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 1819 H STREET, N.W.
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10804

CABLE: MOTOR NEW YORK
 RCA TELEX: 222974
 WUI TELEX: 620362
 ITT TELEX: 424674
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CABLE: MOTOR WASHINGTON
 WU: TELEX 892598
 TELEPHONE (202) 737-7847

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INTERSTATE COMMERCE COMMISSION

INTERSTATE COMMERCE COMMISSION

September 10, 1979

9-253A040

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Date SEP 10 1979

Fee \$10.00

INTERSTATE COMMERCE COMMISSION

Secretary
 Interstate Commerce Commission
 Washington, D.C. 20423

ICC, Washington, D.C.

RESIDENT PARTNER
 CARROLL E. DUBUC*
 OF COUNSEL
 RALPH E. CASEY*
 JOHN W. MCCONNELL, JR.*
 * ADMITTED TO D.C. BAR

Dear Sir:

We are special counsel for General Electric Credit Corporation ("GECC") and we enclose for filing with and recording by the Interstate Commerce Commission three counterparts of the Security Agreement dated as of September 5, 1979 between Boxcar CC Associates (the "Debtor"), c/o Saul D. Kronovet, Esq., 711 Third Avenue, New York, New York 10017, and General Electric Credit Corporation (the "Secured Party") under a Note Purchase Agreement dated as of September 5, 1979. Also enclosed for filing are three counterparts of a Management Agreement and of a Certificate of Acceptance on behalf of Boxcar CC Associates, as owner, and National Railway Utilization Corporation, as managing agent. The Secured Party's address is:

General Electric Credit Corporation
 Leasing and Industrial Loans
 P.O. Box 8300
 Stamford, Connecticut 06904
 Attention: Investment Manager

The address of the Managing Agent is:

National Railway Utilization Corporation
 1100 Centre Square East
 1500 Market Street
 Philadelphia, Pennsylvania 19102

SEP 10 12 55 PM '79
 FEDERAL
 RECEIVED
 T.C.C.
 FEE COLLECTION DEPT.

Handwritten signatures and initials on the left margin.

Secretary,
Interstate Commerce Commission -2-

September 10, 1979

The Security Agreement relates to the following equipment:

One Hundred and Seventy-Five (175) 50' 6"
70-ton single sheaved box cars without side
posts, 10' 0" sliding doors, rigid underframe
(AAR mechanical designation XM), bearing the
identifying numbers NSL 151501, 151510 to
151513, 151519 to 151520, 151523, 151525 to
151543, 151545, 151561 to 151590, 151621 to
151624, 151628 to 151636, 151638 to 151643,
PT206010 to 206039, 206041 to 206042, 206049
to 206055, 206067 to 206085 and NSL157060 to
157099.

The words "TITLE TO THIS CAR SUBJECT TO DOCUMENTS RECORDED
WITH THE INTERSTATE COMMERCE COMMISSION" are printed on the
side of each unit.

A check in the amount \$110.00 is enclosed to cover filing
fees.

Please return all additional copies of the enclosed
counterparts not required for filing by the Interstate Commerce
Commission to Vance W. Torbert, III, of this office.

Very truly yours,

HAIGHT, GARDNER, POOR & HAVENS

By



Charles A. Schneider

Enclosures

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INTERSTATE COMMERCE COMMISSION

SECURITY AGREEMENT

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SECURITY AGREEMENT

INTERSTATE COMMERCE COMMISSION

Dated as of September 5 , 1979

BETWEEN

BOXCAR CC ASSOCIATES

DEBTOR

AND

GENERAL ELECTRIC CREDIT CORPORATION,

SECURED PARTY

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Acknowledgements

SCHEDULE I	Description of Equipment
EXHIBIT A	Form of the Secured Note

SECURITY AGREEMENT

THIS SECURITY AGREEMENT dated as of ^{September} ~~August~~ 5,  1979 (Security Agreement) is between BOXCAR CC ASSOCIATES, a New York partnership (the Debtor), and GENERAL ELECTRIC CREDIT CORPORATION, a New York corporation (the Secured Party or Note Purchaser).

RECITALS:

A. The Debtor and the Secured Party have entered into a Note Purchase Agreement dated as of the date hereof (the Note Purchase Agreement) providing for the commitment of the Note Purchaser to purchase not later than December 31, 1979, the Secured Note (the Note) of the Debtor not exceeding the maximum aggregate principal amount of \$5,250,000. The Note is to be repayable on or prior to January 20, 1991 and is to be otherwise substantially in the form attached hereto as Exhibit A. The term "Note" shall also mean any note or notes issued pursuant to Section 7.3 hereof.

B. The Note and all principal thereof and interest (and premium, if any) thereon and all additional

amounts, including, without limitation, any additional sums loaned to the Debtor pursuant thereto and other sums at any time due and owing from or required to be paid by the Debtor under the terms of the Note, this Security Agreement or the Note Purchase Agreement are hereinafter sometimes referred to as "indebtedness hereby secured".

C. All of the requirements of law relating to the transaction contemplated hereby have been fully complied with and all other acts and things necessary to make this Security Agreement a valid, binding and legal instrument for the security of the Note have been done and performed.

Section 1. GRANT OF SECURITY.

The Debtor, intending to be legally bound hereby, in consideration of the premises and of the transaction contemplated by the Note Purchase Agreement and other good and valuable consideration, receipt and sufficiency of which is hereby acknowledged, and in order to secure the payment of the principal of and interest on the Note according to its tenor and effect, and to secure the payment of all other indebtedness hereby secured and the performance and observance of all covenants and conditions in the Note and in this

Security Agreement and in the Note Purchase Agreement contained, does hereby convey, warrant, mortgage, pledge, assign and grant to the Secured Party, its successors and assigns, a security interest in all and singular of the Debtor's right, title and interest in and to the properties, rights, interests and privileges described in Sections 1.1, 1.2 and 1.3 hereof, and all proceeds thereof whether now owned or hereafter acquired, subject always to the exceptions, reservations and limitations contained in Section 1.6 hereof (all of which properties, rights, interests and privileges hereby mortgaged, assigned and pledged, or intended so to be, are hereinafter collectively referred to as the Collateral).

1.1 Equipment Collateral. Collateral includes the railroad equipment described in Schedule I attached hereto and made a part hereof and in any amendments or additions to such schedule hereafter attached hereto and filed herewith (collectively, the Equipment, and individually, an Item of Equipment) constituting equipment delivered under that certain Management Agreement dated as of the date hereof (the Management Agreement) between the Debtor and National Railway Utilization Corporation, a South Carolina

corporation (NRUC), together with all accessories, equipment, parts and appurtenances appertaining or attached to any of the Equipment, whether now owned or hereafter acquired, except such thereof as remain the property of NRUC under the Management Agreement, and all substitutions, renewals or replacements of, and additions, improvements, accessions and accumulations to, or proceeds of any and all of said Equipment, except such thereof as remain the property of NRUC under the Management Agreement, together with all the rents, issues, income, profits and avails therefrom.

1.2 Management Agreement Collateral. Collateral also includes all right, title, interest, claims and demands of the Debtor in, to and under the Management Agreement, together with all rights, powers, privileges, options and other benefits of the Debtor under the said Agreement, including, without limitation, but subject always to the exceptions, reservations and limitations contained in Section 1.6 hereof:

(1) all revenues, insurance proceeds, condemnation awards and other payments, proceeds, tenders and security now or hereafter payable to or receivable by the Debtor under said Agreement or pursuant thereto, together with the immediate and continuing right to receive and collect same;

(2) the right to make all waivers and agreements and to give and receive duplicate copies of all notices and other instruments or communications; provided, however, that the Secured Party shall be under no obligation to take such actions; and

(3) the right to take such action upon the occurrence of an Event of Default under said Agreement or an event which with the lapse of time or giving of notice, or both, would constitute an Event of Default under said Agreement, including the commencement, conduct and consummation of legal, administrative or other proceedings, as shall be permitted by the Management Agreement or by law, and to do any and all other things whatsoever which the Debtor or its successors and assigns is or may be entitled to do under the Management Agreement;

it being the intent and purpose hereof that subject always to the exceptions, reservations and limitations contained in Section 1.6 hereof, the assignment and transfer to the Secured Party of said rights, powers, privileges, options and other benefits shall be effective and operative immediately and shall continue in full force and effect, and the

Secured Party shall have the right to collect and receive said revenues, insurance proceeds, condemnation awards and other payments for application in accordance with the provisions of Section 4 hereof at all times during the period from and after the date of this Security Agreement until the indebtedness hereby secured has been fully paid and discharged.

1.3 Other Collateral. Collateral also includes all right, title, interest, claims and demands of the Debtor in, to and under the Commitment Agreement dated as of the date hereof (the Commitment Agreement), between the Debtor and NRUC, the Optional Boxcar Maintenance Agreement dated as of the date hereof (the Maintenance Agreement), between the Debtor and NRUC, the Financial Services Agreement between the Debtor and Orchard Capital Management, Inc. dated as of the date hereof (the Financial Services Agreement) and any and all other contracts and agreements relating to the Equipment or any rights or interests therein (other than the Note Purchase Agreement) to which the Debtor is now or hereafter may be a party, together with all rights, powers, privileges, options and other benefits of the Debtor under each and every other such contract and agreement, it being

the intent and purpose hereof that subject always to the exceptions, reservations and limitations contained in Section 1.6 hereof, the assignment and transfer to the Secured Party of said rights, powers, privileges, options and other benefits shall be effective immediately and operative immediately and shall continue in full force and effect until the indebtedness hereby secured has been fully paid and discharged.

1.4 Priority of Security Interest. The security interest granted by this Section 1 constitutes a perfected and enforceable first priority security interest in the Collateral.

1.5 Duration of Security Interest. The Secured Party, its successors and assigns shall have and hold the Collateral forever; provided, always, however, that such security interest is granted upon the express condition that if the Debtor shall pay or cause to be paid all the indebtedness hereby secured, then these presents and the estate hereby granted and conveyed shall cease and this Security Agreement shall become null and void; otherwise to remain in full force and effect.

1.6 Excepted Rights in Collateral. There are expressly excepted and reserved from the security interest and operation of this Security Agreement the following

described properties, rights, interests and privileges (hereinafter sometimes referred to as the Excepted Rights in Collateral) and nothing herein or in any other agreement contained shall constitute an assignment of the Excepted Rights in Collateral to the Secured Party:

(a) all payments of any indemnity under Section 11 of the Management Agreement which by the terms of said Agreement are payable to the Debtor for its own account;

(b) all rights of the Debtor respectively, under the Management Agreement to demand, collect, sue for or otherwise obtain all amounts from NRUC due the Debtor on account of any such indemnities or payments due pursuant to said Section 11 of the Management Agreement; provided, however, that the rights excepted and reserved by this paragraph (b) shall not be deemed to include the exercise of any remedies provided for in Section 13 of the Management Agreement except those contained in Section 13(a)(ii) and (iii) thereof;

(c) any insurance proceeds payable under general public liability policies maintained by NRUC pursuant to Section 4(e) of the Management Agreement which by

the terms of such policies or the terms of the Management Agreement are payable directly to the Debtor for its own account; and

(d) all rights of the Debtor to purchase the Equipment under the Commitment Agreement:

provided, nevertheless, that the Excepted Rights in Collateral shall at no time include any of the payments of indemnity, other amounts or insurance proceeds described in Sections 1.6(a), (b) or (c) hereof which shall arise or are payable after an Event of Default.

Section 2. COVENANTS AND WARRANTIES OF THE DEBTOR.

The Debtor covenants, warrants and agrees as follows:

2.1 Debtor's Duties. The Debtor covenants and agrees well and truly to perform, abide by and to be governed and restricted by each and all of the terms, provisions, restrictions, covenants and agreements set forth in the Note Purchase Agreement, and in each and every supplement thereto or amendment thereof which may at any time or from time to time be executed and delivered by the parties

thereto or their successors and assigns to the same extent as through each and all of said terms, provisions, restrictions, covenants and agreements were fully set out herein and as though any amendment or supplement to the Note Purchase Agreement were fully set out in an amendment or supplement to this Security Agreement.

2.2 Warranty of Title. The Debtor has the full ownership of, and the complete right, power and authority to grant a first security interest in the Collateral to the Secured Party for the uses and purposes herein set forth, as contemplated hereby; and the Debtor will warrant and defend the title to the Collateral against all claims and demands of all persons whatsoever except persons claiming by, through or under the Secured Party. The Debtor agrees to pay or discharge any and all claims, liens, charges or security interests claimed by any person (other than by, through or under the Secured Party), which, if unpaid, might become a claim, lien, charge or security interest on or with respect to the Collateral, but the Debtor shall not be required to discharge such claim, lien, charge or security interest so long as (a) such claim, lien, charge or security interest is a lien for taxes, governmental charges or levies

in each case not due and delinquent, or undetermined or inchoate materialmen's, mechanics', workmen's, repairmen's or other like liens arising in the ordinary course of business and in each case not delinquent or (b) the validity of such claim, lien, charge or security interest shall be contested in good faith and by appropriate legal or administrative proceedings in any reasonable manner and the nonpayment thereof does not, in the opinion of the Secured Party, adversely affect the security interest of the Secured Party in or to the Collateral or any portion thereof.

2.3 Further Assurances. The Debtor will, at no expense to the Secured Party, do, execute, acknowledge and deliver every and all further acts, deeds, conveyances, transfers and assurances (a) for the perfection of the security interest being herein provided for in the Collateral, whether now owned or hereafter acquired and (b) as the Secured Party may consider necessary or desirable for giving full effect to this Security Agreement or for securing the rights of the Secured Party hereunder. Without limiting the foregoing but in furtherance of the security interest herein granted in the revenues and other sums due and to become due under the Management Agreement, the Debtor covenants and

agrees that it will cause NRUC to be notified of such assignment pursuant to Section 16 of the Management Agreement and direct NRUC, upon written notice by the Secured Party, to make all payments of such revenues and other sums due and to become due under the Management Agreement, other than the Excepted Rights in Collateral, as the Secured Party may direct.

2.4 After-acquired Property. Any and all property described or referred to in the granting clauses hereof which is hereafter acquired shall ipso facto, and without any further conveyance, assignment or act on the part of the Debtor or the Secured Party, become and be subject to the security interest herein granted as fully and completely as though specifically described herein, but nothing in this Section 2.4 contained shall be deemed to modify or change the obligation of the Debtor under Section 2.3 hereof.

2.5 Recordation and Filing. The Debtor will cause this Security Agreement and any supplements hereto, the Management Agreement and any supplements thereto and all financing and continuation statements and similar notices required by applicable law, at all times to be kept, recorded and filed at no expense to the Secured Party in such

manner and in such places as may be requested by the Secured Party in order fully to preserve and protect the rights of the Secured Party hereunder, and will at its own expense furnish to the Secured Party promptly after the execution and delivery of this Security Agreement and of any supplemental security agreement an opinion of counsel stating that in the opinion of such counsel this Security Agreement or such supplement, as the case may be, has been properly recorded or filed for recording so as to make effective of record the security interest intended to be created hereby.

2.6 Modification of the Management Agreement.

The Debtor will not, without the prior written consent of the Secured Party:

(a) declare a default or exercise the remedies of the Debtor under, or terminate or modify or accept a surrender of, or offer or agree to, any termination or modification or surrender of, the Management Agreement, the Maintenance Agreement or the Financial Services Agreement or by affirmative act consent to the creation or existence of any security interest or other lien to secure the payment of indebtedness upon the rights created by the Management Agreement or any part thereof; or

(b) receive or collect or permit the receipt or collection of any payment under the Management Agreement prior to the date for payment thereof provided for by the Management Agreement or assign, transfer or hypothecate (other than to the Secured Party hereunder) any payment then due or to accrue in the future under the Management Agreement in respect of the Equipment; or

(c) sell, mortgage, transfer, assign or hypothecate (other than to the Secured Party hereunder) its interest in the Equipment or any part thereof or in any amount to be received by it from the use or disposition of the Equipment; or

(d) fail to enter into a new management agreement in form and substance satisfactory to the Secured Party upon the expiration or termination of the Management Agreement, until payment in full of the indebtedness hereby secured.

2.7 Power of Attorney in Respect of the Management Agreement. The Debtor does hereby irrevocably constitute and appoint the Secured Party its true and lawful attorney with full power of substitution for it and in its name, place and stead upon the occurrence of an Event of Default hereunder and upon the occurrence of any event which

with the lapse of time or giving of notice, or both, would constitute an Event of Default hereunder, to ask, demand, collect, receive, receipt for, sue for, compound and give acquittance for any and all revenues, income and other sums which are assigned under Sections 1.1, 1.2 and 1.3 hereof with full power to settle, adjust or compromise any claim thereunder as fully as the Debtor could itself do, and to endorse the name of the Debtor 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 Debtor or otherwise, which the Secured Party may deem necessary or appropriate to protect and preserve the right, title and interest of the Secured Party in and to such revenues, income and other sums and the security intended to be afforded hereby.

2.8 Brokers Fees. The Debtor warrants that it will pay or cause to be paid all appropriate brokers fees in connection with the acquisition of the Equipment and the other transactions contemplated by the Fundamental Documents. The Debtor agrees that the Secured Party has no obligation to pay such fees and it agrees to indemnify the Secured Party for any and all sums whatsoever required to be expended by the Secured Party in payment of such claims by brokers provided that the Debtor shall be under no

obligation to indemnify the Secured Party for fees incurred solely as a result of acts by the Secured Party.

Section 3. POSSESSION, USE AND RELEASE OF PROPERTY.

3.1 Possession of Collateral. While the Debtor is not in default hereunder it shall be suffered and permitted to remain in full possession, enjoyment and control of the Equipment and to manage, operate and use the same and each part thereof with the rights and franchises appertaining thereto; provided always that the possession, enjoyment, control and use of the Equipment shall at all times be subject to the observance and performance of the terms of this Security Agreement. It is expressly understood that the management of the Equipment by NRUC under and subject to the Management Agreement shall not constitute a violation of this Section 3.1.

3.2 Release of Property. So long as no default referred to in Section 12 of the Management Agreement or under the Maintenance Agreement or under this Agreement has occurred and is continuing to the knowledge of the Secured Party, the Secured Party shall execute a release in respect

of any Item of Equipment sold, lost or destroyed as referred to in Section 14 of the Management Agreement upon receipt from NRUC of written notice designating the Item of Equipment in respect of which the Management Agreement will terminate and payment to the Secured Party of the Loan Value (as defined in Section 4) with respect thereto; provided, however, that no sale of any Item of Equipment shall be made without the prior written consent of the Secured Party as provided in Section 6 hereof.

3.3 Protection of Purchaser. No purchaser in good faith of property purporting to be released hereunder shall be bound to ascertain the authority of the Secured Party to execute the release, or to inquire as to any facts required by the provisions hereof for the exercise of such authority; nor shall any purchaser, in good faith, of any item or unit of the Collateral be under obligation to ascertain or inquire into the conditions upon which any such sale is hereby authorized.

Section 4. APPLICATION OF ASSIGNED REVENUES AND CERTAIN OTHER MONEYS RECEIVED BY THE SECURED PARTY.

4.1 Application of Assigned Revenues. So long as no Event of Default (as defined in Section 5.1 hereof) shall

have occurred and be continuing, the amounts from time to time received by the Secured Party which constitute payment of operating revenues under the Management Agreement shall be applied: first, to the payment of the installment of interest, or of principal and interest (in each case first to interest and then to principal), on the installments of the Note which have matured or will mature on or before the due date of the next operating revenues payment which is to be received by the Secured Party (including, without limitation, the final payment of interest on the Note at the Interest Rate as defined therein); second, the balance, if any, shall be paid to or upon the order of the Debtor.

4.2 Application of Casualty Payments. So long as no Event of Default hereunder shall have occurred and be continuing and no event shall have occurred and be continuing which, with the lapse of time or the giving of notice or both, would constitute such an Event of Default, the amounts from time to time received by the Secured Party which constitute payment for a Casualty Occurrence (defined as the loss, theft or destruction or, in the opinion of NRUC or the Secured Party, irreparable damage to any Item of Equipment or the requisitioning or taking thereof by any

governmental authority under the power of eminent domain or otherwise, other than such requisitioning or taking for a stated period which does not exceed the then remaining term of the Management Agreement) for any Item of Equipment shall be paid and applied as follows:

(a) First, an amount equal to the accrued and unpaid interest (computed at the Interest Rate as defined in the Note) on that portion of the Note to be prepaid pursuant to the following subparagraph (b) shall be applied on the Note;

(b) Second, an amount equal to the Loan Value (as hereinafter defined) of such Item of Equipment for which settlement is then being made shall be applied pro rata to each remaining Installment Payment equally as a prepayment of the principal of the Note;

(c) Third, the balance, if any, of such amounts held by the Secured Party after making the applications provided for by the preceding subparagraphs (a) and (b) shall be released promptly to or upon the order of the Debtor.

As used herein, the Loan Value, in respect of any Item of Equipment, shall be an amount equal to the product of (A) a

fraction, the numerator of which is an amount equal to the Purchase Price (as defined in the Note Purchase Agreement) of such Item of Equipment for which settlement is then being made and the denominator of which is the aggregate Purchase Price of all Items of Equipment then subject to the Management Agreement (including the Purchase Price of such Item of Equipment for which settlement is then being made), times (B) the unpaid principal amount of the Note immediately prior to the prepayment provided for in this Section 4.2 (after giving effect to all payments of installments of principal made or to be made on the date of prepayment provided for in this Section 4.2).

4.3 Application of Casualty Insurance Proceeds.

So long as to the knowledge of the Secured Party no Event of Default hereunder shall have occurred and be continuing and no event shall have occurred and be continuing which, with the lapse of time or the giving of notice or both, would constitute such an Event of Default, the amounts received by the Secured Party from time to time which constitute proceeds of casualty insurance maintained by NRUC or the Debtor in respect of the Equipment shall be held by the Secured Party as a part of the Collateral and shall be

applied by the Secured Party from time to time to any one or more of the following purposes:

(a) The proceeds of such insurance shall, if the Equipment is to be repaired, be released to the Debtor to reimburse NRUC for expenditures made for such repair upon receipt by the Secured Party of a certificate signed by the President, any Vice President or the Treasurer of NRUC setting forth the repairs effected, the cost of repairing, restoring or replacing the Item of Equipment and stating that the restoration, replacement or repair parts have become immediately subject to all of the terms and conditions of the Management Agreement and that all public filings, recordings and registrations necessary or expedient to vest title thereto in the Debtor have been accomplished (which certificate shall be accompanied by satisfactory evidence of such cost and of the completion of such repair, restoration or replacement).

(b) If the insurance proceeds shall not have been released to the Debtor pursuant to the preceding paragraph (a) within 180 days from the receipt thereof by the Secured Party, or if within such period NRUC shall have notified the Secured Party in writing that the Management Agreement in

respect to any Item of Equipment is to be terminated in accordance with the provisions of Section 14 thereof, then the insurance proceeds shall be applied by the Secured Party as follows:

(i) First, to the prepayment of the Note all in the manner and to the extent provided for by Section 4.2 hereof; and

(ii) Second, the balance, if any, of such insurance proceeds held by the Secured Party after making the applications provided for by the preceding subparagraph (i) shall be released promptly to or upon the order of the Debtor.

4.4 Default. If an Event of Default shall have occurred and be continuing, all amounts received by the Secured Party pursuant to Section 1.2, or any other provision of this Agreement or of the Collateral or this Section 4 shall be applied in the manner provided for in Section 5 hereof in respect of proceeds and avails of the Collateral.

Section 5. DEFAULTS AND OTHER PROVISIONS.

5.1 Events of Default. The term Event of Default shall mean one or more of the following:

(a) Default in payment of any installment of the principal of, or interest on, the Note when and as the same shall become due and payable, whether at the due date thereof or at the date fixed for prepayment or by acceleration or otherwise, and any such default shall continue unremedied for ten days from notice thereof, provided, however, that no Event of Default shall exist with respect to the Installment Payment due on January 20, 1980 except as the same may not have been made fully from Aggregate Net Revenues (as defined in the Management Agreement) collected between the Closing Date and December 31, 1979 less the amounts referred to in Section 5(c) of the Management Agreement; or

(b) An Event of Default, as defined and set forth in Section 12 of the Management Agreement; provided, however that if such Event of Default shall result from any action or inaction on the part of NRUC or occur with respect thereto, it shall not constitute an Event of Default if within 30 days of the Debtor's knowledge of the occurrence thereof the Debtor has entered into an alternative management arrangement acceptable to the Secured Party provided, further, that any non-payment of premiums for the casualty insurance provided pursuant to the Management Agreement or the

non-payment of any maintenance fees or charges pursuant to the Maintenance Agreement shall constitute an Event of Default on the earlier of (i) ten (10) days after request for payment thereof has been made by the Secured Party after the Secured Party has received notice of non-payment or (ii) one (1) day prior to the lapse of such insurance or maintenance coverage; or

(c) Default on the part of the Debtor in the due observance or performance of any covenant or agreement to be observed or performed by the Debtor under this Security Agreement or the Note Purchase Agreement, and such default shall continue unremedied for 30 days after written notice from the Secured Party to the Debtor specifying the default and demanding the same to be remedied; or

(d) Any representation or warranty on the part of the Debtor made herein or in the Note Purchase Agreement or in any report, certificate, financial or other statement furnished in connection with the Security Agreement, the Management Agreement or the Note Purchase Agreement or the transactions contemplated herein or therein, shall prove to be false or misleading in any material respect when made; or

(e) Any claim, lien or charge (other than those permitted under Section 1.4 hereinabove or created pursuant

to Section 6 hereinafter) shall be asserted against or levied or imposed upon the Equipment or any Item of the Equipment or the security interest granted hereunder shall cease to be a perfected and enforceable first priority security interest in the Collateral other than as a result of acts by the Secured Party, and such claim, lien or charge shall not be discharged or removed or such security interest restored as a perfected and enforceable first priority security interest within thirty calendar days after written notice from the Secured Party or the holder of the Note to the Debtor demanding the discharge or removal or restoration thereof; or

(f) Failure on the part of the Debtor to give notice to the Secured Party, within ten days of the occurrence thereof, of any Event of Default or of the occurrence of any event which, with the lapse of time or the giving of notice, or both, would constitute an Event of Default; or

(g) The entry of a decree or order by a court having jurisdiction in the premises for relief in respect of the Vendee under any bankruptcy, insolvency or similar act, law or statute now or hereafter in effect, or adjudging the Vendee a bankrupt or insolvent, or approving a petition

seeking reorganization, adjustment or composition of or in respect of the Vendee under Title 11 of the United States Code, as now constituted or hereafter in effect or under any other applicable Federal or State bankruptcy law or other similar law, or the appointment of a receiver, liquidator, assignee, trustee, sequestrator (or similar official) of the Vendee or of any substantial part of its property, or the entry of an order for the winding-up or liquidation of its affairs and the continuance of any such decree or order unstayed and in effect for a period of 60 consecutive days; or

(h) The filing by the Vendee of any petition, application, answer or consent to or for liquidation, reorganization, arrangement or any other relief under any Chapter of Title XI of the United States Code or any similar state or federal law or statute, as now or hereafter in effect or the consent by it to the filing of any such petition or application for the relief requested therein, or the consent by it to the appointment or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator (or other similar official) of the Vendee or of any substantial part of its property, or the making by it of an assignment for the benefit of creditors, or the admission by

it in writing of its inability to pay its debts generally as they become due, or the failure of the Vendee generally to pay its debts as such debts become due, or the taking of lawful action by the Vendee in furtherance of any such action.

5.2 Secured Party's Rights. The Debtor agrees that when any Event of Default shall have occurred and be continuing, the Secured Party shall have the rights, options, duties and remedies of a secured party, and the Debtor shall have the rights and duties of a debtor, under the Uniform Commercial Code of the State of New York (regardless of whether such Code or a law similar thereto has been enacted in a jurisdiction wherein the rights or remedies are asserted), and:

(a) The entire unpaid principal balance of the Note and accrued interest thereon shall be immediately due and payable without notice, presentment or demand of any kind in the case of an Event of Default under Section 5.1(g) and (h) above, and with notice to the Debtor of any acceleration hereunder following any other Event of Default.

(b) The Secured Party personally or by agents or attorneys, shall have the right to take immediate possession

of the Collateral, or any portion thereof, and for that purpose may pursue the same wherever it may be found, and may enter any premises, with or without notice, demand, process of law or legal procedure, and search for, take possession of, remove, keep and store the Collateral, or, to the extent permitted by law, use and operate or lease the Collateral until sold;

(c) The Secured Party may, if at the time such action may be lawful (subject to compliance with any mandatory legal requirements), either with or without taking possession and either before or after taking possession, and without instituting any legal proceedings whatsoever, and having first given notice of such sale by registered mail to the Debtor once at least ten days prior to the date of such sale, sell and dispose of said Collateral, or any part thereof, at public auction to the highest bidder, in one lot as an entirety or in separate lots, and either for cash or on credit and on such terms as the Secured Party may determine, and at any place (whether or not it be the location of the Collateral or any part thereof) designated in the notice above referred to; provided, however, that any such sale should be held in a commercially reasonable manner. Any

such sale or sales may be adjourned from time to time by announcement at the time and place appointed for such sale or sales, or for any such adjourned sale or sales, without further published notice, and the Secured Party or the holder of the Note, or of any interest therein, or the Debtor may bid and become the purchaser at any such sale;

(d) The Secured Party may proceed to protect and enforce this Security Agreement and said Note by suit or suits or proceedings in equity, at law or in bankruptcy, and whether for the specific performance of any covenant or agreement herein contained or in execution or aid of any power herein granted; or for foreclosure hereunder, or for the appointment of a receiver or receivers for the Collateral or any part thereof, for the recovery of judgment for the indebtedness hereby secured or for the enforcement of any other proper, legal or equitable remedy available under applicable law; and

(e) The Secured Party may proceed to exercise all rights, privileges and remedies of the Debtor under the Management Agreement including, without limitation, the right to terminate the Management Agreement pursuant to Section 14 thereof, and the Maintenance Agreement and may exercise all

such rights and remedies either in the name of the Secured Party or in the name of the Debtor for the use and benefit of the Secured Party.

5.3 Acceleration Clause. In case of any sale of the Collateral, or of any part thereof, pursuant to any judgment or decree of any court or otherwise in connection with the enforcement of any of the terms of this Security Agreement, the principal of the Note, if not previously due, and the interest accrued thereon, shall at once become and be immediately due and payable; also in the case of any such sale, the purchaser, for the purpose of making settlement for or payment of the purchase price, shall be entitled to turn in and use the Note and any claims for interest matured and unpaid thereon, in order that there may be credited as paid on the purchase price the sum apportionable and applicable to the Note, including principal and interest thereof, out of the net proceeds of such sale after allowing for the proportion of the total purchase price required to be paid in actual cash.

5.4 Waiver by Debtor. To the extent permitted by law, the Debtor covenants that it will not at any time insist upon or plead, or in any manner whatever claim or take

any benefit or advantage of, any stay or extension law now or at any time hereafter in force providing for the valuation or appraisal of the Collateral or any part thereof, prior to any sale or sales thereof to be made pursuant to any provision herein contained or to a decree, judgment or order of any court of competent jurisdiction; nor, after 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, to the full extent legally permitted, hereby expressly waives for itself and on behalf of each and every person 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 Secured Party, but will suffer and permit the execution of every such power as though no such law or laws had been made or enacted.

5.5 Effect of Sale. 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 Debtor in and to the property sold and shall

be a perpetual bar, both at law and in equity, against the Debtor, its successors and assigns, and against any and all persons claiming the property sold or any part thereof under, by or through the Debtor, its successors or assigns.

5.6 Application of Sale Proceeds. The proceeds and/or avails of any sale of the Collateral, or any part thereof, and the proceeds and the avails of any remedy hereunder shall be paid to and applied as follows:

(a) First, to the payment of costs and expenses of foreclosure or suit, if any, and of such sale, and of all proper expenses, liability and advances, including legal expenses and attorneys' fees, incurred or made hereunder by the Secured Party, or the holder of the Note, and of all taxes, assessments or liens superior to the lien of these presents, except any taxes, assessments or other superior lien subject to which said sale may have been made;

(b) Second, to the payment to the holder of the Note of the amount then due, owing or unpaid on the Note for principal and interest; and in case such proceeds shall be insufficient to pay in full the whole amount so due, owing or unpaid upon the Note, then first to unpaid interest thereon, second, to unpaid premium, if any, and third, to unpaid principal thereof; and

(c) Third, to the payment of the surplus, if any, to the Debtor, its successors and assigns, or to whomsoever may be lawfully entitled to receive the same.

5.7 Discontinuance of Remedies. In case the Secured Party shall have proceeded to enforce any right under this Security Agreement 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 Debtor, the Secured Party and the holder of the Note shall be restored to their former positions and rights hereunder with respect to the property subject to the security interest created under this Security Agreement.

5.8 Cumulative Remedies. No delay or omission of the Secured Party or of the holder of the Note to exercise any right or power arising from any default on the part of the Debtor, shall exhaust or impair any such right or power or prevent its exercise during the continuance of such default. No waiver by the Secured Party, or the holder of the Note, 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. The Secured Party may exercise any one or more or all of the remedies hereunder and no remedy 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 now or hereafter at law or in equity; nor shall the giving, taking or enforcement of any other or additional security, collateral or guaranty for the payment of the indebtedness secured under this Security Agreement operate to prejudice, waive or affect the security of this Security Agreement or any rights, powers or remedies hereunder, nor shall the Secured Party or holder of the Note be required to first look to, enforce or exhaust such other or additional security, collateral or guaranties.

5.9 Indemnity. The Debtor agrees to protect, indemnify and hold the Secured Party, its successors and assigns harmless from and against any and all costs, expenses, causes of action, suits, damages, losses, penalties, claims, demands or judgments of any nature whatsoever which may be imposed on, incurred by or asserted against the Secured Party in any way relating to or arising or alleged to arise out of this Security Agreement or the Management

Agreement except that no indemnity shall be made for any matters arising from the gross negligence or the willful misconduct of the Secured Party. The Debtor further agrees to promptly reimburse the Secured Party for any and all sums expended by the Secured Party in payment of (i) premiums for casualty insurance obtained pursuant to the Management Agreement, and (ii) fees and charges in respect of the Maintenance Agreement. Nothing in this Section shall be deemed to relieve the Secured Party from its obligations under applicable provisions of the Uniform Commercial Code (as then in force in New York) or the rules and regulations of the Interstate Commerce Commission.

Section 6. TRANSFER OF DEBTOR'S INTEREST.

The Debtor agrees that it will not sell or otherwise transfer its interest in the Equipment or the Management Agreement, or any part thereof, without the prior written consent of the Secured Party.

Section 7. MISCELLANEOUS.

7.1 Execution of the Note. The Note shall be signed on behalf of the Debtor by an authorized signatory who, at the date of the actual execution thereof, shall be duly authorized to execute the same.

7.2 Payment of the Note.

(a) The principal of, and premium, if any, and interest on the Note shall be payable by wire transfer of immediately available funds or as the Secured Party shall otherwise designate, to such bank or trust company in the continental United States for an account of the Secured Party as the Secured Party shall designate to the Debtor from time to time in writing, and if no such designation is in effect, by check, duly mailed, first class, certified, postage prepaid, or delivered to the Secured Party at the address last furnished to the Debtor.

(b) All amounts constituting payment of revenues under the Management Agreement or payment for a Casualty Occurrence received by the Secured Party and applied on the Note pursuant to Section 4 hereof shall be valid and effectual to satisfy and discharge the liability upon the Note to the extent of the amounts so received and applied.

(c) The Note may be prepaid in full and not in part at the option of the Debtor on 30 days prior written notice and on any date specified in the Note as a day on which a payment of interest, premium and/or principal is due, provided that no such prepayment may be made before

January 20, 1987 and provided further, that an optional prepayment after such date shall be accompanied by a prepayment penalty pursuant to the following table:

<u>Year in which Prepayment is made</u>	<u>Prepayment Penalty</u>
1987	4% of Loan Balance
1988	3% of Loan Balance
1989	2% of Loan Balance
1990	1% of Loan Balance

"Loan Balance" means the then unpaid principal amount of the Note.

7.3 Transfers and Exchanges of the Note; Lost or Mutilated Note.

(a) The holder of the Note may transfer such Note upon the surrender thereof at the principal office of the Debtor and the Debtor shall execute in the name of the transferee a new Note or Notes, in such denominations as may be requested by the holder, in aggregate principal amount equal to the unpaid principal amount of the Note so surrendered, and deliver such new Note or Notes to said holder for delivery to such transferee.

(b) The holder of the Note or reissued Notes may surrender such Note or Notes at the principal office of the Debtor, accompanied by a written request for a new Note or

Notes in the same aggregate principal amount as the then unpaid principal amount of the Note or Notes so surrendered. Thereupon, the Debtor shall execute in the name of such holder a new Note or Notes in the denomination or denominations so requested and in aggregate principal amount equal to the aggregate unpaid principal amount of the Note or Notes so surrendered and deliver such new Note or Notes to such holder.

(c) All Notes presented or surrendered for exchange or transfer shall be accompanied (if so required by the Debtor) by a written instrument or instruments of assignment or transfer in form reasonably satisfactory to the Debtor, duly executed by the registered holder or by its attorney duly authorized in writing. The Debtor shall not be required to make a transfer or an exchange of any Note for a period of ten days preceding any installment payment date with respect thereto.

(d) No notarial act shall be necessary for the transfer or exchange of any Note pursuant to this Section 7.3, and the holder of any Note issued as provided in this Section 7.3 shall be entitled to any and all rights and privileges granted under this Security Agreement to the holder of the Note.

(e) In case any Note shall become mutilated or be destroyed, lost or stolen, the Debtor, upon the written request of the holder thereof, shall execute and deliver a new Note in exchange and substitution for the mutilated Note, or in lieu of and in substitution for the Note so destroyed, lost or stolen. The applicant for a substituted Note shall furnish to the Debtor such security or indemnity as may be required by the Debtor to save it harmless from all risks in connection therewith, and the applicant shall also furnish to the Debtor evidence to its satisfaction of the mutilation, destruction, loss or theft of the applicant's Note and of the ownership thereof. In case any Note which has matured or is about to mature shall become mutilated or be destroyed, lost or stolen, the Debtor may, instead of issuing a substituted Note, pay or authorize the payment of the same (without surrender thereof except in the case of a mutilated Note), if the applicant for such payment shall furnish to the Debtor such security or indemnity as the Debtor may require to save it harmless, and shall furnish evidence to the satisfaction of the Debtor of the mutilation, destruction, loss or theft of such Note and the ownership thereof. If the Secured Party, or its nominee, is the

owner of any such lost, stolen or destroyed Note, then the affidavit of the president, vice president, treasurer or assistant treasurer of such Note Purchaser setting forth the fact of loss, theft or destruction and of its ownership of the Note at the time of such loss, theft or destruction shall be accepted as satisfactory evidence thereof and no indemnity shall be required as a condition to execution and delivery of a new Note other than the written agreement of such Note Purchaser to indemnify the Debtor for any claims or action against it (and for its attorneys' fees) resulting from the issuance of such new Note or the reappearance of the old Note.

7.4 The New Note.

(a) Each new Note issued pursuant to Section 7.3(a), (b) or (e) in exchange for or in substitution or in lieu of an outstanding Note shall be dated the date of such outstanding Note. The Debtor shall mark on each new Note (i) the dates to which principal and interest have been paid on such outstanding Note, (ii) all payments and prepayments of principal previously made on such outstanding Note which are allocable to such new Note, and (iii) the amount of each installment payment payable on such new Note. Each

installment of principal payable on such new Note on any date shall bear the same proportion to the installment of principal payable on such outstanding Note on such date as the original principal amount of such new Note bears to the aggregate unpaid principal amount of such outstanding Note on the date of the issuance of such New Note. Interest shall be deemed to have been paid on such new Note to the date on which interest shall have been paid on such outstanding Note, and all payments and prepayments of principal marked on such new Note, as provided in clause (ii) above, shall be deemed to have been made thereon.

(b) All new Notes issued pursuant to Section 7.3(a), (b) or (e) in exchange for or in substitution or in lieu of outstanding Notes shall be valid obligations of the Debtor evidencing the same debt as outstanding Notes and shall be entitled to the benefits and security of this Security Agreement to the same extent as the outstanding Notes.

7.5 Cancellation of Notes. If the Note is surrendered for the purpose of payment, redemption, transfer or exchange, the Note shall be delivered to the Debtor for cancellation or, if surrendered to the Debtor, shall be

cancelled by it, and no Note or Notes shall be issued in lieu thereof except as expressly required or permitted by any of the provisions of this Security Agreement.

7.6 Business Days. As used herein, the term "business days" means calendar days, excluding Saturdays, Sundays and any other day on which banking institutions in the States of New York or Connecticut are authorized or obligated to remain closed.

7.7 Successors and Assigns. Whenever any of the parties hereto is referred to such reference shall be deemed to include the successors and assigns of such party; and all the covenants, premises and agreements in this Security Agreement contained by or on behalf of the Debtor or by or on behalf of the Secured Party shall bind and inure to the benefit of the respective successors and assigns of such parties whether so expressed or not.

7.8 Partial Invalidity. The unenforceability or invalidity of any provision or provisions of this Security Agreement shall not render any other provision or provisions herein contained unenforceable or invalid.

7.9 Communications. All communications provided for herein shall be in writing and shall be deemed to have

been given (unless otherwise required by the specific provisions hereof in respect of any matter) when delivered personally or when deposited in the United States mails, certified first class, postage prepaid, addressed as follows:

If to the Debtor: Boxcar CC Associates
 c/o Saul D. Kronovet, Esq.
 711 Third Avenue
 New York, NY 10017

If to the
 Secured Party: General Electric Credit Corporation
 Leasing and Industrial Loans
 P.O. Box 8300
 Stamford, Connecticut 06904
 Attn: Investments Manager

or to the Debtor or the Secured Party at such other address as the Debtor or the Secured Party may designate by notice duly given in accordance with this Section to the other party.

7.10 Release. The Secured Party shall release this Security Agreement and the security interest granted hereby by proper instrument or instruments upon presentation of satisfactory evidence that all indebtedness hereby secured has been fully paid or discharged.

7.11 Governing Law. This Security Agreement and the Notes shall be construed in accordance with and governed by the laws of the State of New York; provided, however,

that the parties shall be entitled to all rights conferred by 49 U.S.C. § 11303 and such additional rights arising out of the filing, recording or deposit hereof, if any, and of any assignment hereof, as shall be conferred by the laws of the several jurisdictions in which this Agreement or any assignment hereof shall be filed, recorded or deposited.

7.12 Counterparts. This Security Agreement may be executed, acknowledged and delivered in any number of counterparts, each of such counterparts constituting an original but all together only one Security Agreement.

7.13 Table of Contents and Headings. The Table of Contents hereto and any headings or captions preceding the text of the several sections hereof are intended solely for convenience of reference and shall not constitute a part of this Security Agreement nor shall they affect its meaning, construction or effect.

7.14 Limitation of Liability. It is understood and agreed by the Secured Party that, except for the obligations of the Debtor in Section 2.2 hereof, the liability of the Debtor or any assignee of the Debtor for all payments to be made by it under and pursuant to this Security Agreement, the Note and the Note Purchase Agreement, shall not exceed

an amount equal to, and shall be payable only out of the "income and proceeds from the Equipment". As used herein and in the Note the term "income and proceeds from the Equipment" shall mean: (i) if one of the Events of Default specified in Section 5.1 hereof shall have occurred and while it shall be continuing, so much of the following amounts as are received by the Debtor or any assignee of the Debtor at any time after any such event and during the continuance thereof (a) all amounts of operating revenues and amounts in respect of any Casualty Occurrence paid for or with respect to the Equipment or pursuant to the Management Agreement and any and all other payments received under Section 13 or any other provision of the Management Agreement and (b) any and all payments or proceeds received for or with respect to the Equipment as the result of the sale, lease or other disposition thereof, after deducting all costs and expenses of such sale, lease or other disposition; and (ii) at any other time only that portion of the amounts referred to in the foregoing clauses (a) and (b) as are indefeasibly received by the Debtor or any assignee of the Debtor and as shall equal the portion of the principal of the Note (including prepayments thereof required in respect

of any Casualty Occurrence) and/or interest thereon due and payable under the terms of the Note and this Security Agreement or as shall equal any other payments then due and payable under this Security Agreement; it being understood that "income and proceeds from the Equipment" shall in no event include amounts referred to in the foregoing clauses (a) and (b) received by the Debtor or any assignee of the Debtor prior to the existence of an Event of Default which exceeded the amounts required to discharge that portion of the principal of the Note (including prepayments thereof required in respect of any Casualty Occurrence) and/or interest thereon and any other payments due and payable on the date on which amounts with respect thereto received by the Debtor or any assignee of the Debtor were required to be paid to it pursuant to the terms of the Notes and this Security Agreement. The Secured Party further agrees that in the event it shall obtain a judgment against the Debtor for an amount in excess of the amounts payable by the Debtor pursuant to the limitations set forth in this paragraph, it will limit its execution of such judgment to amounts payable pursuant to the limitations set forth in this paragraph and in no event shall such judgment constitute a personal liability of any

partner of the Debtor. Nothing contained herein limiting the liability of the Debtor shall derogate from the right of the Secured Party to proceed against the Collateral for the full unpaid principal amount of the Notes and interest thereon and all other payments and obligations hereunder and thereunder.

IN WITNESS WHEREOF, the Debtor and the Secured Party have executed this Security Agreement as of the day and year first above written.

WITNESS:

BOXCAR CC ASSOCIATES

Richard J. Bence

By *[Signature]*

ATTEST:

GENERAL ELECTRIC CREDIT CORPORATION

Richard J. Bence
Attesting Secretary

By *M. J. Kelly*

Martin J. Kelly
Manager - Rail Financing

(CORPORATE SEAL)

SCHEDULE I

DESCRIPTION OF EQUIPMENT

<u>Type</u>	<u>Builders Specifications</u>	<u>Quantity</u>	<u>Equipment Numbers (Inclusive)</u>
AAR	50'6", 70-ton	175	NSL 151 501
Mechanical	single sheaved		NSL 151 510
Designation	boxcars w		NSL 151 511
XM	side posts, 10'0"		NSL 151 512
	sliding doors,		NSL 151 513
	rigid underframe		NSL 151 519
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EXHIBIT A

(to the Security Agreement)

NOTICE

THIS NOTE HAS NOT BEEN REGISTERED PURSUANT TO THE SECURITIES ACT OF 1933 OR UNDER THE SECURITIES LAWS OF ANY STATE. THE NOTE MAY NOT BE OFFERED OR SOLD UNLESS IT IS REGISTERED UNDER THE APPLICABLE SECURITIES LAWS OR UNLESS AN EXEMPTION FROM SUCH REGISTRATION IS AVAILABLE.

SECURED NOTE

_____ , 197_

\$ _____ New York, New York

FOR VALUE RECEIVED, the undersigned, Boxcar CC Associates (the Debtor) promises to pay to the order of General Electric Credit Corporation at Leasing and Industrial Loans, Post Office Box 8300, Stamford, Connecticut 06904, Attn: Investments Manager, or to such other person and/or such other place as the holder hereof may from time to time designate, the principal sum of _____ DOLLARS (\$ _____) together with interest from the date hereof until maturity (computed on the basis of a 360-day year of twelve consecutive 30-day months) on the unpaid principal hereof

during each Installment Period (hereinafter defined), at a rate per annum (hereinafter called the Interest Rate) equal to the greater of the Prime Rate or Commercial Paper Rate (hereinafter defined) in effect on (a) the opening of business on the first business day of the calendar month preceding each Installment Payment Date with respect to the Prime Rate or (b) the first Friday of the month preceding each Installment Payment Date with respect to the Commercial Paper Rate, plus three and one-half percent (3-1/2%). The Interest Rate in effect for each Installment Period shall be computed or re-computed not later than two business days prior to each Installment Payment Date. The principal and interest hereof shall be payable in installments as follows, with each such payment first credited to interest due and any remainder to reduction of principal provided that, in the event that an installment payment shall be insufficient to pay interest then due, on the request of the Debtor, the Secured Party shall make a loan to the Debtor in the amount so due, credit the account of the Debtor with such amount and add such amount to the then unpaid principal amount of this Note:

(1) one installment of interest and principal on January 20, 1980, only to the extent of Aggregate Net

Revenues (as defined in the Management Agreement) collected between the date hereof and December 31, 1979 less the amounts referred to in Section 5(c) of the Management Agreement; followed by

(2) forty-three (43) quarterly installments of principal and interest, each in the amount of \$ payable on April 20, 1980 and on each July 20, October 20, January 20 and April 20 thereafter to and including October 20, 1990; followed by

(3) a final installment on January 20, 1991 in the amount equal to the entire principal and accrued interest (at the Interest Rate) hereof which shall remain unpaid as of said date.

As used in this Note, the following terms have the meanings defined for them as follows:

(a) "Prime Rate" means, as of any given date, the higher of (i) the prime interest rate per annum for new 90-day loans to commercial borrowers of substantial size and high credit standing as in effect on that date for such loans made by Morgan Guaranty Trust Company of New York or its successor at its principal office in New York, New York, or (ii) the prime interest rate per annum for new 90-day

loans to commercial borrowers of substantial size and high credit standing as in effect on that date for such loans made by Bankers Trust Company or its successor, at its principal office in New York, New York.

(b) "Commercial Paper Rate" means the latest weekly average interest rate for 90-119 day commercial paper compiled by the Federal Reserve Board and presently published in The Wall Street Journal on the first Friday of the month preceding the date on which an Installment Payment Date falls.

(c) "Installment Period" means the period beginning on the date hereof and ending on the next Installment Payment Date, and each period thereafter beginning on the day immediately following an Installment Payment Date and ending on the next succeeding Installment Payment Date.

(d) "Installment Payment Date" means January 20, 1980 and each date thereafter on which any installment of interest, premium, if any, or principal hereon or hereof is to be payable as above provided or by acceleration or as otherwise provided in the Security Agreement.

If an Installment Payment Date falls on a day other than a Business Day (as defined in the Security Agreement), payments required to be made on such Installment

Payment Date shall be made on the next succeeding Business Day, without penalty but with interest on the unpaid principal hereof until the actual date of payment.

The Debtor shall pay to the holder hereof interest on overdue principal hereof at the rate of six percent (6%) per annum above the Interest Rate (as defined herein) in effect for the Installment Period in respect of which such principal was due, after maturity, whether by acceleration or otherwise, but not in excess of the highest rate permitted by law. Both the principal hereof and interest hereon are payable to the holder hereof in coin or currency of the United States of America which at the time of payment shall be legal tender for the payment of public and private debts.

This Note is the Secured Note of the Debtor (the Note) issued under and pursuant to the Note Purchase Agreement dated as of September , 1979 (the Note Purchase Agreement) between General Electric Credit Corporation (the Note Purchaser or Secured Party) and the Debtor and also issued under and secured by that certain Security Agreement dated as of September , 1979 (the Security Agreement) from the Debtor to the Secured Party. Reference is made to the Security Agreement and all supplements and amendments

thereto executed pursuant to the Security Agreement for a description of the collateral, the nature and extent of the security and rights of the Secured Party, the holder or holders of the Note or Notes issued in exchange for the Note and of the Debtor in respect thereof.

Certain prepayments are required to be made by the Debtor pursuant to the terms of the Security Agreement and the Note Purchase Agreement. The Debtor agrees to make any such prepayments in accordance with the provisions of such agreements.

The Debtor may elect to prepay this Note in full and not in part on or after January 20, 1987 and subject to the terms and conditions of and with the prepayment penalty specified in Section 7.2 of the Security Agreement.

The terms and provisions of the Security Agreement and the rights and obligations of the Secured Party and the rights of the holder of the Note may be changed and modified to the extent permitted by and as provided in the Security Agreement.

This Note and the Security Agreement are governed by and construed in accordance with the laws of the State of New York; provided, however, that the holder of this Note

shall be entitled to all the rights conferred by any applicable Federal statute, rule or regulation.

It is understood and agreed that the liability of the Debtor or any assignee of the Debtor for all payments to be made by it under and pursuant to this Note shall not exceed an amount equal to, and shall be payable only out of, the "income and proceeds from the Equipment" as defined in Section 7.14 of the Security Agreement.

IN WITNESS WHEREOF, the Debtor has caused this Note to be duly executed.

WITNESS:

BOXCAR CC ASSOCIATES

By _____