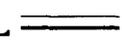


**PROVINCIAL**   
**BANK**

RECORDATION NO. 23366 FILED

JAN 31 '01 2:10 PM

TS  
SURFACE TRANSPORTATION BOARD



January 22, 2001

Vernon A. Williams, Secretary  
Surface Transportation Board  
Washington, D.C. 20423

Dear Secretary:

I have enclosed an original and one counterpart of the documents described below, to be recorded pursuant to Section 11303 of Title 4 of the U.S. Code.

The document is a Promissory Note, primary document dated January 9, 2001, between Provincial Bank, (Lender), 20280 Iberia Avenue, PO Box 459, Lakeville, MN and Progressive Rail, Incorporated, (Debtor) 21778 Highview Ave., Lakeville, MN 55044.

The equipment referred to in the document is one (1) EMD SW1500 Locomotive Unit #2347 bearing the name Progressive Rail, Incorporated.

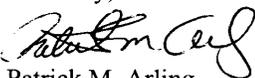
A fee of \$27.00 is enclosed. Please return the original and any extra copies not needed by the Board for recordation to: Patrick M. Arling, EVP

Provincial Bank  
PO Box 459  
Lakeville, MN 55044

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

Promissory Note between Provincial Bank (Lender), PO Box 459, Lakeville, MN 55044 and Progressive Rail, Incorporated (Debtor) 21778 Highview Ave., Lakeville, MN 55044 dated January 9, 2001 covering one (1) EMD SW1500 Locomotive Unit #2347 bearing the name Progressive Rail, Incorporated.

Sincerely,



Patrick M. Arling  
EVP

**PROVINCIAL**   
**BANK**

January 22, 2001

Taledia Stokes  
Surface transportation Board  
1925 K Street  
Suite 700  
Washington, D.C. 20423



Dear Ms. Stokes,

Enclosed are the following documents your requested to record the Progressive Rail lien.

- Two (2) corporate acknowledgements for Patrick Arling's signature
- One (1) coprate acknowledgement for David Fellon's signature
- Two (2) separate transmittal letters, one for each document to be recorded

Also enclosed is a \$1 check and a \$27 check in payment for the recordation. You should already have \$26.00 from our initial submission. If you need additional information or have questions, please contact me at 952-469-2265. Thank you for your assistance.

Sincerely,



Patrick M. Arling  
EVP

RECORDATION NO. 23366 FILED

JAN 31 '01 2-10 PM

**SURFACE TRANSPORTATION BOARD**

PROGRESSIVE RAIL INCORPORATED 21778 HIGHVIEW AVE. LAKEVILLE, MN 55044	PROVINCIAL BANK P.O. 459 20280 IBERIA AVE. LAKEVILLE, MN 55044	Loan Number <u>50293</u> Date <u>JANUARY 9, 2001</u> Maturity Date <u>JANUARY 8, 2006</u> Loan Amount \$ <u>200,076.00</u> Renewal Of _____
<b>BORROWER'S NAME AND ADDRESS</b> "I", "me" and "my" means each borrower above, together and separately.	<b>LENDER'S NAME AND ADDRESS</b> "You" and "your" means the lender, its successors and assigns.	

I promise to pay you, at your address listed above, the **PRINCIPAL** sum of **TWO HUNDRED THOUSAND SEVENTY SIX AND NO/100** \*  
 \* \* \* \* \* Dollars \$ 200,076.00

**Single Advance:** I will receive all of the loan amount on JANUARY 9, 2001. There will be no additional advances under this note.

**Multiple Advance:** The loan amount shown above is the maximum amount I can borrow under this note. On \_\_\_\_\_  
 I will receive \$ \_\_\_\_\_ and future principal advances are permitted.

Conditions: The conditions for future advances are \_\_\_\_\_

**Open End Credit:** You and I agree that I may borrow up to the maximum amount more than one time. All other conditions of this note apply to this feature. This feature expires on \_\_\_\_\_.

**Closed End Credit:** You and I agree that I may borrow up to the maximum only one time (and subject to all other conditions).

**INTEREST:** I agree to pay interest on the outstanding principal balance from JAN. 9, 2001 at the rate of 9.500 % per year until JANUARY 8, 2006.

**Variable Rate:** This rate may then change as stated below.  
 **Index Rate:** The future rate will be \_\_\_\_\_ the following index rate: \_\_\_\_\_

**No Index:** The future rate will not be subject to any internal or external index. It will be entirely in your control.

**Frequency and Timing:** The rate on this note may change as often as \_\_\_\_\_  
 A change in the interest rate will take effect \_\_\_\_\_.

**Limitations:** During the term of this loan, the applicable annual interest rate will not be more than \_\_\_\_\_ % or less than \_\_\_\_\_ %.  
 The rate may not change more than \_\_\_\_\_ % each \_\_\_\_\_.

**Effect of Variable Rate:** A change in the interest rate will have the following effect on the payments:  
 The amount of each scheduled payment will change.  The amount of the final payment will change.

**ACCUAL METHOD:** You will calculate interest on a ACTUAL/360 basis.

**POST MATURITY RATE:** I agree to pay interest on the unpaid balance of this note owing after maturity, and until paid in full, as stated below:

on the same fixed or variable rate basis in effect before maturity (as indicated above).  
 at a rate equal to \_\_\_\_\_.

**LATE CHARGE:** If I make a payment more than 10 days after it is due, I agree to pay a late charge of 5.000% OF THE LATE PAYMENT WITH A MINIMUM OF \$5.00 AND A MAXIMUM OF \$50.00.

**ADDITIONAL CHARGES:** In addition to interest, I agree to pay the following charges which  are  are not included in the principal amount above: DOC FEE AND UCC SEARCH AND FILING FEE.

**Authority:** The interest rate and other charges for this loan are authorized by MN CHAPTER 47.59.

**PAYMENTS:** I agree to pay this note as follows:  
 **Interest:** I agree to pay accrued interest \_\_\_\_\_.

**Principal:** I agree to pay the principal \_\_\_\_\_.

**Installments:** I agree to pay this note in 60 payments. The first payment will be \$ 4,213.26 and will be due FEBRUARY 8, 2001. A payment of \$ 4,213.26 will be due ON THE 8TH DAY OF EACH MONTH. The final payment of the entire unpaid balance of principal and interest will be due JANUARY 8, 2006.

**ADDITIONAL TERMS:**  
 THIS PROMISSORY NOTE IS PERSONALLY GUARANTIED BY DAVID FELLON AS EVIDENCED BY A GUARANTY DATED JANUARY 9, 2001.

RECORDATION NO. 23366 FILED

JAN 31 '01 2-10 PM

SURFACE TRANSPORTATION BOARD

**SECURITY:** This note is separately secured by (describe separate document by type and date): SECURITY AGREEMENT DATED JANUARY 9, 2001.

(This section is for your internal use. Failure to list a separate security document does not mean the agreement will not secure this note.)

**PURPOSE:** The purpose of this loan is BUSINESS: PURCHASE EMD SW1500 LOCOMOTIVE UNIT #2347.

**SIGNATURES:** I AGREE TO THE TERMS OF THIS NOTE (INCLUDING THOSE ON PAGE 2). I have received a copy on today's date.

Signature for Lender  
 x Patrick M. Arling  
 PATRICK M. ARLING

PROGRESSIVE RAIL INCORPORATED  
 BY: David Fellon President  
 DAVID FELLON, PRESIDENT

**DEFINITIONS:** As used on page 1, "X" means the terms that apply to this loan. "I," "me" or "my" means each Borrower who signs this note and each other person or legal entity (including guarantors, endorsers, and sureties) who agrees to pay this note (together referred to as "us"). "You" or "your" means the Lender and its successors and assigns.

**APPLICABLE LAW:** Minnesota law controls this note. Any term of this note which violates Minnesota law is not effective, unless the law permits you and me to agree to a variation.

If any provision of this agreement is unenforceable, the rest of the agreement remains in force. I may not change this agreement without your express written consent. Time is of the essence in this agreement.

**PAYMENTS:** You will apply each payment I make on this note first to any amount I owe you for charges which are neither interest nor principal. You will apply the rest of each payment to any unpaid interest, and then to the unpaid principal. If you and I agree to a different application of payments, we will describe our agreement on this note.

I may prepay all or part of this loan without penalty unless we agree to something different on this note. Any partial prepayment I make will not excuse or reduce any later scheduled payment until this note is paid in full (unless, when I make the prepayment, you and I agree in writing to the contrary).

**INTEREST:** Interest accrues on the principal remaining unpaid from time to time, until paid in full. If you give me my loan money in more than one advance, each advance will start to earn interest only when I receive it.

The interest rate in effect on this note at any time will apply to all the money you advance at that time. Regardless of anything in this document that might imply otherwise, I will not pay and you will not charge a rate of interest that is higher than the maximum rate of interest you could charge under applicable law for the credit you give me (before or after maturity).

If you send any erroneous notice of interest, we mutually agree to correct it. If you collect more interest than the law and this agreement allow, you agree to refund it to me.

**INDEX RATE:** The index will serve only as a device for setting the rate on this note. You do not guarantee by selecting this index, or the margin, that the rate on this note will be the same rate you charge on any other loans or class of loans to me or other borrowers.

**ACCURAL METHOD:** You will calculate the amount of interest I will pay on this loan using the interest rate and accrual method on page 1 of this note. When calculating interest, you will use the accrual method to determine the number of days in a "year." If you do not state an accrual method, you may use any reasonable accrual method to calculate interest.

**POST MATURITY RATE:** In deciding when the "Post Maturity Rate" (on page 1) applies, "maturity" means: 1.) The date of the last scheduled payment indicated on page 1 of this note, or; 2.) The date you accelerate payment on the note, whichever is earlier.

**SINGLE ADVANCE LOANS:** If this is a single advance loan, you and I expect that you will make only one advance of principal. However, you may add other amounts to the principal if you make any payments described in the "PAYMENTS BY LENDER" paragraph below.

**MULTIPLE ADVANCE LOANS:** If this is a multiple advance loan, you and I expect that you will make more than one advance of principal. If this is closed-end credit, I am not entitled to additional credit if I repay a part of the principal.

**PAYMENTS BY LENDER:** If you are authorized to pay, on my behalf, charges I am obligated to pay (such as property insurance premiums), then you may treat those payments made by you as advances and add them to the unpaid principal under this note. Or, you may demand immediate payment of the charges.

**SET-OFF:** You may set off any amount due and payable under this note against any right I have to receive money from you.

"Right to receive money from you" means:  
 (1) any deposit account balance I have with you;  
 (2) any money owed to me on an item presented to you or in your possession for collection or exchange; and  
 (3) any repurchase agreement or other nondeposit obligation.

"Any amount due and payable under this note" means the total amount of which you are entitled to demand payment under the terms of this note at the time you set off. This total includes any balance the due date for which you properly accelerate under this note.

If someone who has not agreed to pay this note also owns my right to receive money from you, your set-off right will apply to my interest in the obligation, and to any other amounts I could withdraw on my sole request or endorsement.

Your set-off right does not apply to an account or other obligation where my rights are only as a representative. It also does not apply to any Individual Retirement Account or other tax-deferred retirement account.

You will not be liable for the dishonor of any check when the dishonor occurs because you set off this debt against one of my accounts. I will assume the liability and relieve you of all responsibility for any such claim that occurs if you set off this debt against one of my accounts.

**REAL ESTATE OR RESIDENCE SECURITY:** If I am giving you any real estate or a residence that is personal property, as security for this note, I have signed a separate security agreement. Default and your remedies for default are determined by applicable law and by the security agreement. Default and your remedies may also be determined by the "Default" and "Remedies" paragraphs below, to the extent they are not prohibited by law or contrary to the security agreement.

**DEFAULT:** I will be in default if any of the following happen:

- (1) I fail to make a payment on time or in the amount due;
- (2) I fail to keep the property insured, if required;
- (3) I fail to pay, or keep any promise, on any debt or agreement I have with you;
- (4) any other creditors of mine try to collect any debt I owe them through court proceedings;
- (5) I die, am declared incompetent, make an assignment for the benefit of creditors, or become insolvent (either because my liabilities exceed my assets or I am unable to pay my debts as they become due);
- (6) I make any written statement or provide any financial information that is untrue or inaccurate when it was provided;
- (7) I do or fail to do something which causes you to believe that you will have difficulty collecting the amount I owe you;
- (8) any collateral securing this note is used in a manner or for a purpose which threatens confiscation by a legal authority;
- (9) I change my name or assume an additional name without first notifying you;
- (10) I fail to plant, cultivate and harvest crops in due season;
- (11) any loan proceeds are used for a purpose that will contribute to excessive erosion of highly erodible land, or to the conversion of wetlands to produce an agricultural commodity, as explained in 7 C.F.R. Part 1940, Subpart G, Exhibit M.

**REMEDIES:** If I am in default on this note, you have, but are not limited to, the following remedies:

- (1) I may demand immediate payment of everything I owe under this note;
  - (2) You may set off this debt against any right I have to the payment of money from you, subject to the terms of the "SET-OFF" paragraph;
  - (3) You may demand security, additional security, or additional parties to be obligated to pay this note as a condition for not using any other remedy;
  - (4) You may refuse to make advances to me or allow me to make credit purchases;
  - (5) You may use any remedy you have under state or federal law.
- If you choose one of these remedies, you do not give up your right to use any other remedy later. By waiving your right to declare an event to be a default, you do not waive your right to later consider the event as a default if it continues or happens again.

**COLLECTION COSTS AND ATTORNEY'S FEES:** I will pay all costs of collection, replevin (an action for the recovery of property wrongfully taken or detained), or any other or similar type of cost if I am in default.

In addition, if you hire an attorney to collect this note, I will pay attorney's fees plus court costs (except where prohibited by law). To the extent permitted by the United States Bankruptcy Code, I will also pay the reasonable attorney's fees and costs you are charged to collect this debt as awarded by any court under the Bankruptcy Code's jurisdiction.

**WAIVER:** I give up my rights to require you to:

- (1) demand payment of amounts due (presentment);
- (2) obtain official certification of nonpayment (protest);
- (3) give notice that amounts due have not been paid (notice of dishonor).

I waive any defenses I have based on suretyship or impairment of collateral.

**OBLIGATIONS INDEPENDENT:** I must pay this note even if someone else has also agreed to pay it (by, for example, signing this form or a separate guarantee or endorsement).

You may sue me alone, anyone else obligated on this note, or any number of us together, to collect this note. You may do so without any notice that it has not been paid (notice of dishonor).

You may, without notice, release any party to the agreement without releasing any other party.

If you give up any of your rights, with or without notice, it will not affect my duty to pay this note.

Any extension of new credit to any of us, or renewal of this note by all or less than all of us, will not release me from my duty to pay it. (Of course, you are entitled to only one payment in full.) You may extend this note or the debt represented by this note, or any portion of the note or debt, from time to time without limit or notice. You may do this without affecting my liability for payment of the note.

I will not assign my obligation under this agreement without your prior written approval.

**CREDIT INFORMATION:** I authorize you to obtain credit information about me from time to time (for example, by requesting a credit report) and to report to others your credit experience with me (such as a credit reporting agency). I will provide you, at your request, accurate, correct and complete financial statements or information you need.

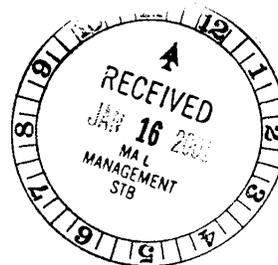
**NOTICE:** Unless otherwise required by law, you will give any notice to me by delivering it or mailing it by first class mail to my last known address. My current address is on page 1. I will inform you in writing of any change in my address. I will give any notice to you by mailing it first class to your address stated on page 1 of this agreement, or to any other address you give me.

DATE OF TRANSACTION	PRINCIPAL ADVANCE	BORROWER'S INITIALS (if required)	PRINCIPAL PAYMENTS	PRINCIPAL BALANCE	INTEREST RATE	INTEREST PAYMENTS	INTEREST PAID THROUGH:
/ / \$	\$		\$	\$	%	\$	/ /
/ / \$	\$		\$	\$	%	\$	/ /
/ / \$	\$		\$	\$	%	\$	/ /
/ / \$	\$		\$	\$	%	\$	/ /
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# PROVINCIAL BANK

January 9, 2001

Vernon A. Williams, Secretary  
Surface Transportation Board  
Washington, D.C. 20423



Dear Secretary:

I have enclosed an original and one counterpart of the documents described below, to be recorded pursuant to Section 11303 of Title 4 of the U.S. Code.

These documents are a Promissory Note and a Security Agreement, both primary documents dated January 9, 2001, between Provincial Bank, (Lender), 20280 Iberia Avenue, PO Box 459, Lakeville, MN and Progressive Rail, Incorporated, (Debtor) 21778 Highview Ave., Lakeville, MN 55044.

The equipment referred to in the documents is one (1) EMD SW1500 Locomotive Unit #2347 bearing the name Progressive Rail, Incorporated.

A fee of \$26.00 is enclosed. Please return the original and any extra copies not needed by the Board for recordation to: Patrick M. Arling, EVP  
Provincial Bank  
PO Box 459  
Lakeville, MN 55044

A short summary of the Primary documents to appear in the index follows:

Promissory Note between Provincial Bank (Lendor), PO Box 459, Lakeville, MN 55044 and Progressive Rail, Incorporated (Debtor) 21778 Highview Ave., Lakeville, MN 55044 dated January 9, 2001 covering one (1) EMD SW1500 Locomotive Unit #2347 bearing the name Progressive Rail, Incorporated.

Security Agreement between Provincial Bank (Lendor), PO Box 459, Lakeville, MN 55044 and Progressive Rail, Incorporated (Debtor) 21778 Highview Ave., Lakeville, MN 55044 dated January 9, 2001 covering one (1) EMD SW1500 Locomotive Unit #2347 bearing the name Progressive Rail, Incorporated.

Sincerely,

Patrick M. Arling  
EVP

RECORDATION NO. 23366 FILED

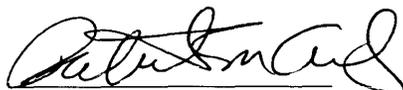
JAN 31 '01 2-10 PM

**SURFACE TRANSPORTATION BOARD**

**CORPORATE FORM OF ACKNOWLEDGEMENT**

I, **Patrick M. Arling**, certify that I am Executive Vice President of Provincial Bank, that the seal affixed to the forgoing instrument is the corporate seal of said corporation, that the instrument was signed and sealed on behalf of the corporation by authority of its Board of Directors, and that I acknowledge that the execution of the foregoing instrument was the free act and deed of the corporation. I further declare under penalty of perjury that the foregoing is true and correct.

Executed on January 22, 2001.



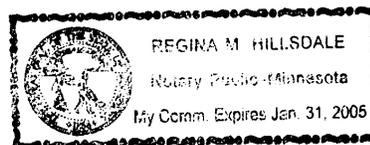
Signature

State of Minnesota  
County of Dakota ss:

On this 22 day of January, 2001 before me personally appeared Patrick Arling, to me personally known, who being by me duly sworn, says that he is the Exec. Vice Pres. of Provincial Bank, 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.

No Seal

Signature of Notary Public Regina M. Hillsdale  
My Commission expires 1-31-05



**CORPORATE FORM OF ACKNOWLEDGEMENT**

I, **David Fellon**, certify that I am President of Progressive Rail, Incorporated, that the seal affixed to the forgoing instrument is the corporate seal of said corporation, that the instrument was signed and sealed on behalf of the corporation by authority of its Board of Directors, and that I acknowledge that the execution of the foregoing instrument was the free act and deed of the corporation. I further declare under penalty of perjury that the foregoing is true and correct.

Executed on January 22, 2001.

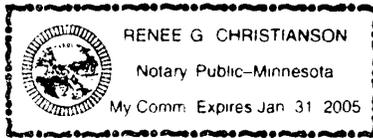


Signature

State of MN  
County of Dakota ss:

On this 22 day of January, 2001 before me personally appeared David Fellon, to me personally known, who being by me duly sworn, says that he is the President of Progressive Rail, Incorporated, 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.

No Seal



Signature of Notary Public Renee Christianson  
My Commission expires 1-31-05