COMMISSION
Customer No. 5003038-004
4733F

BORROWER: Independent Locomotive Service, Inc.
ADDRESS: 21 Main Street, NE, P.O. Box 79, Bethel, MN 55005

THIS LOAN AND SECURITY AGREEMENT dated as of the date set forth below by and between the party referred to above as Borrower ("Borrower") and FBS Business Finance Corporation (the "Secured Party"):

1. LOAN (a) FOR VALUE RECEIVED, the Borrower hereby promises to pay to the order of the Secured Party at its main office in Minneapolis, Minnesota, the principal sum of One Hundred Twenty Five Thousand and 00/100

DOLLARS (\$ 125,000.00), together with interest on the unpaid principal balance from time to time outstanding (computed on the basis of a 30 day month and a year of 360 days), at the rate of 11.25 % per annum.

(b) The Loan is payable in Sixty (60) consecutive equal monthly installments of principal and interest, each in the amount of \$ 2,733.41, with the first such installment payable May 1, 1991, and thereafter on the 1st day of each succeeding month until April 1, 1996, when the entire balance hereof and all accrued and unpaid interest shall be paid in full.

(c) The Loan may not be prepaid without the prior written consent of the Secured Party. The Secured Party may condition its consent upon the Borrower's payment of a prepayment premium to be set by the Secured Party, in its sole discretion.

2. SECURITY INTEREST

(a) As security for the payment of the Loan and also to secure any other indebtedness or liability of Borrower to Secured Party hereunder and under any other agreement, whether direct or indirect, absolute or contingent, due or to become due, now existing or hereafter arising, joint or several, howsoever created, arising or evidenced (all hereinafter called "Secured Obligations"), Borrower hereby grants and conveys to Secured Party a security interest in the equipment, motor vehicles, fixtures, inventory and other goods, general intangibles, documents, instruments and chattel paper, accounts and securities and all attachments, accessories, additions, replacements and substitutions, whether now owned or hereafter acquired and all proceeds thereof (all of the foregoing, in the aggregate, called the "Collateral" and individually an "Item"):

- (1) EMD Model GP-9 1750 H.P. Locomotive Unit No. 1363
(1) EMD Model SW-7 1200 H.P. Locomotive Unit No. 1373

(b) All items of Collateral shall remain personal property and shall not in any way be allowed to become part of or to be affixed to any real property without first assuring to Secured Party's reasonable satisfaction that Secured Party's security interest in the Collateral is prior and senior to any interest or lien then held or thereafter acquired by any mortgage of such real property or the owner or purchaser of any interest therein.

(c) Borrower represents and warrants that Borrower has or will acquire title to the Collateral, free and clear of all liens, security interests and encumbrances, except for the security interest granted herein.

THIS AGREEMENT IS SUBJECT TO THE ADDITIONAL PROVISIONS SET FORTH ON THE REVERSE SIDE HEREOF.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the date first set forth below.

Date: 3-27-91, 19

BORROWER: Independent Locomotive Service, Inc.

SECURED PARTY:
FBS BUSINESS FINANCE CORPORATION

By Frank W Nesbit
Its Pres.

By Deborah J. Eckert
Its Administration Officer

And
Its

And Teresa Jeneroff
Its Assistant Secretary

GUARANTY

The undersigned (the "Guarantor"), in consideration of Secured Party entering into the foregoing Agreement, which the Guarantor has read and understands, hereby irrevocably and unconditionally, jointly and severally, guarantees the due and punctual payment when due of all amounts owed under the Agreement (whether by maturity or upon the occurrence of an event of default or otherwise) and the performance by Borrower of all promises, terms and conditions of the Agreement (collectively the "Liabilities").

The Guarantor expressly waives notice of the incurring of indebtedness by Borrower; the acceptance of this Guaranty by Secured Party; any right to require suit against Borrower or any other party before enforcing this Guaranty; any right to have the Equipment or any security applied before enforcing this Guaranty and any right of subrogation to Secured Party's rights against the Borrower until Borrower's indebtedness is paid in full.

The Guarantor agrees to pay all expenses (including attorneys' fees and legal expenses) paid or incurred by Secured Party in endeavoring to collect the Liabilities, or any part thereof, and in enforcing this Guaranty. THIS GUARANTY SHALL BE GOVERNED BY THE LAWS OF THE STATE OF MINNESOTA.

Each signatory on behalf of any corporate or partnership guarantor warrants that he had authority to sign on behalf of such corporation or partnership and, by so signing, to bind said corporate or partnership guarantor hereunder.

Dated: 3-27-91

Frank Nesbit

(a) Pay and perform all of the Secured Obligations according to their terms... (b) Upon request by Secured Party, execute any written agreement or do any other acts necessary to effectuate the purposes and provisions of this Agreement...

(c) Retain possession of the Collateral and not sell, exchange, assign, loan, deliver, lease, mortgage or otherwise dispose of the Collateral.

(d) Keep each item in Borrower's possession at the location of Collateral or at such other location to which an item may have been moved with the prior written consent of Secured Party.

(e) Keep the Collateral free and clear of all liens, charges and encumbrances.

(f) Make all filings as to and pay when due all property taxes on the Collateral. Borrower shall pay as directed fees, fines, penalties and other governmental assessments (exclusive of Federal and State taxes based upon Secured Party's net income) imposed upon or arising out of the operation of the Collateral...

(g) For any Collateral other than motor vehicles, maintain (1) actual cash value risk insurance on the Equipment naming Secured Party as Loss Payee and (2) single limit public liability and property damage insurance of not less than \$1,000,000 per occurrence... (h) Maintain the Collateral in good repair, condition and working order, furnish all parts, mechanisms, devices and labor required to keep the Collateral in such condition and pay all costs incident to the Collateral's operation.

(i) Immediately notify Secured Party in writing of any change in or discontinuance of Borrower's place or places of business or of any change in Borrower's name.

4. DEFAULT AND REMEDIES.

(a) The occurrence of any one or more of the following events shall constitute a default under this Agreement: (i) Borrower's failure to pay when due any of the Secured Obligations; (ii) Borrower's failure to perform or observe any other covenant, condition or agreement to be performed or observed by it under this Agreement and such failure shall continue for a period of ten (10) days after written notice thereof is delivered to Borrower by Secured Party...

(b) Whenever an event of default shall exist, Secured Party may, at its option, without demand or notice: (i) declare all Secured Obligations immediately due and payable in full, without presentment or other notice or demand; (ii) secure peaceable repossession of the Collateral without judicial process or the removal of the same by Secured Party or its representative(s); (iii) require Borrower to assemble the Collateral and make it available to Secured Party at a place designated by Secured Party which is reasonably convenient to both parties...

(c) Borrower shall pay Secured Party all costs and expenses, including attorneys' fees, incurred by Secured Party in exercising any of its rights or remedies under this Agreement or in enforcing any of the terms or conditions of this Agreement.

(d) All rights and remedies of Secured Party pursuant to the provisions of this Agreement are cumulative, and may be exercised concurrently or separately without waiver of any other rights or remedies.

5. MISCELLANEOUS.

(a) This Agreement and all of the provisions hereof shall insure to the benefit of the parties hereto and their respective legal representatives, successors and assigns; provided, however, that Borrower may not assign this Agreement or any provision thereof without the prior written consent of Secured Party.

(b) Notices, requests or other communications required under this Agreement to be sent to either party shall be in writing and shall be by personal delivery, courier or mail, postage prepaid, and addressed to the other party at the address set forth on the first side of this Agreement.

(c) THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF MINNESOTA.

Handwritten signatures and stamps, including 'FOR SECURED PARTY' and 'Frank Nesbit'.