for Assignment, Assumption & Release of Mtg
Sec Book 2004 - 93
1-7-04

partially RELEASED 8-2-05 SEE BOOK 2005 PAGE 3635

INDENTURE OF MORTGAGE

From

HEARTLAND RAIL CORPORATION

To

IOWA RAILWAY FINANCE AUTHORITY

FILED NO. 541
BOOK 142 PAGE 82
1984 OCT 11 PM 12:39
MARY E. WELTY
RECORDER
MADISON COUNTY, IOWA
Fee $240.00

for assignment of Mtg
To First Illinois Bank
& Trust Sec
of Mtg Rec 150-10

for assignment of Lease
To Lamco Business
Credit Corp. Sec Mtg Rec 150-1

October 10, 1984

INDENTURE

OF

MORTGAGE

THIS MORTGAGE IS A PURCHASE MONEY MORTGAGE

THIS INDENTURE is made as of the 10th day of October, 1984, between Heartland Rail Corporation, an Iowa corporation having its principal office at Des Moines, Iowa, (herein referred to as "Mortgagor"), and the Iowa Railway Finance Authority or it's designee (hereafter referred to as "IRFA" or "Mortgagee").

WHEREAS, the Mortgagor and IRFA have entered into a Loan Agreement dated the same date as the date hereof ("Loan Agreement") pursuant to which IRFA has agreed to loan to the Mortgagor the principal sum of $15,000,000 upon the terms and conditions set forth in the Loan Agreement.

WHEREAS, IRFA desires and the Mortgagor is willing to convey, by means of a mortgage, a first lien on the property from Iowa City to Council Bluffs, generally described in Exhibit A, and a second lien on the property from Iowa City to Davenport generally described in Exhibit B, to IRFA in order to secure the timely payment by the Mortgagor, when due, of all payment obligations it has as of this date or which may arise hereafter, to IRFA pursuant to the Loan Agreement or this Mortgage; and

WHEREAS, all acts and things prescribed by law and by the Articles of Incorporation and Bylaws of the Mortgagor necessary to make the Loan Agreement, and the Documents when executed and delivered by the Mortgagor, the valid and binding obligations of the Mortgagor, and to

make this Mortgage when executed and delivered by Mortgagor, a valid and binding Mortgage and agreement for securing the satisfaction of the obligations of Mortgagor, have been done and performed, and the Mortgagor has executed this Mortgage in the exercise of the legal right, power and authority vested in it;

NOW, THEREFORE, in consideration of the premises and the covenants hereinafter contained and in consideration of the execution of the Loan Agreement by IRFA and in order to secure IRFA in the repayment of the indebtedness, with interest thereon, to secure the payment of all other obligations to IRFA now existing or hereafter arising pursuant to the Loan Agreement, this Mortgage and the Documents, Mortgagor does hereby sell, convey and mortgage to the Mortgagee, and its successor, successors or assigns,

GRANTING CLAUSES

All of the property from Iowa City to Council Bluffs generally described in Exhibit A attached hereto; and all of the property from Iowa City to Davenport generally described in Exhibit B attached hereto, subject only to a superior mortgage lien of Citicorp Industrial Credit, Inc. (Citicorp) created by a Mortgage from the Mortgagor to Iowa Interstate Railroad, Ltd., and assigned to Citicorp.

TO HAVE AND TO HOLD the premises, property, appurtenances, rights, privileges, franchises, estates, track, rails, tie plates, switches, frogs, spikes and other track materials, leaseholds, securities, and other property described in the Exhibits hereto (hereinafter referred to as the "Property" or "Properties") hereby mortgaged unto the Mortgagee,

its successor or assigns, as its interests appear forever. This instrument is intended to constitute not only a mortgage of real estate but also a security agreement under the Uniform Commerical Code as to those portions of the Properties not considered real estate.

EXCEPTED ENCUMBRANCES

SUBJECT, HOWEVER, to all of the following which may encumber only the real property segment, bridges and signals at grade crossings of the Properties:

(1) liens for taxes, assessments or governmental charges not then delinquent, to the extent of the seniority accorded by law, and liens that provide for payment or discharge have been made in accordance with the Loan Agreement;

(2) rights, to the extent of the seniority accorded by law, reserved to or vested in any governmental authority or agency or in any municipality, by the terms of any franchise, grant, license or permit or by any provision of law, to terminate such franchise, grant, license or permit, or to purchase or appropriate or recapture, or to designate a purchaser of, any of the Properties or to demand and collect any tax or other compensation for the use of streets or other public places or to control or regulate the Properties;

(3) any obligation or duty affecting the Properties or the use, removal, control or regulation thereof by any public authority under any franchise, grant, license or permit or provision of law to the extent of the seniority accorded by law;

(4) rights of lessors, lessees or others under leases or other agreements conveyed or assigned to the Mortgagor, all as of the date of conveyance to Mortgagee; and

(5) easements, rights-of-way, exceptions, reservations, restrictions, conditions, limitations, covenants, adverse rights or interests and any other defects or irregularities in title affecting the Properties as of the date of conveyance to the Mortgage which are acceptable to IRFA.

This instrument is given for the benefit and security of the Mortgagee and the Mortgagee's assigns for the timely payment by the Mortgagor, when due, of the principal of and interest as provided in the Loan Agreement and the payment of any other obligations of Mortgagor to IRFA pursuant to the Loan Agreement or the Documents, whether now existing or hereafter incurred, matured or unmatured, direct or contingent including any extensions and renewals thereof and substitutions therefor.

INCORPORATION OF LOAN AGREEMENT BY REFERENCE

The Loan Agreement is hereby incorporated by reference as though fully set forth herein. Nothing herein, however, is intended to limit the remedies of IRFA under the Loan Agreement arising from an event of default under this Mortgage as incorporated in this Agreement. In event of a conflict or inconsistency between the provisions of this Mortgage and the provisons of the Loan Agreement with respect to the remedies arising from an event of default under this Mortgage, the terms of the Loan Agreement shall control. The final payment due under the Loan Agreement is September 30, 1999.

COVENANTS

1. Mortgagor covenants, warrants and agrees as follows:

(a) It will promptly pay the indebtedness evidenced by the Loan Agreement at the times and in the manner therein provided (hereinafter collectively referred to as the "Indebtedness").

(b) It will pay or cause Iowa Interstate Railroad, Ltd. (referred to as "Operator" herein) to pay all taxes, assessments, water rates, and other governmental or municipal charges, fines or impositions, for which provision has not been made hereinbefore, and will promptly upon request deliver the official receipts thereof to IRFA.

(c) It will pay or cause the Operator to pay such expenses and fees as may be incurred in the protection and maintenance of the Property, including the fees of any attorney employed by either IRFA for the collection of any or all of the indebtedness or foreclosure by Mortgagee's sale, or court proceedings, or in any other litigation or proceeding affecting the Property.

(d) For better security of the indebtedness hereby secured, upon the request of IRFA or the successors of assigns of either of them, it shall execute and deliver a supplemental mortgage or mortgages covering any additions, improvements, or betterments made to the Property hereinabove described after the date hereof.

(e) The rights created by this Mortgage shall remain in full force and effect during any postponement or extension of the time or the payment of the indebtedness evidenced by the Loan Agreement or any part thereof secured hereby.

(f) It shall or cause the Operator to continuously maintain hazard insurance, or such type or types and in such amounts as IRFA may from time to time require on the improvements now or hereafter on the Property, and will pay promptly when due any premiums therefor. All insurance shall be carried in companies acceptable to the Mortgagee and the policies and renewals thereof shall have attached thereto loss payable clauses in favor of and in form acceptable to the Mortgagee. In the event of loss with respect to the Property, Mortgagor will give immediate notice in writing to Mortgagee, identifying the nature of such losses and either Mortgagee may make proof of loss if not made promptly by Mortgagor.

(g) It shall or cause the Operator to (i) promptly repair, restore or rebuild any structure, track, switches, buildings or improvements now or hereafter on the Mortgaged Property which may become damaged or be destroyed, (ii) keep the Mortgaged Property in as good condition and repair as when acquired by the Mortgagor (but in any event in such condition as is required to operate its business), without waste, and free from all claims, liens, charges and encumbrances other than the lien of this Indenture and liens permitted by this Indenture, (iii) complete within a reasonable time any other buildings or complete any repairs or renovations now or at any time in process upon the Mortgaged Property and (iv) comply with all requirements of law or municipal ordinances with respect to the Mortgaged Property and the use thereof.

(h) It shall not or shall cause the Operator to not voluntarily create or permit to be created against the Property subject

to this Mortgage any lien or liens inferior or superior to the liens of this Mortgage without the written consent of the Mortgagee.

(i) It will not demolish, or remove, or substantially alter any improvement on the Property, except as otherwise provided herein, without the written consent of the Mortgagee.

(j) The Mortgagee shall have the right to inspect the Properties at any reasonable time.

(k) Mortgagor will render Mortgagee within twenty (20) days after written demand therefor, by either of them, a detailed certified statement of the Mortgagor specifying the rents and profits received from the Properties for the period specified in such demand, the disbursements made for such period and the names of all tenants of the Properties, together with true and correct copies of all leases for which rent is so accounted.

(l) It is lawfully seized and possessed of all the right, title and interest in the Mortgaged Property conveyed to it by CPAC and the Mortgagor will warrant and defend such title thereto against all claims and demands of any Person claiming under the Mortgagor; and the Mortgagor has good right, full power and authority to convey, transfer and mortgage the same to the Mortgagee for the uses and purposes in this Indenture set forth.

(m) It shall cause this Mortgage, all Indentures supplemental hereto and continuation statements required by Iowa law, in respect thereof at all times to be kept recorded and filed at its own expense in such manner and in such places as may be required by law in order to fully preserve and protect the rights of the Mortgagee hereunder, and will furnish to the Mortgagee promptly after the execution and delivery

of this Indenture and of each supplemental indenture an opinion of counsel stating that in the opinion of such counsel, this Indenture or such supplemental indenture, as the case may be, has been properly recorded or filed for record so as to make effective of record the lien intended to be created hereby.

(n) Any and all mortgaged Property described in Granting Clause hereof that is hereafter acquired and that is of the kind or nature herein provided to be and become subject to the lien hereof shall ipso facto, and without any further conveyance, assignment or act on the part of the Mortgagor or the Mortgagee become and be, subject to the lien of this Indenture as fully and completely as though specifically described herein; but nevertheless the Mortgagor shall from time to time, if requested by the Mortgagee, execute and deliver any and all such further assurances, conveyances and assignments thereof as the Mortgagee may reasonably require for the purpose of expressly and specifically subjecting to the lien of this Indenture any and all such property.

(o) It shall not, except as provided in the Loan Agreement, (i) declare or pay any dividends, either in cash or property, on any shares of its capital stock of any class (except dividends or other distributions payable solely in shares of capital stock of the Mortgagor); or (ii) directly or indirectly purchase, redeem or retire any shares of its capital stock of any class or any warrants, rights or options to purchase or acquire any shares of its capital stock (other than in exchange for or out of the net proceeds to the Mortgagor from the substantially concurrent issue or sale of other shares of capital stock of the Mortgagor or warrants, rights of options to purchase or

acquire any shares of its capital stock); or (iii) make any other payment or distribution, either directly or indirectly, in respect of its capital stock.

(p) It shall not be a party to any merger or consolidation or sell, transfer, lease or otherwise dispose of all or any substantial part (i.e., in any fiscal year 5% or more of the total assets of the Mortgagor of its property and business) without prior written consent of the Mortgagee.

(q) It warrants that the Lease between Mortgagor and Iowa Interstate Railroad, Ltd., for the operation of the Properties is genuine, valid and subsisting and in all respects what it purports to be; no event has occurred and is continuing which, with the lapse of time or the giving of notice, or both, would constitute an Event of Default as defined in the Heartland Lease. The right, title and interest of the Mortgagor in and to the Lease and in and to the rents, income and other sums due and to become due thereunder is free and clear of any and all liens and encumbrances whatsoever excepting only this Indenture and the Indenture of Mortgage assigned to Citicorp.

(r) It covenants that, to the extent that such rights may then be lawfully waived, it will not at any time insist upon or plead, or in any manner whatsoever claim or take any benefit or advantage of, any stay or extension of law now or at any time hereafter in force, or claim, take or insist upon any benefit or advantage of or from any law now or hereafter in force providing for the valuation or appraisement of the Mortgaged Property or any part thereof prior to any sale or sales thereof to be made pursuant to any provision herein contained, or to the decree, judgment or order of a court of competent jurisdiction or, after

confirmation of any such sale or sales, claim or exercise any right under any statute now or hereafter made or enacted by any state or otherwise to redeem the property so sold or any part thereof, and hereby expressly waives for itself and on behalf of each and every person, except decree or judgment creditors of the Mortgagor acquiring any interest in or title to the Mortgaged Property or any part thereof, subsequent to the date of this Indenture, all benefit and advantage of any such law or laws; and covenants that it will not invoke or utilize any such law or laws or otherwise hinder, delay or impede the execution of any power herein granted and delegated to the Mortgagee but will suffer and permit the execution of every such power as though no such law or laws had been made or enacted.

Any sale, whether under any power of sale hereby given or by virtue of judicial proceedings, shall operate to divest all right, title, interest, claim, and demand whatsoever, either at law or in equity, of the Mortgagor in and to the property sold and shall be a perpetual bar, both at law and in equity, against the Mortgagor, its successors and assigns, and against any and all persons claiming the property sold or any part thereof under, by or through the Mortgagor, its successors or assigns.

(s) In case the Mortgagee shall have proceeded to enforce any right under this Indenture by foreclosure, sale, entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely, then and in every such case, the Mortgagor and the Mortgagee shall be restored to their former position and rights hereunder with respect to the property subject to the lien of this Indenture.

(t) No delay or omission of the Mortgagee to exercise any right or power arising from any default on the part of the Mortgagor shall exhaust or impair any such right or power or prevent its exercise during the continuance of such default. No waiver by the Mortgagee of any such default, whether such waiver be full or partial, shall extend to or be taken to affect any subsequent default, or to impair the rights resulting therefrom, except as may be otherwise provided herein. No remedy hereunder is intended to be exclusive of any other remedy but each and every remedy shall be cumulative and in addition to any and every other remedy given hereunder or otherwise existing; nor shall the giving, taking or enforcement of any other or additional security, collateral or guarantee for the payment of the indebtedness secured under this Indenture operate to prejudice, waive or affect the security of this Indenture or any rights, powers or remedies hereunder; nor shall the Mortgagee be requried to first look to, enforce or exhaust such other or additional security, collateral or guaranties.

2. The Mortgagor covenants and agrees that, except as otherwise provided in the Loan Agreement, (a) if it shall fail to pay said Indebtedness or any part thereof when due, or (b) if an event of default shall occur under this instrument, the Loan Agreement, or the Documents, or (c) if it (i) discontinues or abandons its entire business or any substantial part thereof which would adversely affect its ability to carry on its business as it now conducts it or presently proposes to conduct it, or (ii) makes a general assignment for the benefit of creditors, or (iii) applies for or consents to the appointment of a receiver, trustee or liquidator of all or a substantial part of its assets, or (iv) is adjudicated bankrupt or insolvent, or (v) files a

voluntary petition in bankruptcy or files a petition or answer seeking reorganization or an arrangement with creditors who are seeking to take advantage of any other law (whether federal or state) relating to relief of debtors, or admitting by answer (by default or otherwise) the material allegations of a petition filed against it in any bankruptcy, reorganization, arrangement, insolvency or other proceeding (whether federal of state) relating to relief of debtors, or (vi) suffers or permits to continue unstayed and in effect for thirty (30) days any judgment, decree or order, entered by court of competent jurisdiction, which approves a petition seeking reorganization of the Borrower or appoints a receiver, trustee or liquidator of all or a substantial part of its assets, or (vii) takes or omits to take any action which causes any of the foregoing, the moneys payable to the Mortgagor pursuant to the Loan Agreement hereby secured shall immediately become due, payable, and collectible without notice, and, if applicable, if the Mortgagor has failed to cure or make payment as provided in section 10.02(a) of the Loan Agreement, as applicable, the Mortgagee or the successor or assigns may before or after entry:

(a) sell all or any part of that portion of the property upon which it has a lien as provided herein without appraisement (the Mortgagor having waived and assigned to the Mortgagee all rights of appraisement) at judicial sale pursuant to the provisons of 28 U.S.C. 2001(a), or by auction or by solicitation of sealed bids, for the best bid complying with the terms of sale specified herein; provided that any such sale with respect to personal property covered by the lien of this Mortgage shall be conducted in accordance with the terms hereof by soliciting, by not less than four weeks written notice specifying the

property subject to sale and the terms thereof, and receiving not less than three bona fide bids from parties engaged generally in the salvage of rail properties.

The Mortgagee is hereby authorized to execute for and on behalf of the Mortgagor and to deliver to the purchaser at such sale a sufficient conveyance of said property which conveyance shall contain recitals as to the happening of the default upon which the execution of the power of sale herein granted depends; and the Mortgagor hereby constitutes and appoints the Mortgagee, its agents and attorneys as agent and attorney in fact of said Mortgagor to make such recitals and to execute said conveyance and hereby covenants and agrees that the recitals so made shall be effectual to bar all equity or right of redemption, homestead, dower, and all other exemptions of the Mortgagor, all of which are hereby expressly waived and conveyed to the Mortgagee to the extent of its interest; or

(b) take possession of the mortgaged property, or any part thereof, upon which it has a first lien as provided herein, for the purpose of protecting such property and facilitating the disposition thereof; or

(c) take any other appropriate action pursuant to state and federal statute either in state or federal court or otherwise for the disposition of the property, including foreclosure as provided for under Iowa Law. After commencement of foreclosure, the Mortgagee may have a receiver appointed to take immediate possession of the Properties and collect the rents thereunder.

In the event of a sale as hereinbefore provided, the Mortgagor or any persons in possession under the Mortgagor shall then become and be

tenants holding over and shall forthwith deliver possession to the purchaser at such sale or be summarily dispossessed, in accordance with the provisions of law applicable to tenants holding over. The power and agency hereby granted are coupled with an interest and are irrevocable by death or otherwise, and are granted as cumulative to the remedies for collection of said indebtedness provided by law.

3. The proceeds of any sale of the Property in accordance with the preceding paragraphs shall be applied as follows:

first, to pay the costs and expenses of said sale, the expenses incurred by the Mortgagee for the purpose of protecting or maintaining said property, and reasonable attorneys' fees (which may be collected as part of any judgment hereunder);

second, to IRFA, upto the amount of all outstanding payment obligations of the Mortgagor to IRFA under the Loan Agreement; and

third, to the Mortgagor all funds remaining after payment of the foregoing amounts.

4. In the event the Property is sold at a judicial foreclosure sale or pursuant to the power of sale granted in section 2 hereof, and the proceeds are not sufficient to pay the total indebtedness or perform all of the obligations secured by this instrument, the Mortgagee shall be entitled to a deficiency judgment for the amount of the deficiency without regard to appraisement.

5. In the event the Mortgagor fails to pay any federal, state, or local tax assessment, income tax or other tax lien, charge, fee, or other expense charged against the Property, the Mortgagee is hereby authorized at his option to pay the same. Any sums so paid by the Mortgagee shall be added to and become a part of the principal amount of

the indebtedness owned to such Mortgagee and subject to the same terms as such indebtedness and conditions.

6. If the Mortgagor shall pay and timely discharge all obligations secured hereby, then this Mortgage shall be cancelled, surrendered, and satisfied of record without any expense to Mortgagor.

7. The covenants herein contained shall bind and the benefits and advantages shall inure to, the respective successors and assigns of the parties hereto. Whenever used, the singular number shall include the plural, the plural number shall include the singular, and the use of any gender shall include all genders.

8. Notwithstanding anything herein to the contrary, from time to time, the Mortgagor may request release by the Mortgagee from the lien of this Mortgage and reconveyance to the Mortgagor of ties, rails, tie plates, switches, frogs, spikes, other track materials, pole line or signal equipment, or any other tangible rail property if such property is removed pursuant to the Operator's maintenance plan for normalized maintenance (including repairs caused by extraordinary events such as a derailment or washout) or pursuant to Mortgagor's maintenance obligation as reflected in section 5.02 of the Loan Agreement, and the property removed has been replaced with property of like or superior quality and of like purpose. Such request shall include (A) a description of the property sought to be released and reconveyed, (B) a certificate from the Chief Executive Officer of the Mortgagor that the requirements, if any, of the Loan Agreement applicable to such release and reconveyance have been met, and (C) a certification from the Chief Executive Officer of Mortgagor that the proceeds, if any, of a sale of such property in excess of the cost of replacing the property will be paid to IRFA in

accordance with section 4 hereof. Upon receipt of a request meeting the requirements of this section, the Mortgagee shall provide the release and reconveyance of the subject property.

(9) Any notice or demand required or submitted hereunder shall be deemed given if mailed by registered or certified mail, return receipt requested and postage prepaid, to the following addresses or at such other addresses as any party shall from time to time designate by written notice:

Mortgagor:	Heartland Railroad Corporation c/o T. Scott Bannister 1300 Des Moines Building 405 Sixth Avenue Des Moines, IA 50309
IRFA or Mortgagee:	Iowa Railway Finance Authority c/o Leslie A. Holland 800 Lincoln Way Ames, IA 50010

All notices mailed shall be deemed given on the date indicated by the postmarks.

(10) This Mortgage shall be governed by the law of the State of Iowa.

(11) If any provision of the Mortgage, the Loan Agreement, or other Documents shall be invalid, illegal, or unenforceable, the validity, legality, or enforceability of the remaining provisions shall not be affected or impaired in any way thereby. A provision held to be unenforceable as applied to any party or circumstance remains applicable to other parties and circumstances.

(12) The Loan Agreement is entitled to the benefits of this Mortgage as if the lien of this Mortgage with respect to the property other than as part of a sale or liquidation of all or substantially all

of the Property, secured solely the Loan Agreement and were attached thereto and made a part thereof.

(13) The Mortgagor does hereby irrevocably constitute and appoint the Mortgagee its true and lawful attorney with full power of substitution, for it and in its name, place and stead, to ask, demand, collect, receive, receipt for, sue for, compound and give acquittance for any and all rents, income and other sums which are assigned hereunder with full power to settle, adjust or compromise any claim thereunder as fully as the Mortgagor could itself do, and to endorse the name of the Mortgagor on all commercial paper given in payment or in part payment thereof, and in its discretion to file any claim or take any other action or proceedings, either in its own name or in the name of the Mortgagor, or otherwise, which the Mortgagee may deem necessary or appropriate to collect any and all sums which may be or become due or payable under the Lease or which may be necessary or appropriate to protect and preserve the right, title and interest of the Mortgagee in and to such rents and other sums and the security intended to be afforded hereby.

(14) This agreement may be executed in any number of counterparts. All such counterparts shall be deemed to be originals and shall constitute but one and the same instrument.

(15) This Mortgage may be amended only by written agreement between the Mortgagor and the Mortgagee.

(16) All proceeds from any award or proceeds from the taking of the Properties under the power of eminent domain shall be the property of the Mortgagee and shall be applied to reduce the balance of the amount of the Loan Agreement secured hereby.

(17) The Properties may not be sold, transferred or otherwise conveyed away by Mortgagor without the prior written consent of the Mortgagee.

(18) Mortgagor, for itself and all others who may claim through or under it, waives any and all right to have the Properties or any part thereof, marshalled upon any foreclosure of the lien hereof. The Address of the Mortgagee is Iowa Railway Finance Authority, c/o Leslie A. Holland, 800 Lincoln Way, Ames, Iowa 50010.

IN WITNESS WHEREOF, the Mortgagor has executed this instrument and the Mortgagee has accepted delivery of this instrument as of the day and year aforesaid.

"MORTGAGOR"

HEARTLAND RAIL CORPORATION

By Charles L. Crawford
Vice President

"MORTGAGEE"

IOWA RAILWAY FINANCE AUTHORITY

By Wm F McGrath
Chairman

ATTEST:

W B Dennis
Secretary

STATE OF IOWA)
) SS
COUNTY OF Story)

I, Rhonda Haley, A Notary Public in and for the County and State aforesaid, do hereby certify that Charles L. Crawford personally known to me to be the same person whose name is subscribed to the foregoing instrument, as the Vice President of the HEARTLAND RAIL CORPORATION, an Iowa corporation, appeared before me this day in person and acknowledged that he, being thereunto duly authorized, signed, and delivered the said instrument as the free and voluntary act of said Mortgagee and as his own free and voluntary act, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this 10th day of October, 1984.

Rhonda Haley
Notary Public

RHONDA HALEY
Iowa
NOTARIAL SEAL

My Commission Expires:

8-24-86

STATE OF IOWA)
) SS.
COUNTY OF Story)

I, Rhonda Haley, a Notary Public in and for the County and State aforesaid, do hereby certify that William McGrath, Chariman, personally known to me to be the Chairman of the Board and Warren Dunham, Secretary of the Iowa Railway Finance Authority, a body politic and corporate existing under the laws of the State of Iowa, and personally known to me to be the same persons whose names are subscribed to the foregoing instrument, appeared before me this day in person and severally acknowledged that as such Chairman and Secretary, they signed and delivered the said instrument as Chairman and Secretary of said Authority, the Authority having no seal, pursuant to authority given by the members of the Authority, as their free and voluntary act, and as the free and voluntary act and deed of said corporation, for the uses and purposes therein set forth.

GIVEN under my hand and official seal this 10th day of October, 1984.

Rhonda Haley
Notary Public

My Commission Expires:
8-24-86

RHONDA J. HALEY Iowa NOTARIAL SEAL

EXHIBIT A
(Mortgage Agreement)

LEGAL DESCRIPTION AND
DESCRIPTION OF PROPERTY

FIRST LIEN

Being a description of parcels of land and strips of land of varying widths constituing a continuous line of railroad property. Not to include abandoned lines or collateral properties

SECTION THREE

(Sections One, Two, and part of Section Three have been deliberately omitted)

Johnson County, Iowa

Beginning at the intersection of the centerline of the Grantor's main track and the West line of Section 15, Township 79 North, Range 6 West of the 5th P.M., thence continuing westerly through Sections 16, 9, 8, 5 and 6, (Excluding all of Grantor's former Coralville and quarry spur in said Section 5), Township 79 North, Range 6 West of the 5th P.M.; thence westerly through Section 1, Township 79 North, Range 7 West of the 5th P.M.; thence westerly through Sections 36, 35, 26, 27, 28, 29 and 30, Township 80 North, Range 7 West of the 5th P.M.; thence westerly through Sections 25, 24, 23, 22, 21, 20, 17, 18, and 7, Township 80 North, Range 8 West of the 5th P.M.;

Iowa County, Iowa

Thence continuing westerly through Sections 12, 11, 2, 3, 4, 5 and 6, Township 80 North, Range 9 West of the 5th P.M.; thence westerly through Section 31, Township 81 North, Range 9 West of the 5th P.M.; thence westerly through Sections 36, 35, 34, 33, 32, 29 and 30, Township 81 North, Range 10 West of the 5th P.M.; thence westerly through Sections 25, 36, 35, 34 and 33, Township 81 North, Range 11 West of the 5th P.M.; thence westerly through Sections 3, 4, 5, 6 and 7, Township 80 North, Range 11 West of the 5th P.M.; thence westerly through Sections 12, 11, 10, 15, 16, 17, 18 and 19, Township 80 North, Range 12 West of the 5th P.M.

Poweshiek County, Iowa

Thence westerly through Sections 24, 23, 22, 21, 20, 17, 19 and 18, Township 80 North, Range 13 West of the 5th P.M.; thence westerly through Sections 13, 24, 23, 22, 21, 28, 29 and 30, Township 80 North, Range 14 West of the 5th P.M.; thence westerly through Sections 25, 26, 27, 28, 21, 20, 19 and 18, Township 80 North, Range 15 West of the 5th P.M.; thence westerly through Sections 13, 14, 15, 16, 17, 18 and 19, Township 80 North, Range 16 West of the 5th P.M.

Jasper County, Iowa

Thence continuing westerly through Sections 24, 25, 26, 27, 34, 33, 32, 31 and 30, Township 80 North, Range 17 West of the 5th P.M.; thence westerly through Sections 25, 26, 23, 22, 21, 20, 17 and 18, Township 80 North, Range 18 West of the 5th P.M.; thence westerly through Sections 13, 24, 23, 26, 27, 28, 33 and 32 (Excluding that part of the East Half of the Southwest Quarter of said Section 27 lying southerly of a line fifty feet southerly of and parallel to said main track centerline), Township 80 North, Range 19 West of the 5th P.M.; thence westerly through Sections 5, 8 and 7, Township 79 North, Range 19 West of the 5th P.M.; thence westerly through Sections 12, 11, 10, 9, 4, 5 and 6, Township 79 North, Range 20 West (including Section 31, Township 80 North, Range 20 West) of the 5th P.M.; thence westerly through Sections 1, 2, 3, 11, 10, 9, 8 and 7, Township 79 North, Range 21 West of the 5th P.M.

Polk County, Iowa

Thence continuing westerly through Sections 12, 11, 2, 3, 4, 9, 8, 7 and 18, Township 79 North, Range 22 West of the 5th P.M.; thence westerly through Sections 13, 24, 23, 26, 35 and 34, to a termination at a line normal to said track centerline 820 feet westerly of the East line of said Section 34, as measured along said track centerline (Excluding all those parts of said Sections lying southerly or easterly of a line fifty feet southerly or easterly and parallel to the centerline of said main track) (E.P.S. 1825+00, M.P. 350.80) Township 79 North, Range 23 West of the 5th P.M.

SECTION FIVE

W. Des Moines to Council Bluffs

(Section Four has been deliberately omitted)

Polk County, Iowa

Beginning at the intersection of the centerline of the Grantor's main track and a line normal to said track centerline located 362 feet westerly of the north/south centerline of Section 21, Township 78 North, Range 25 West of the 5th P.M., as measured along said track centerline, (E.P.S. 19272+47, M.P. 365); thence westerly along said track centerline through Sections 21, 28, 29 and 30, Township 78 North, Range 25 West of the 5th P.M.

Dallas and Madison Counties, Iowa

Thence westerly through Sections 25, 26, 27, 28, 29 and 30, Township 78 North, Range 26 West of the 5th P.M., Dallas County; thence westerly through Sections 25, 26, 27, 22, 21, 20, 29 and 30, Township 78 North, Range 27 West of the 5th P.M., Dallas County; thence southerly through Sections 25 and 36, Township 78 North, Range 28 West of the 5th P.M., Dallas County; thence westerly through Sections 1, 2, 3, 4, 5 and 6 (Excluding all that part of the Southwest Quarter of said Section 4 lying southerly of a line fifty feet southerly of and parallel to said main track centerline), Township 77 North, Range 28 West of the 5th P.M., Madison County; thence westerly through Sections 1, 2, 3 and 4, Township 77 North, Range 29 West of the 5th P.M., Madison County; thence westerly through Sections 33, 32 and 31, Township 78 North, Range 29 West of the 5th P.M., Dallas County.

Guthrie and Adair Counties, Iowa

Thence westerly through Sections 36 and 35, Township 78 North, Range 30 West of the 5th P.M., Guthrie County; thence westerly through Sections 2, 3, 4 and 5, Township 77 North, Range 30 West of the 5th P.M., Adair County; thence westerly through Sections 32 and 31, Township 78 North, Range 30 West of the 5th P.M., Guthrie County; thence westerly through

Sections 36, 25, 26, 27, 28, 29 and 30 (Excluding that part of said Section 28 lying northerly of a line fifty feet northerly of and parallel to said main track centerline), Township 78 North, Range 31 West of the 5th P.M., Guthrie County; thence westerly through Sections 25, 36, 35, 34, 33, 32, 29 and 31, Township 78 North, Range 32 West of the 5th P.M., Guthrie County; thence westerly through Sections 36, 35 and 34, Township 78 North, Range 33 West of the 5th P.M., Guthrie County; thence westerly through Sections 3, 4, 9, 8, 7 and 18, Township 77 North, Range 33 West of the 5th P.M., Adair County;

Excepting therefrom all portions of right-of-way in said Counties not currently necessary and useful for railroad operations by reason of line changes or realignments as reserved in the deed conveying said Property to Morgagor.

Cass County, Iowa

Thence westerly through Sections 13, 14, 23, 22, 21, 28, 29, 30 and 31, Township 77 North, Range 34 West of the 5th P.M.; thence westerly through Sections 36 and 35, Township 77 North, Range 35 West of the 5th P.M.; thence westerly through Sections 2, 3, 4, 9, 8 and 7, Township 76 North, Range 35 West of the 5th P.M.; thence westerly through Sections 12, 11, 2, 3, 4, 5 and 6, (Excluding that part of the Southeast Quarter of said Section 6 lying southerly of a line normal to Grantor's former Atlantic to Griswold branch line main track centerline located approximately 1,075 feet southwesterly of the East line of said Section 6, as measured along said track centerline; Excluding that part of the Northwest Quarter of said Section 6 lying northerly of a line one hundred feet northerly of and parallel to the centerline of said main line track), Township 76 North, Range 36 West of the 5th P.M.; thence westerly through Sections 1, 2, 3, 4, 5 and 6, Township 76 North, Range 37 West of the 5th P.M.

Pottawattamie County, Iowa

Thence continuing westerly through Sections 1, 2, 3, 4, 5 and 6, Township 76 North, Range 38 West of the 5th P.M.; thence continuing westerly through Sections 1, 12, 11, 10, 9, 16, 17 and 18, Township 76 North, Range 39 West of the 5th P.M.; thence westerly through Sections 13, 14, 23, 22, 21, 20 and 19, Township 76 North, Range 40 West of the 5th P.M.; thence westerly through Sections 24, 13, 14, 23, 22, 21, 20 and 19, Township 76 North, Range 41 West of the 5th P.M.; thence westerly through Sections 24, 23, 26, 27 and 34 to a termination at a line normal to said centerline located 117.3 feet southerly of the North line of said Section 34, as measured along said track centerline, (E.P.S. 25082+08.8, M.P. 475.02), Township 76 North, Range 42 West of the 5th P.M.

ALSO: Beginning at the intersection of the centerline of the Grantor's main track and a line normal to said track centerline located one hundred feet northerly of the east/west centerline of Section 5, as measured along said centerline, (E.P.S. 25679+15.7, M.P. 486.34), Township 74 North, Range 43 West of the 5th P.M.; thence generally westerly through Sections 5, 6 and 7, Township 74 North, Range 43 West of the 5th P.M.; thence northwesterly through Section 1, Township 74 North, Range 44 West of the 5th P.M.; thence northwesterly through Sections 36 and 35 to a termination at the north/south centerline of said Section 35, (E.P.S. 26412+90), Township 75 North, Range 44 West of the 5th P.M.

ALSO: All of Grantor's tracks and appurtenances as presently laid out and located within the East Half of the Southwest Quarter of Section 35, being Grantor's two main line tracks and spur tracks 23 and 24, Township 75 North, Range 44 West of the 5th P.M.

ALSO: All of Grantor's interest in his "Joint Riverline" which extends from E.P.S. 26403+40 =0+36 H.B. located in the Southeast Quarter of Section 35; thence northerly and westerly through Sections 35, 34 and 33 to a termination at E.O.T. 151+67.5 located in the Northwest Quarter of the Northeast Quarter of said Section 33, Township 75 North, Range 44 West of the 5th P.M.

(Sections Six and Seven have been deliberately omitted)

EXHIBIT A

(continued)

Being particular descriptions of certain parcels already described in general terms above and not within any exclusion to the property conveyed.

JOHNSON COUNTY, IOWA

Tiffin

Parcel 14: The Point of Beginning being on the North/South centerline of Section 28 and on a line fifty feet northerly of and parallel to the centerline of Grantor's main track; thence northerly along said North/South centerline one hundred feet; thence easterly and parallel to said track centerline three hundred feet; thence normal southerly one hundred feet to said line fifty feet northerly of said track centerline; thence westerly along the last line intersected three hundred feet to the Point of Beginning; all in the North Half of the Southwest Quarter of the Southeast Quarter of Section 28, Township 80 North, Range 7 West of the Fifth Principal Meridian.

IOWA COUNTY, IOWA

Marengo

Parcel 15: All of Grantor's interest in the South Half of the Southeast Quarter of Section 25 lying northerly of a line twenty-five feet northerly of and parallel to the centerline of Grantor's main track; Township 81 North, Range 11 West of the Fifth Principal Meridian.

Parcel 16: All of the Grantor's interest in the South Half of the Southeast Quarter of Section 25 lying southerly of a line twenty-five feet southerly of and parallel to the centerline of Grantor's main track; Township 81 North, Range 11 West of the Fifth Principal Meridian.

Victor

Parcel 17: All of Grantor's interest in the South half of the Southwest Quarter of the Southwest Quarter of Section 18 and the North Half of the Northwest Quarter of the Northwest Quarter of Section 19, lying northerly of a line twenty feet northerly of and parallel to the centerline of Grantor's main track and lying westerly of a line normal to said track centerline located three hundred eighty feet northerly of the south line of said Section 18, as measured along said track centerline; Township 80 North, Range 12 West of the Fifth Principal Meridian.

Parcel 18: All of Grantor's interest in the South Half of the Southwest Quarter of the Southwest Quarter of Section 18 and the North Half of the Northwest Quarter of the Northwest Quarter of Section 19, lying southerly of a line twenty feet southerly of and parallel to the centerline of Grantor's main track and lying westerly of a line normal to said track centerline located three hundred eighty feet northerly of the south line of said Section 18, as measured along said track centerline; Township 80 North, Range 12 West of the Fifth Principal Meridian.

POWESHIEK COUNTY, IOWA

Brooklyn

Parcel 19: All of Grantor's interest in the West Half of the Northeast Quarter of Section 23, lying northerly of a line twenty-five feet northerly of and parallel to the centerline of Grantor's main track and lying easterly of the easterly line of Clay Street; Township 80 North, Range 14 West of the Fifth Principal Meridian.

Parcel 20: All of Grantor's interest in the East Half of the Northwest Quarter and the West Half of the Northeast Quarter of Section 23, lying southerly of a line twenty-five feet southerly of and parallel to the centerlne of Grantor's main track, Township 80 North, Range 14 West of the Fifth Principal Meridian.

Malcolm

Parcel 21: The Point of Beginning being on the west line of Washington Street and on a line twenty-five feet southerly of and parallel to the centerline of Grantor's main track; thence westerly along said line southerly of said track centerline twelve hundred and five feet, more or less; thence normal southwesterly one hundred seventy-five feet; thence southeasterly and parallel with said main track centerline four hundred fifty feet, more or less, to the westerly line of that property conveyed to Leonard J. Dalton by the Chicago, Rock Island and Pacific Railroad Co. via instrument dated February 10, 1969; thence northerly along the last line intersected one hundred fifty feet; thence easterly and parallel with said track centerline three hundred fifteen feet; thence normal southerly one hundred fifty feet; thence southeasterly and parallel with said track centerline five hundred fifty feet, more or less, to said west line of Washington Street; thence northerly along the last line intersected to the Point of Beginning; all in the South Half of the Southeast Quarter of Section 26, Township 80 North, Range 15 West of the Fifth Principal Meridian.

Grinnell

Parcel 22: All of Grantor's interest in Lots 4, 5, and 6 of Block 19 of the Town of Grinnell lying northerly of a line twenty-five feet northerly of and parallel to the centerline of Grantor's main track; in the West Half of the Southeast Quarter of the Northwest Quarter of Section 16, Township 80 North, Range 16 West of the Fifth Principal Meridian.

JASPER COUNTY, IOWA

Kellogg

Parcel 23: The Point of Beginning being on the easterly line of High Street and on a line two hundred feet northerly of and parallel to the centerline of Grantor's original main track; thence southerly one hundred seventy-five feet along said easterly street line produced to a line twenty-five feet northerly of and parallel to the centerline of Grantor's current main track; thence westerly and parallel with said current main track centerline to the easterly line of West Street, produced southerly; thence northerly along the last line intersected to said line two hundred feet northerly of said original main track centerline; thence easterly along the last line intersected to the Point of Beginning; ALSO: An easement for buildings and other structures, which extend southerly of that line being twenty-five feet northerly of and parallel to said current main track centerline, said buildings and other structures not to be repaired or replaced if substantially damaged or destroyed; all streets and track being as laid out or monumented in the Jasper City Addition and Blair's First Addition to the Town of Kellogg; all in the North Half of the Northeast Quarter of Section 26, Township 80 North, Range 18 West of the Fifth Principal Meridian.

Newton

Parcel 24: The Point of Beginning being on the southerly line of North 8th Avenue and on a line fifty feet northerly of and parallel to the centerline of Grantor's track; thence westerly along said southerly avenue line one hundred ninety-five feet, more or less, to the easterly line of 1st Street North; thence southerly along said easterly street line one hundred fifty feet, more or less, to a line twenty-one and five-tenths feet northerly of and parallel to said main track centerline; thence northeasterly along the last line intersected to said southerly line of North 8th Avenue; thence westerly along the last line intersected to the Point of Beginning; ALSO, an easement for existing buildings and other structures which extend southerly of said line being twenty-one and five-tenths feet northerly of and parallel to said main track centerline, said buildings and other structures not be to repaired or replaced if substantially damaged or destroyed; all in the South Half of the Southwest Quarter of Section 27, Township 80 North, Range 19 West of the Fifth Principal Meridian.

Parcel 25: All of Grantor's interest in the West Half of the Southwest Quarter of the Southwest Quarter of Section 27 lying northerly of a line ten feet northerly of and parallel to the centerline of Grantor's Track #14; Township 80 North, Range 19 West of the Fifth Principal Meridian.

DALLAS COUNTY, IOWA

DeSoto

Parcel 27: All of Grantor's interst in the East Half of the Northwest Quarter of Section 30 lying northerly of a line fifty feet northerly of and parallel to the centerline of Grantor's main track; Township 78 North, Range 27 West of the Fifth Principal Meridian.

Parcel 28: All of Grantor's interest in the East Half of the Northwest Quarter of Section 30 lying southerly of a line fifty feet southerly of and parallel to the centerline of Grantor's main track; Township 78 North, Range 27 West of the Fifth Principal Meridian.

MADISON COUNTY, IOWA

Earlham

Parcel 29: The Point of Beginning being on the west line of Section 6 and on a line twenty feet southerly of and parallel to the centerline of Grantor's main track; thence southeasterly along said line southerly of said main track centerline to the westerly line of Chestnut Street extended northerly; thence southerly along said street line to a line fifty feet southerly of and parallel to said main track centerline; thence northwesterly along the last line intersected to a line fifty-three feet easterly of and parallel to the easterly line of Locust Street; thence southerly along the last line intersected approximately one hundred fifty feet to the northerly line of Lot 11, Block 16; thence westerly along said lot line to said easterly line of Locust Street; thence northerly along said street line to a line one hundred fifty feet southerly of and parallel to said main track centerline; thence westerly along the last line intersected to the westerly line of Locust Street; thence northerly along said street line to said line fifty feet southerly of said track centerline; thence westerly along the last line intersected to said west line of Section 6; thence northerly along said west line to the Point of Beginning; all in the Southwest Quarter of the Southwest Quarter of Section 6, Township 77 North, Range 28 West of the Fifth Principal Meridian.

Parcel 30: All of Grantor's interest in the South Half of the Southeast Quarter of the Southwest Quarter lying northerly of a line twenty-five feet northerly of and parallel to the centerline of Grantor's main track, lying easterly of the easterly line of Sycamore Street and westerly of the westerly line of Maple Street; Township 77 North, Range 28 West of the Fifth Principal Meridian.

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DALLAS COUNTY, IOWA

Dexter

Parcel 31: All of Grantor's interest in the Northeast Quarter of Section 31 lying southerly of a line twenty-five feet southerly of and parallel to the centerline of Grantor's main track, lying easterly of the westerly line of Clark Street extended southerly and lying westerly of the westerly line of Lyon Street, extended southerly; Township 78 North, Range 29 West of the Fifth Principal Meridian.

Parcel 32: All of Grantor's interest in the East Half of the East Half of the Northeast Quarter of Section 31 lying northerly of a line twenty-five feet northerly of and parallel to the centerline of Grantor's main track, lying westerly of the westerly line of Warren Street and lying easterly of a line one hundred twenty feet westerly of said westerly line of Warren Street; Township 78 North, Range 29 West of the Fifth Principal Meridian.

ADAIR COUNTY, IOWA

Stuart

Parcel 33: All of Grantor's interest in the North Half of the Northwest Quarter of the Northeast Quarter of Section 5, lying southerly of a line twenty-five feet southerly of and parallel to the centerline of Grantor's main track, lying easterly of the westerly line of Adams Street produced and lying westerly of the westerly line of Park Street produced; Township 77 North, Range 30 West of the Fifth Principal Meridian.

Parcel 34: All of Grantor's interest in the North Half of the Northeast Quarter of the Northeast Quarter of Section 5, lying northerly of a line fifteen feet northerly of and parallel to the centerline of Grantor's main track, lying easterly of the easterly line of Western Street produced northerly, lying westerly of the easterly line of Harrison Street produced and lying southerly of Front Street; Township 77 North, Range 30 West of the Fifth Principal Meridian.

Parcel 35: All of Grantor's interest in the east six hundred feet of the North Half of the Northeast Quarter of the Northwest Quarter of Section 4 lying northerly of a line twenty-five feet northerly of and parallel to the centerline of Grantor's main track; Township 77 North, Range 30 West of the Fifth Principal Meridian.

GUTHRIE COUNTY, IOWA

Menlo

Parcel 36: The Point of Beginning being on a line twenty-five feet northerly of and parallel to the centerline of Grantor's main track and on the westerly line of Adair Street; thence northerly along said westerly street line to a line one hundred fifty feet northerly of and parallel to said main track centerline; thence westerly along the last line intersected twelve hundred forty-five feet, more or less, to the southeasterly line of that property the Chicago, Rock Island and Pacific R.R. Co. conveyed to Menlo Elevator Company via instrument dated November 15, 1967; thence normal southwesterly along said southeasterly line to said line twenty-five feet northerly of said centerline; thence southeasterly along the last line intersected to the Point of Beginning; ALSO: An easement for buildings and other structures which extend southerly past said line twenty-five feet northerly of and parallel to said main track centerline, said buildings or other structures not to be repaired or replaced if substantially damaged or destroyed; all in the South Half of Section 27, Township 78 North, Range 31 West of the Fifth Principal Meridian.

Parcel 37: All of Grantor's interest in the Southwest Quarter of the Southeast Quarter of Section 27 lying southerly of a line twenty-five feet southerly of and parallel to the centerline of Grantor's main track lying westerly of the westerly line of Adair Street and lying easterly of the easterly line of Sherman Street; Township 78 North, Range 31 West of the Fifth Principal Meridian.

Parcel 38: All of Grantor's interest in the East Half of the Southwest Quarter of Section 27 lying easterly of the east line of Sheridan Street, lying westerly of the west line of Sherman Street and lying southerly of a line twenty-five feet southerly of and parallel to the centerline of Grantor's main track; Township 78 North, Range 31 West of the Fifth Principal Meridian.

Casey

Parcel 39: All of Grantor's interest in the South Half of the Southwest Quarter of the Southeast Quarter of Section 34 and all of Grantor's interest in the East one hundred feet of the East Half of the Southeast Quarter of the Southwest Quarter of Section 34, both lying easterly of the easterly line of McPherson Street, lying southerly of a line twenty-five feet southerly of and parallel to the centerline of Grantor's main track and lying westerly of the westerly line of Russell Street; Township 78 North, Range 32 West of the Fifth Principal Meridian.

CASS COUNTY, IOWA

Anita

Parcel 40: All of Grantor's interest in the east one thousand feet of the Northeast Quarter of the Northeast Quarter lying southerly of a line fifty feet southerly of and parallel to the centerline of Grantor's main track; Township 77 North, Range 34 West of the Fifth Principal Meridian.

Wiota

Parcel 41: All of Grantor's interest in the Northwest Quarter of Section 9 lying northwesterly of a line twenty-five feet northerly of and parallel to the centerline of Grantor's main track and lying northeasterly of the northeasterly line of Front Street, as laid out and located in the Town of Wiota, Township 76 North, Range 35 West of the Fifth Principal Meridian.

Parcel 42: All of Grantor's interest in the South Half of the Northeast Quarter of the Northwest Quarter of Section 9 lying southeasterly of a line twenty-five feet southeasterly of and parallel to the centerline of Grantor's main track, lying southwesterly of the southwesterly line of East Street, lying northwesterly of the northwest line of Main Street and lying northeasterly of a line one hundred twenty feet southwesterly of and parallel to said southwesterly line of East Street; Township 76 North, Range 35 West of the Fifth Principal Meridian.

Atlantic

Parcel 43: All of Grantor's interest in the Northwest Quarter of the Southwest Quarter and the Southwest Quarter of the Northwest Quarter of Section 5, both lying easterly of the easterly alley line of Block 76 of the Town of Atlantic and lying westerly of a line fifteen feet westerly of and parallel to the centerline of Grantor's Track #25; Township 76 North, Range 36 West of the Fifth Principal Meridian.

Parcel 44: All of Grantor's interest in the Northeast Quarter of the Southwest Quarter of Section 5 lying easterly of the westerly line of Poplar Street produced northerly, lying westerly of the westerly line of Chestnut Street, lying northerly of a line two hundred feet southerly of and parallel to the centerline of Grantor's main track and lying southerly of a line ten feet southerly of and parallel to the centerline of Grantor's Track #8; Township 76 North, Range 36 West of the Fifth Principal Meridian.

Parcel 45: All of Grantor's interest in the West Half of the Northeast Quarter of the Southeast Quarter of Section 5 lying southerly of a line twenty-five feet southerly of and parallel to the centerline of Grantor's main track, lying easterly of the westerly line of Linn Street, produced northerly, and lying westerly of the east line of Oak Street; Township 76 North, Range 36 West of the Fifth Principal Meridian.

Parcel 46: The Point of Beginning being on the centerline of Linn Street, produced northerly and on a line two hundred feet northerly of and parallel to the centerline of Grantor's main track; thence westerly and parallel to said main track centerline one hundred thirty feet, more or less; thence normal southerly one hundred fifty feet, more or less, to a line ten feet northerly of and parallel to the centerline of Grantor's Track #13; thence easterly and parallel to said Track #13 centerline approximately one hundred sixty-five feet to said produced street centerline; thence northerly along said street centerline to the Point of Beginning; all in the Northeast Quarter of the Southeast Quarter of Section 5, Township 76 North, Range 36 West of the Fifth Principal Meridian.

Parcel 47: The Point of Beginning being on a line two hundred feet northerly of and parallel to the centerline of Grantor's main track and on the westerly line of Maple Street, produced northerly; thence easterly parallel to said track centerline one hundred seventy-five feet, more or less, to the southeast corner of that certain Commercial Street, Lot 25; thence normal southerly one hundred forty feet, more or less, to a line ten feet northerly of and parallel to the centerline of Grantor's Track #13; thence North 70° West, more or less, for approximately one hundred seventy feet to said west line of Maple Street, produced northerly; thence northerly along the last line intersected to the Point of Beginning, all in the Northwest Quarter of the Southeast Quarter of Section 5, Township 76 North, Range 36 West of the Fifth Principal Meridian.

Parcel 48: The Point of Beginning being on the northerly line of Commerce Street and on the East/West centerline of Section 5; thence westerly forty feet, more or less, to the southwest corner of Lot 48; thence northerly along the west line of Lot 48, produced northerly, six hundred feet; thence easterly parallel with said street line three hundred sixty-eight feet; thence southerly and parallel with said west line of Lot 48, six hundred feet to said northerly street line; thence westerly along said street line to the Point of Beginning; all in the Southwest Quarter of the Northeast Quarter of Section 5 and the north one hundred feet of the Northwest Quarter of the Southeast Quarter of Section 5, Township 76 North, Range 36 West of the Fifth Principal Meridian.

POTTAWATTOMIE COUNTY, IOWA

Council Bluffs

Parcel 49: All of Grantor's interest in the Southwest Quarter of Section 36 lying easterly of the easterly line of 8th Street, lying northerly of a line twenty-five feet northerly of and parallel to the centerline of Grantor's main track and lying westerly of a line one hundred fifty feet, more or less, easterly of and parallel to the easterly line of 7th Street; Township 75 North, Range 44 West of the Fifth Principal Meridian.

Parcel 50: The Point of Beginning being on the East line of Section 1, Township 74 North, Range 44 West of the Fifth Principal Meridian at a point three hundred ninety-five feet, more or less, southerly of the East/West centerline of said Section 1; thence southerly along said east Section line ninety-five feet, more or less; thence North 51° 15' East, more or less, for sixty feet, more or less; thence South 38° 45' East, more or less, for five hundred and fifty-five feet, more or less; thence normal southwesterly forty feet,

more or less, to a line fifteen feet northeasterly of and parallel to the centerline of Grantor's yard ladder track; thence northwesterly along said line to a line fifteen feet northeasterly of and parallel to the centerline of Grantor's Track #5; thence northwesterly along the last line intersected to a line approximately one hundred seventy feet northerly of and parallel to said East/West centerline of Section 1; thence easterly along the last line intersected two hundred twenty-five feet, more or less; thence South 38° 45' East, more or less, for approximately 731 feet to the Point of Beginning; all in the South Half of the Southeast Quarter of the Northeast Quarter of Section 1 and the East Half of the Northeast Quarter of the Southeast Quarter of Section 1, Township 74 North, Range 44 West of the Fifth Principal Meridian and in the West Half of the Northwest Quarter of the Northwest Quarter of Section 6, Township 74 North, Range 43 West of the Fifth Principal Meridian.

Parcel 51: The Point of Beginning being the Northeast corner of the Northwest Quarter of Section 7; thence southerly along the east line of said Northwest Quarter approximately three hundred thirty-five feet; thence South 50° 0' East, more or less, for nine hundred ninety feet to a line fifty feet northerly of and parallel to the centerline of Grantor's main track; thence westerly and parallel to said track centerline nine hundred twenty-four feet, more or less, to a line fifteen feet northerly of and parallel to the centerline of Track #14; thence northwesterly along the last line intersected to a line which travels northwesterly along a series of lines being fifteen feet northeasterly of and parallel to the centerlines of Tracks #14, #27, #28, and #24 to the north line of said Northwest Quarter; thence easterly along said north line one hundred twenty feet, more or less, to the west line of Lot 16 of Mallet's Subdivision in Auditors Subdivision of Lot 5; thence northerly along said west lot line approximately five hundred ninety-two feet to the centerline of South Avenue; thence southeasterly along said street centerline approximately two hundred seventy-five feet to the easterly line of Lot 15 of said subdivision; thence southerly along said easterly lot line approximately one hundred

eighty-five feet to a line one hundred sixty feet southerly of and parallel to said South Avenue centerline; thence southeasterly along the last line intersected to the easterly line of Lot 14 of said subdivision; thence southerly along said easterly lot line to said north line of said Northwest Quarter; thence easterly along said north line approximately two hundred forty-five feet, to the Point of Beginning; all in the Northeast Quarter of the Northwest Quarter of Section 7, the Northwest Quarter of the Northeast Quarter of Section 7 and the Southeast Quarter of the Southwest Quarter of Section 6, Township 74 North, Range 43 West of the Fifth Principal Meridian.

aw

A strip of land of varying widths constituting a railroad right-of-way in Pottawattamie County, Iowa, the center line of which is more particularly described below: Beginning at Milepost 490.38, being a point on the center line of Grantor's main line track, at the intersection thereof with the North line of the Southwest Quarter of the Southeast Quarter of Section 27, Township 76 North, Range 42 West of the Fifth Principal Meridian; thence Southwesterly along said center line through Sections 27, 34 and 33, Township 76 North, Range 42 West of the Fifth Principal Meridian; thence continuing Southwesterly through Sections 4, 5, 8, 7 and 18, Township 75 North, Range 42 West of the Fifth Principal Meridian; thence continuing Southwesterly through Sections 13, 14, 23, 22, 27, 28, 33 and 32, Township 75 North, Range 43 West of the Fifth Principal Meridian; thence continuing Southwesterly through Section 5, Township 74 North, Range 43 West of the Fifth Principal Meridian to Milepost 502.23, being a point of intersection of said center line of Grantor's main line track, with the Easterly right-of-way line of Chicago Pacific Corporation (formerly the Chicago, Rock Island and Pacific Railroad Company).

EXHIBIT B
(Mortgage Agreement)

LEGAL DESCRIPTION AND
DESCRIPTION OF PROPERTY

SECOND LIEN

That part constituting the single track of the operating main line of the following described parcels of land and strips of land of varying widths consituting a continuous line of railroad property.

SECTION THREE

Davenport to E. Des Moines

Scott County, Iowa

Beginning at the intersection of the centerline of the Grantor's Colorado West Bound (northerly) main track and a line oriented at right angles to said track centerline located seven hundred ninety-eight feet, more or less, southeasterly of the North line of Section 36, as measured along said track centerline (M.P. 182.35, E.P.S. 9634+00), also being the East end of Grantor's Bridge No. 1825 over Third Street as located in Block 74 of LeClaires Addition to the City of Davenport, Township 78 North, Range 3 East of the 5th P.M.; thence westerly along Grantor's Davenport to Iowa City West Bound (northerly) main track centerline through said Section 36 and through Sections 25, 26, 27, 22, 21, 16, 17, 18 and 7 (Excluding all of Grantor's interest in his East Davenport Yard located East of the East line of Pershing (Rock Island) Street in the Southwest Quarter of Section 25, and located East of the East line of Iowa Street and located northerly of the northerly line of Third Street in the Northwest Quarter of Section 36), all in Township 78 North, Range 3 East of the 5th P.M.; thence continuing westerly through Sections 13, 12, 11, 10, 9, 4, 5 and 6, to the Westerly line of Scott County, Township 78 North, Range 2 East of the 5th P.M.

ALSO: Beginning at the intersection of the centerline of the Grantor's West Bound (northerly) main track and a line two hundred sixty-four feet, more or less, westerly of and parallel to the East line of Section 27, (M.P. 183.61, E.P.S. 9700+45), Township 78 North, Range 3 East of the 5th P.M.; thence westerly and southerly along Grantor's Davenport to Muscatine main track centerline through said Section 27 and Section 34 to the intersection of said main track centerline with the south line of Third Street, as laid out and located in the City of Davenport (M.P. 184.25, E.P.S. 9732+05), Township 78 North, Range 3 East of the 5th P.M.

Muscatine County, Iowa

Beginning at the intersection of the centerline of the Grantor's West Bound (northerly) main track and the East line of Muscatine County, being also the East line of Section 1, Township 78 North, Range 1 East of the 5th P.M.; thence westerly along said centerline through said Section 1 and through Sections 2, 3, 4, 5 and 6 (Excluding that part of the Northeast Quarter of Section 5 lying northerly of a line fifty feet northerly of and parallel to the centerline of said northerly main track; Excluding all of Grantor's right-of-way located southerly of a line fifty feet southerly of and parallel to said northerly main track centerline located in said Sections 4 and 5 and being a part of Grantor's abandoned Black Hawk yard to Cedar Rapids line), Township 78 North, Range 1 East of the 5th P.M.; thence continuing westerly through Section 31, Township 79 North, Range 1 East of the 5th P.M. (being in Scott County); thence continuing westerly through Sections 36, 35, 34 and 33, Township 79 North, Range 1 West of the 5th P.M. (being in Cedar County); thence continuing westerly through Sections 4, 5 and 6, Township 78 North, Range 1 West of the 5th P.M.; thence continuing westerly through Sections 1, 2, 11, 10, 9, 8, 5 and 6, Township 78 North, Range 2 West of the 5th P.M.; thence continuing westerly through Section 1, 12, 11, 10, 15, 16, 17 and 18, Township 78 North, Range 3 West of the 5th P.M.; thence continuing westerly through Sections 13, 12, 11, 2, 3 and 4 to the northerly line of Section 4, being the northerly line of Muscatine County, (excluding Grantor's personal property and track fixtures and appurtenances thereto, in said Section 12, pertaining to its Cedar Rapids to Columbus Jct. line of railroad), Township 78 North, Range 4 West of the 5th P.M.

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Cedar County, Iowa

Beginning at the intersection of the centerline of the Grantor's main track and the south line of Section 33, Township 79 North, Range 4 West of the Fifth Principal Meridian, being also the southerly line of Cedar County; thence westerly through Sections 33, 32, 29 and 30 to the westerly line of Section 30, being the westerly line of Cedar County, Township 79 North, Range 4 West of the 5th P.M.

Johnson County, Iowa

Beginning at the intersection of the centerline of the Grantor's main track and the East line of Section 25, Township 79 North, Range 5 West of the 5th P.M., being the easterly line of Johnson County; thence westerly through Sections 25, 26, 27, 28, 29, 20 and 19, Township 79 North, Range 5 West of the 5th P.M., continuing westerly through Sections 24, 13, 14, and 15 (Excluding that part of Grantor's former Elmira to Iowa City line lying northerly of the northerly line of Des Moines Street extended easterly, said street as laid out and located in the County Seat Addition of the City of Iowa City; Excluding all of Grantor's interest in Maiden Lane lying southerly of the south line of Lot 1, of Block 22 of County Seat Addition to the City of Iowa City, extended easterly, and lying northerly of the north line of Benton Street, as laid out and located in Lyon's First Addition to the City of Iowa City; Excluding all of Grantor's interest in Block 4 of Lyon's First Addition to the City of Iowa City; Township 79 North, Range 6 West of the 5th P.M.;

ALSO: All of Grantor's Iowa City to Hills branch line in the East Half of Section 15 lying easterly of a line eight feet easterly of and parallel to the centerline of Grantor's former Iowa City to Elmira main track, as located in or near Maiden Lane, all in Section 15, Township 79 North, Range 6 West of the 5th P.M.

(Part of Section Three has been deliberately omitted)

EXCEPTING AND EXCLUDING THE FOLLOWING DESCRIBED PARCELS 6 THROUGH 9, INCLUSIVE OF LAND:

West Liberty

Parcel 6: All that part of Section 12 lying northeasterly of a line fifty feet northeasterly of and parallel to the centerline of Grantor's E. Des Moines to Davenport main track and lying northerly of a line 1320 feet southerly of and parallel to the east/west centerline of said Section 12, all in Township 78 North, Range 4 West of the 5th P.M.

Parcel 7: All of Grantor's interest in its West Liberty to Cedar Rapids right-of-way being southerly of the south line of the North Half of the Southwest Quarter of Section 12, northerly of a line 50 feet northerly of and parallel to the centerline of Grantor's Davenport to E. Des Moines main track and westerly of a line 15 feet easterly of and parallel to the centerline of Grantor's West Liberty to Cedar Rapids main track; all in the North Half of the West Half of the South Half of the Southwest Quarter of Section 12, Township 78 North, Range 4 West of the 3rd P.M.

Parcel 8: All of Grantor's interest in Outlot No. 10 of the City of West Liberty, and all of Grantor's interest in Grantor's Columbus Junction to Cedar Rapids right-of-way lying easterly of said Outlot No. 10 and lying southerly of a line fifty feet southerly of and parallel to Grantor's Davenport to E. Des Moines main track centerline; all in the Southwest Quarter of the Southwest Quarter of Section 12, Township 78 North, Range 4 West of the 5th P.M.

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Parcel 9: All of Grantor's interest in Lots 1 through 16 inclusive of Outlot No. 3 of the City of West Liberty, being in the east four hundred feet of the north five hundred feet of the south one thousand four hundred feet of the west one thousand fifty feet of the Southwest Quarter of Section 12, Township 78 North, Range 4 West of the 5th P.M.

ALSO EXCLUDING ALL THAT PART OF THE ABOVE DESCRIBED PARCELS AND STRIPS OF LAND WHICH ARE NOT PART OF THE OPERATING MAIN LINE TRACK; WITHOUT LIMITATION, THIS EXCLUSION INCLUDES THE SECOND LINE OF TRACK, AND ALL OTHER PARTS OF THE PROPERTY NOT PART OF THE OPERATING MAIN LINE TRACK INCLUDING THE FOLLOWING DESCRIBED PARCELS 3 THROUGH 13, and 26

SCOTT COUNTY, IOWA

Davenport

Parcel 3: The Point of Beginning being on the west line of Block 74 and on the north line of the East/West alley of said Block 74; thence easterly along said alley line one hundred fifty feet; thence northwesterly and at an interior angle of 45° to the last-described line to the intersection with said west Block line; thence southerly along said west Block line to the Point of Beginning, all in Block 74 of LeCaire's Addition to the City of Davenport, in the Northwest Quarter of Section 36, Township 78 North, Range 3 East of the Fifth Principal Meridian.

Parcel 4: The Point of Beginning being the intersection of the west line of Division Street and a line fifty feet southerly of and parallel to the centerline of the Grantor's northerly Davenport to Iowa City main track; thence easterly along said southerly line two hundred ninety-six feet, more or less; thence southerly and parallel to said west street line fifty-five feet, more or less, to a line twelve feet northerly of and parallel to the centerline of Grantor's Track #1; thence southwesterly along the last line intersected to the northerly prolongation of a line oriented at right angles to said Track #1 centerline and located at the westerly end of said Track #1; thence southwesterly on an angle of 45° from the last line intersected to the intersection with a line twelve feet northerly of and parallel to the centerline of Grantor's main Davenport to Muscatine track; thence westerly along the last line intersected to said west line of Division Street; thence northerly along the last line intersected to the Point of Beginning; all in the Southwest Quarter of the Southeast Quarter of Section 27, Township 78 North, Range 3 East of the Fifth Principal Meridian.

Walcott

Parcel 5: The Point of Beginning being on the North/South centerline of Section 6 and on a line one hundred fifty feet northerly of and parallel to the centerline of Grantor's northerly main track; thence westerly along said line northerly of said track centerline to the westerly line of Main Street, produced southerly; thence southerly along the last line intersected to a line twenty-five feet northerly of and parallel to said main track centerline; thence easterly along the last line intersected to the easterly line of Henry Street, produced southerly; thence northerly along the last line intersected to said line one hundred fifty feet northerly of said main track centerline; thence westerly along the last line intersected to the Point of Beginning; all in the South Half of Section 6, Township 78 North, Range 2 East of the Fifth Principal Meridian.

Parcel 6: The Point of Beginning being on the centerline of Parker Street, as laid out and located in the Town of Walcott, and on the north line of Block 13, as laid out and located in the Town of Walcott, produced easterly; thence westerly along said northerly Block line to the west line of Lot 2 of said Block; thence southerly along said west Lot line to a line twenty-five feet northerly of and parallel to the centerline of Grantor's northerly main track; thence easterly along the last line intersected to said Parker Street centerline; thence northerly along the last line intersected to the Point of Beginning; all in the East Half of the Southwest Quarter of Section 6, Township 78 North, Range 2 East of the Fifth Principal Meridian.

CEDAR COUNTY, IOWA

Durant

Parcel 7: The Point of Beginning being on the west line of Warren Street and on a line fifty feet northerly of and parallel to the centerline of Grantor's northerly main track; thence westerly along said line northerly of said centerline to the westerly line of Howard Street; thence normal northerly for one hundred feet; thence normal westerly one hundred sixty feet; thence normal southerly one hundred feet; thence normal westerly to the east line of Clay Street; thence normal southerly to a line twenty-two feet northerly of and parallel to said main track centerline; thence easterly along the last line intersected to the westerly line of Warren Street; thence normal northerly to the Point of Beginning; all in the South Half of Section 36, Township 79 North, Range 1 West of the Fifth Principal Meridian.

MUSCATINE COUNTY, IOWA

Wilton

Parcel 8: The Point of Beginning being on a line twenty feet northerly of and parallel to the centerline of Grantor's northerly main track and on the east line of Cypress Street; thence easterly along said line northerly of said track centerline to the East/West centerline of Section 6; thence northerly along the last line intersected to a line fifty feet northerly of and parallel to said track centerline; thence westerly along the last line intersected to said east line of Cypress Street; thence southerly along the last line intersected to the Point of Beginning; all in the Southeast Quarter of the Northwest Quarter of Section 6, Township 78 North, Range 1 West of the Fifth Principal Meridian.

Parcel 9: The Point of Beginning being on the westerly line of Chestnut Street and on a line fifty feet northerly of and parallel to the centerline of Grantor's northerly main track; thence westerly along said line northerly of said track centerline to the easterly line of Lot 11 of Block 82 extended southerly; thence southerly along the last line intersected to a line twenty-five feet northerly of and parallel to said track centerline; thence easterly along the last line intersected to said westerly line of Chestnut Street; thence northerly along the last line intersected to the Point of Beginning; all in the Southeast Quarter of Section 1, Township 78 North, Range 2 West and in the Southwest Quarter of Section 6, Township 78 North, Range 1 West of the Fifth Principal Meridian.

Parcel 10: The Point of Beginning being on the easterly line of Public Road and on a line ten feet southerly of and parallel to the centerline of Grantor's Track #4; thence easterly along the last line intersected to the westerly line of Pine Street, produced northerly; thence southerly along the last line intersected to a line fifty feet southerly of and parallel to the centerline of Grantor's northerly main track; thence westerly along the last line intersected to said easterly line of Public Road; thence northerly along the last line intersected to the Point of Beginning; all in the Northeast Quarter of the Southeast Quarter of Section 1, Township 78 North, Range 2 West of the Fifth Principal Meridian.

Atalissa

Parcel 11: The Point of Beginning being on the East line of Oak Street and on a line two hundred feet northerly of and parallel to the centerline of Grantor's northerly main track; thence easterly along said line northerly of said centerline three hundred five feet; thence normal southerly one hundred fifty feet; thence normal easterly to the west line of Cherry Street; thence southerly along the last line intersected to a line twenty-five feet northerly of and parallel to said track centerline; thence westerly along the last line intersected to said east line of Oak Street; thence northerly along the last line intersected to the Point of Beginning; all in the Southeast Quarter of the Southwest Quarter of Section 11, Township 78 North, Range 3 West of the Fifth Principal Meridian.

Parcel 12: The Point of Beginning being on a line twenty-five feet southerly of and parallel to the centerline of Grantor's northerly main track and on the west line of Cherry Street; thence westerly along said line southerly of said track centerline to the west line of Linn Street, produced northerly; thence southerly along the last line intersected to a line one hundred feet southerly of and parallel to said track centerline; thence easterly along the last line intersected to said west line of Cherry Street; thence northerly along the last line intersected to the Point of Beginning; all in the Southeast Quarter of the Southwest Quarter of Section 11, Township 78 North, Range 3 West of the Fifth Principal Meridian.

West Liberty

Parcel 13: The Point of Beginning being on a line fifteen feet easterly of and parallel to the centerline of Grantor's Cedar Rapids to Columbus Junction main track and on a line fifteen feet northerly of and parallel to the centerline of the Grantor's northerly Davenport to Iowa City main track; thence northerly along said line easterly of said Cedar Rapids to Columbus Junction main track centerline to the westerly extension of the south alley line of Block 4 of Moorehouse Addition to the Town of West Liberty; thence easterly along the last line intersected one hundred five feet, more or less; thence normal southerly eighty feet, more or less; thence South 36° East, more or less, for eighty-seven feet, more or less, to the north line of Fourth Street; thence South 7° 5' West, more or less, to a line fifty feet northerly of and parallel to said Davenport to Iowa City northerly main track centerline; thence easterly along the last line intersected to the south line of Fourth Street; thence westerly along the last line intersected to said line fifteen feet northerly of said Davenport to Iowa City northerly main track centerline; thence westerly along the last line intersected to the Point of Beginning; all track and streets as laid out and located in the City of West Liberty; all in the West Half of the Southwest Quarter of Section 12, Township 78 North, Range 4 West of the Fifth Principal Meridian.