

The Provident Bank

Home Office
One East Fourth Street
Cincinnati, Ohio 45202
513/579-2000

RECORDATION NO. -10035 Filed 1425

JAN 19 1979 -2 30 PM

INTERSTATE COMMERCE COMMISSION

9-619A110

Date JAN 19 1979

Fee \$ 200.00

Washington, D. C.

RECORDATION NO. -10035 Filed 1425

JAN 19 1979 -2 30 PM

INTERSTATE COMMERCE COMMISSION

January 18, 1979

RECORDATION NO. -10035 Filed 1425

JAN 19 1979 -2 30 PM

INTERSTATE COMMERCE COMMISSION

Secretary of the
Interstate Commerce Commission
Washington, D.C. 20423

Gentlemen:

Enclosed for filing with respect to the sale of Two Hundred (200) "XF" 70-ton capacity railroad boxcars, specification CC-70-(E)-78, are the following documents:

(1) Conditional Sale Agreement providing for the sale of the boxcars from The Provident Bank, Agent, One East Fourth Street, Cincinnati, Ohio 45202, to BBT, a Nevada limited partnership, One East First Street, Suite 1203, Reno, Nevada 89501;

(2) Agency Agreement between BBT, One East First Street, Suite 1203, Reno, Nevada 89501 and Railway Freight Car Services, Inc., Owner's Agent, North Shore Towers, 269-10C Grand Central Parkway, Floral Park, New York 11005.

(3) Management Agreement between BBT, One East First Street, Suite 1203, Reno, Nevada 89501, and Columbus & Greenville Railway Company, Manager, P.O. Box 6000, Columbus, Mississippi 39701;

(4) Purchase Agreement Assignment from American Financial Corporation, One East Fourth Street, Cincinnati, Ohio 45202, to The Provident Bank, Agent, One East Fourth Street, Cincinnati, Ohio 45202; and

(5) Agency and Management Agreement Assignment among Railway Freight Car Services, Inc., Owner's Agent, North Shore Towers, 269-10C Grand Central Parkway, Floral Park, New

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INTERSTATE COMMERCE COMMISSION

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INTERSTATE COMMERCE COMMISSION

FEE OPERATION BR. I.C.C.

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William Sowers
[Signature]

Secretary of the
Interstate Commerce Commission
Page 2
January 18, 1979

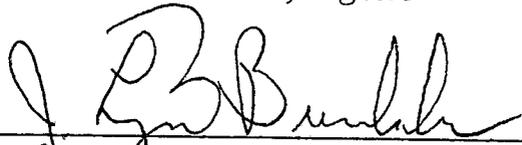
York 11005, BBT, One East First Street, Suite
1203, Reno, Nevada 89501, and The Provident
Bank, Agent, One East Fourth Street, Cincinnati,
Ohio 45202.

As specified above, the railroad boxcars
bear AAR Mechanical Specification "XF", and
Railroad identifying marks and road numbers
of CAGY 25,500-25,699, inclusive. Enclosed
are ~~three fully executed~~ copies of the above-
listed documents for filing with the Interstate
Commerce Commission. I would appreciate it
if you would return a complete stamped copy
to Ingrid M. Olson, Morgan, Lewis & Bockius,
18 M Street, North West, Washington, D.C.
20036.

Very truly yours,

THE PROVIDENT BANK, Agent

BY:



Lynn Brewbaker, Assistant
Vice President

? / CSA copy.
21500-21699

RECORDATION NO. 10035 ^B Filed 1425

JAN 19 1979 - 2 30 PM

INTERSTATE COMMERCE COMMISSION

MANAGEMENT AGREEMENT

BETWEEN

BBT,
AS OWNER

AND

COLUMBUS & GREENVILLE RAILWAY COMPANY,
AS MANAGER

DATED AS OF DECEMBER 30, 1978

(COVERING UP TO 200 GENERAL PURPOSE BOXCARS)

Filed and recorded with the Interstate Commerce Commission
pursuant to the Interstate Commerce Act on January 19, 1979,
at 2:30 pm, Recordation No. 10035.

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*This Index is included for convenience only and does not form a part of, or affect any construction or interpretation of this Instrument.

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MANAGEMENT AGREEMENT dated as of December 30, 1978, between BBT, a Nevada limited partnership, with BIJUR TRANSPORT, INC., and APARTMENT HOUSE DECORATIVE CO., INC. acting as the two general partners, (hereinafter called the "Owner") and COLUMBUS & GREENVILLE RAILWAY COMPANY, a Mississippi railroad corporation (hereinafter called "Manager").

WHEREAS, Owner has entered into a Conditional Sale Agreement dated as of the date hereof (hereinafter called the "Conditional Sale Agreement") with The Provident Bank, an Ohio banking corporation, as Agent (hereinafter called the "Agent"); and

WHEREAS, the Agent has agreed to sell and deliver to the Owner certain Units of railroad equipment described in Schedule A hereto, (hereinafter individually called a "Unit" and collectively the "Units" or "Equipment"), a copy of which Conditional Sale Agreement has been delivered to the Manager; and

WHEREAS, the Owner has entered into an Agency Agreement with Railway Freight Car Services, Inc., a New York Corporation (hereinafter called "Owner's Agent") providing for Owner's Agent to act on behalf of Owner with respect to the Equipment pursuant to the terms of the Conditional Sale Agreement; and

WHEREAS, the Owner desires to provide the Equipment to the Manager so that the Manager may use and manage the Equipment pursuant to the terms of this Agreement, and the Manager desires to take possession of and responsibility as hereinafter set forth for, the Equipment, and to manage the Equipment pursuant to the provisions hereof;

NOW, THEREFORE, in consideration of the foregoing premises and of the mutual covenants hereinafter contained, the parties hereto hereby agree as follows:

1. Provision and Ownership/Management of Equipment. Owner hereby agrees to provide the Equipment to Manager, and Manager agrees to accept and manage the Units, upon the terms and conditions hereinafter set forth.

2. Delivery and Acceptance of Equipment. The Owner will cause each Unit to be delivered to the Manager at the point or points within the United States of America at which such Unit is delivered to the Owner under the Conditional Sale Agreement. The Owner and Manager hereby appoint Owner's Agent or its designee as their agent for purposes of inspection and acceptance of the Equipment under the Conditional Sale

Agreement. Upon such delivery, the Manager, at its own expense, will cause an authorized representative of the Manager (which may be the Owner's Agent or its designee) to inspect the Units, and if such Units are acceptable to such authorized representative and conform to all applicable governmental regulations, to accept delivery of such Units and to execute and deliver to the Owner and the Agent a certificate of acceptance (hereinafter called a "Certificate of Acceptance"). The Certificate of Acceptance shall be in the form annexed as Exhibit A hereto, dated as of the date of acceptance of the Equipment (subject to delivery in Laredo, Texas) (such date of delivery in Laredo, Texas, being hereinafter called the "Delivery Date") and certify that each such Unit is marked in accordance with Section 7 hereof; whereupon each such Unit shall be deemed to have been delivered to and accepted by the Manager, and shall be subject thereafter to all the terms and conditions of this Management Agreement.

3. Term. The initial term of this Management Agreement (hereinafter called the "Initial Term") as to each Unit shall begin on the date of the delivery to and acceptance by the Manager of such Unit pursuant to Section 2 above and, shall terminate with respect to all Units on January 30, 1994; provided, however, this Management Agreement shall automatically be extended for not more than five (5) successive periods of twelve (12) months each (hereinafter called an "Extended Term") with respect to all Units not suffering a Casualty Occurrence (as hereinafter defined) unless Owner or Manager gives written notice to the other delivered not less than twelve (12) months prior to the end of the Initial Term or any Extended Term of its intention to terminate this Management Agreement, in which case this Management Agreement shall terminate as to all, but not less than all, of the Units on the last day of the Initial Term or the Extended Term set forth in such notice.

The obligations of (i) the Manager to make the Remittances (as hereinafter defined) due and payable hereunder, and (ii) the Owner to reimburse the Manager for maintenance expenses, taxes and other amounts hereinafter required to be reimbursed by the Owner, with respect to obligations arising during the Initial Term of any Extended Term, shall survive the expiration of the Initial Term or any Extended Term of this Management Agreement.

4. Interline Use of Equipment. Manager shall cause the Units to be loaded and placed into interline interchange service (in the United States of America, Canada and/or Mexico) in accordance with Interstate Commerce Commission

("ICC") and Association of American Railroads ("AAR") Interchange Rules and Agreements as soon as practicable after their respective Delivery Dates and shall cause the Equipment to continue to be used in such interline interchange service throughout the term of this Management Agreement; provided, however, that the Manager shall not assign or permit the assignment of any Unit of Equipment to service involving the regular operation and/or maintenance thereof outside the United States of America; provided, further, that at no time shall more than Ten Per Cent (10%) of the Units be outside the United States of America.

In order to obtain maximum utilization of the Equipment, Manager shall use its good faith best efforts to obtain railroad car loadings on its tracks with shipments destined for locations off Manager's tracks for the Units (such shipments being hereinafter called "Outbound Loadings"); provided, however, at no time shall Manager give preference on Outbound Loadings to railroad equipment similar to the Units owned, leased, managed, interchanged or otherwise obtained by Manager except with respect to Boxcars purchased or leased by Manager prior to the date hereof, or with respect to which Manager entered into a management agreement or lease agreement prior to the date hereof; provided, further, this shall in no event prevent or prohibit Manager from fulfilling its obligations to provide transportation and facilities upon reasonable request to shippers on its tracks.

5. Remittance of Earnings. Manager shall cause all payments (except those arising in respect of a Casualty Occurrence as hereinafter defined) received by Manager from railroads having different American Association of Railroads markings from those of Manager ("Other Railroads") or from any other party for use of or relating to the Units including, without limitation, mileage charges, straight car hire payments, penalties and incentive car hire payments to the fullest extent permitted by law, to be paid directly to Owner or as Owner shall direct in such manner and at such location as Owner may specify. Any such payments received by Manager shall be held in trust and forthwith paid to Owner, together with an accounting thereof. (All sums required to be paid by Manager to Owner pursuant to the provisions of this Section 5 are hereinafter sometimes collectively referred to as "Remittances").

Manager shall use its best efforts to secure payment from all Other Railroads over whose tracks the Units travel and from any other party using the Units any and all sums which may be due from time to time from such Other Railroads or party with respect to the Units including, without limitation, mileage charges, straight car hire payments, demurrage, penalties, and incentive car hire payments.

6. Management Charges.

A. Owner agrees to pay the following management fee to Manager for the management of the Equipment hereunder:

1. Owner shall receive all of the mileage charges and car hire revenues (including without limitation, both straight and incentive per diem) payable to Manager by Other Railroads if the utilization of all the Units on an aggregate basis for each period of twelve (12) months ("Fee Year"), the first such period commencing on the commencement date of the Initial Term of the first Unit accepted hereunder, shall be equal to or less than Eighty-Four Per Cent (84%) of the maximum that they could earn in that Fee Year assuming that the Units travel Fifty (50) miles per day. In the event that utilization exceeds Eighty-Four Per Cent (84%) in any Fee Year, the Manager shall be entitled to receive as a management fee all sums in excess of Eighty-Four Per Cent (84%) utilization. Such management fee shall be applicable for each Unit from the date of acceptance as provided in Section 3 and until such Unit is returned to Owner upon termination of this Agreement.

2. The management fee shall accrue and be payable to Manager for each Fee Year as provided below: Subject to the annual adjustment contained herein, Owner shall pay to Manager quarterly, the first such quarter to commence on the commencement date of the first Fee Year, the amount of the management fee which Manager determines in good faith is necessary so that Manager will receive for the period from the commencement of such Fee Year, to the end of such quarter, a management fee equal in amount to the utilization, in excess of Eighty-Four Per Cent (84%) utilization, experienced by the Units, on an aggregate basis, during such Fee Year, up to the last day of such quarter. Each such quarterly determination shall be made by Owner within thirty (30) days after the end of each of the first three (3) quarters of each Fee Year, and on or before the last day of the fourth quarter, and the amount of such management fee, as so determined, shall be paid to Manager on or before the thirtieth (30th) day following each of the first three (3) quarters and on or before the last day of the last quarter. Within ninety (90) days after the end of each Fee Year, the actual amount of such management fee for such Fee Year shall be finally determined by Owner, and any additional amount

owing to Manager, or any amount to be refunded to Owner, shall promptly be remitted to the appropriate party within ten (10) days after written notice of the final amount, as so determined, has been furnished to Manager by Owner.

3. In the event damage or destruction of a Unit has been reported in accordance with Rule 7 of the AAR Car Service and Car Hire Agreement Code of Car Hire Rules - Freight and the appropriate amount due as a result thereof is received by Owner, said damaged or destroyed Unit will be removed from this Agreement as of the date that payment of car hire revenues ceased.

B. Owner may, at its option, terminate this Agreement upon not less than thirty (30) days prior written notice, if:

1. The I.C.C. shall issue an order or any applicable law or regulation shall be amended, modified or enacted which shall have the effect of eliminating or in any way reducing the incentive per diem charges payable (as, for example, by reducing the period in which such charges are payable) in respect of the Units, unless there is made available to be received by Owner, a corresponding increase in per diem payments or other similar car-hire charges, at least equal to the reduction or elimination of incentive per diem charges;

2. The payments received by Owner in respect of incentive per diem charges for Units from Other Railroads shall for any reason whatsoever become unavailable in whole or in part for payment to Owner as herein provided; or

3. The aggregate of the car-hire charges and other income due and payable from Other Railroads in respect of the use of the Equipment shall in any Ninety (90) day period be less than Eighty-Four Per Cent (84%) of the maximum car-hire charges that could become due and payable during such period if the Units were used on the tracks of Other Railroads during each of said Ninety (90) days, and the Units traveled an average of Fifty (50) miles per day during each day of such period.

7. Identification Marks. The Manager will cause each Unit to be kept numbered with the identifying number set

forth in Schedule A hereto, or in the case of any Unit not therein listed, such identifying number as shall be set forth in any amendment or supplement hereto extending this Management Agreement to cover such Unit, and will keep and maintain, plainly, distinctly, permanently and conspicuously marked on each side of each Unit, in letters not less than one inch in height, the following words:

"OWNED BY BBT, A NEVADA LIMITED PARTNERSHIP, AND SUBJECT TO A SECURITY AGREEMENT FILED UNDER THE INTERSTATE COMMERCE ACT, THE PROVIDENT BANK, CINCINNATI, OHIO, AGENT, SECURITY OWNER"

or other appropriate words designated by the Owner with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the Owner's interest in such Unit and the rights of the Manager under this Management Agreement and the Agent under the Conditional Sale Agreement. The Manager will not place any such Unit in operation or exercise any control or dominion over the same until such names and words shall have been so marked on both sides thereof and will replace promptly any such names and words which may be removed, defaced or destroyed. The Manager will not change the identifying number of any Unit unless and until (i) a statement of a new number or numbers to be substituted therefor shall have been filed with the Owner and filed, recorded and deposited by the Manager in all public offices where this Management Agreement shall have been filed, recorded and deposited including, without limitation, the I.C.C., the Official Railway Equipment Register and the Universal Machine Language Equipment Register, and (ii) the Manager shall have furnished to the Owner an opinion of counsel to the effect set forth in subparagraph (iv)(B) of Section 25 hereof in respect of such statement.

Except as above provided, the Manager will not allow the name of any person, association or corporation to be placed on any Unit as a designation that might be interpreted as a claim of ownership; provided, however, that the Manager may cause the Units to be lettered with the names or initials or other insignia customarily used by the Manager or its affiliates on railroad equipment used by them of the same or a similar type for convenience of identification of their rights to manage the Units as permitted under this Management Agreement.

8. Taxes. Manager shall, subject to reimbursement from the Owner as hereinafter provided, pay and discharge

all sales, use, personal property, leasing, leasing use, stamp or other taxes, levies, imposts, duties, charges or withholdings of any nature, together with any penalties, fines or interest thereon (the foregoing being hereinafter called "Impositions") imposed against Owner, Owner's Agent, Agent, any assignee of Agent's rights hereunder, Manager or the Equipment by any Federal, state or local government or taxing authority upon or with respect to the Equipment or upon the purchase, ownership, delivery, lease, possession, use, operation, return, sale or other disposition thereof hereunder or in connection herewith, or upon the rentals, receipts, or earnings arising therefrom, or upon or with respect to this Management Agreement (excluding, however, taxes on, or measured by, the net income of Owner, Owner's Agent, Agent or any such assignee) unless, and to the extent only that, any such Imposition is being contested by Manager or Owner in good faith and by appropriate proceedings and the non-payment thereof does not, in the reasonable opinion of the Owner adversely affect the title, property or rights of the Owner to or in the Equipment.

If any Imposition is levied against Manager and the Units are included in or as a basis for the calculation of such Imposition, then, (a) if such Imposition is apportioned by the appropriate taxing authority between the Units and the other property owned or used by Manager, then Owner shall have the right (but not the obligation) to contest such apportionment, at its own expense, by any proceedings Owner deems appropriate under the circumstances, and (b) if such Imposition is not apportioned by the appropriate taxing authority between the Units and the other property owned or used by Manager, then such Imposition shall be apportioned between Owner and Manager on such basis as Owner and Manager shall agree or, failing such agreement, as may be determined by a majority decision of a panel of three (3) independent arbitrators, one of whom shall be selected by Manager, one of whom shall be selected by Owner, and the third to be selected by the Owner and Manager and designated arbitrators; provided, however, that if such Imposition is based upon the value of property, the portion of such Imposition apportioned to Owner shall in no event exceed the fraction thereof, the denominator of which is the value of all of the railroad equipment and all other property owned or used by Manager (whether similar or dissimilar to the Units and whether real, personal or mixed) included in the property on which such Imposition is based, and the numerator of which is the value of the Units (with "value", in each case,

determined in a manner consistent with the manner in which value is defined and calculated for the purpose of such Imposition under the laws, rules and regulations in effect during the period for which such Imposition is assessed). If Manager shall be entitled to any credit against any such Imposition or any other government charge, which credit shall arise as a result of any expenditure by Manager not related to the Units, then Manager shall be entitled to the full benefit of such credit.

Manager shall comply with all federal, state and local laws concerning the preparation and filing of tax returns with respect to the Equipment and shall provide copies of such returns to Owner not less than five (5) business days prior to the filing of such return. Owner shall have the right to review all such tax returns prior to their filing, and shall have the right to approve or object to any such tax returns or portions thereof which relate to the Equipment. Unless Owner objects to the filing of such return and so notifies Manager before such return is filed, Owner shall be deemed to have approved such return. In the event Owner objects to the filing of such return as prepared by Manager, such return shall be revised as Owner and Manager shall agree and, failing such agreement, as Owner shall direct, unless Manager is advised by its independent legal counsel that such return would not be in compliance with any applicable governmental law, rule or regulation, in which event, Owner may file such return on its own behalf if permitted to do so, and if not so permitted by applicable law, Manager shall file such return as it determines to be proper and correct under applicable law.

To the extent permissible under applicable laws, Owner shall have the right but not the obligation to pay any personal property or similar tax, assessment or other government charge with respect to the Unit, in lieu of Manager paying such Imposition, and upon agreeing to pay such Imposition, Owner shall be freed of its obligation to reimburse Manager with respect thereto under the provisions of this Section 8.

For purposes of this Section 8, the term "Impositions" shall include, and the Manager shall be entitled to reimbursement from Owner in accordance with the next succeeding paragraph for, any incremental taxes on personal property paid by Manager as a result of or arising out of its performance of the transactions contemplated hereby. Such incremental taxes shall be the difference between (i) the amount of such personal property taxes actually paid by the

Manager (whether during the term of this Agreement, or after its expiration), and (ii) the amount of taxes on personal property which the Manager would have paid in the absence of this Agreement and the transactions contemplated hereby. In the event the Manager, and the Owner cannot agree upon the amount of such incremental taxes on personal property, either party may demand that such dispute be resolved by a panel of Three (3) arbitrators in the manner set forth in the second paragraph of this Section 8, in which case the dispute shall be submitted for arbitration and the decision of a majority of the panel of arbitrators shall be binding upon the parties.

Promptly upon delivery of an invoice therefor from Manager, Owner shall reimburse Manager within thirty (30) days after receipt of such invoice for all Impositions so invoiced by Manager with respect to the Equipment, except such Impositions (i) on (based upon, or measured by) net income from the Equipment earned by or imposed on Manager, (ii) penalties assessed against Manager because of its failure to comply timely with any applicable governmental law, rule or regulation, and (iii) Impositions, the amount of which are under dispute and being submitted to arbitration pursuant to the preceding paragraph.

9. Reports and Records. On or before March 31 in each year, commencing with the year 1980, the Manager shall furnish to the Owner an accurate statement signed by an executive officer of Manager (a) setting forth as of the preceding December 31 the amount, description and numbers of all Units then subject to this Agreement, the amount, description and numbers of all Units that have suffered a Casualty Occurrence or are then undergoing repairs (other than running repairs) or have been withdrawn from use pending repairs (other than running repairs) during the preceding calendar year (or since the date of this Agreement in the case of the first such statement) and such other information regarding the condition and state of repair of the Equipment as the Owner may reasonably request, (b) stating that, in the case of all Units repaired or repainted during the period covered by such statement, the numbers and markings required by Section 7 hereof have been preserved or replaced, and (c) certifying that all amounts, whether Remittances or otherwise, payable hereunder by Manager to Owner through the preceding December 31 have been paid, or if any have not been paid, identifying such unpaid amounts and the reason for their nonpayment. The Owner shall have the right, by

its agents, to inspect the Equipment and the Manager's records with respect thereto at such reasonable times as the Owner may request during the term of this Agreement.

Manager shall also furnish, or cause to be furnished to Owner on or before April 30 in each year during the term of this Agreement, commencing with the year 1979, independently audited financial statements of Manager prepared in accordance with generally accepted accounting principles.

Owner retains the risk of loss, damage or destruction of the Units. In the event that any Unit shall be or become worn out, lost, stolen, destroyed or irreparably damaged, from any cause whatsoever, or taken or requisitioned by condemnation or otherwise, or there shall occur any other material interruption or termination of use of any Unit regardless of the cause (such occurrences being hereinafter called a "Casualty Occurrence"), during the term of this Management Agreement, the Manager shall, within ten (10) days after such Unit has suffered a Casualty Occurrence, fully notify the Owner with respect thereto.

The Manager shall prepare and deliver to the Owner at least ten (10) days prior to the required date of filing (or, to the extent permissible, file on behalf of the Owner) any and all reports (other than income tax returns) relating to maintenance, registration and operation of the Equipment to be filed by the Owner or Manager with any federal, state or other regulatory authority by reason of the ownership by the Owner of the Units or providing such Equipment thereof to the Manager. Such documents shall include, but are not limited to, registration with the ICC, in the Official Railway Equipment Register and in the Universal Machine Language Equipment Register and any and all reports which may be required from time to time by any governmental agency with jurisdiction over the Agent, the Owner's Agent, the Owner, the Manager or the Equipment. Manager shall perform all record keeping functions relating to use of the Equipment, and shall maintain records relating thereto whether such use is by Manager or Other Railroads, all in accordance with AAR Railroad Interchange Agreements and Rules. Such records shall include, but not be limited to, car hire reconciliations. Manager shall supply Owner with copies of such records regarding use of the Equipment as Owner may reasonably request. All records maintained hereunder,

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including all records of payments received in connection with the use of the Equipment, or expended in connection with the maintenance of the Equipment, charges and correspondence relating to the Equipment shall be separately recorded and maintained by Manager in a form suitable for reasonable inspection by Owner from time to time during Manager's regular business hours.

Manager shall, upon written request of the Owner, with the prior written consent of the Agent, in its sole discretion, make such request with the Association of American Railroads for relief or reinstatement from AAR Car Service Rules 1 and 2 as Owner may from time to time specify; provided, however, Manager shall not be required to make such a request for relief unless in any Sixty (60) day period the aggregate of the car hire charges and other income due and payable from Other Railroads in respect of the use of the Equipment shall in such Sixty (60) day period be less than Eighty-Four Per Cent (84%) of the maximum car-hire charges that could become due and payable during such period if the Units were used on the tracks of Other Railroads during each of said Sixty (60) days, and the Units traveled an average of Fifty (50) miles per day during each day of such period.

10. Condition of Equipment and Compliance with Laws and Rules. The Manager's delivery of a Certificate of Acceptance shall be conclusive evidence that the Manager has accepted the Units described therein and that they are in all the respects satisfactory to the Manager for the purpose of managing such Units hereunder, and the Manager will not assert any claim or defenses hereunder based on the design, workmanship, quality, condition or merchantability of the Equipment.

The Manager agrees, for the benefit of the Owner to comply in all respects (including, without limitation, with respect to the use, maintenance and operation of each Unit) with all laws of the jurisdictions in which its operations involving the Units may extend, with the interchange rules of the AAR and with all rules of the Department of Transportation, the ICC and any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Units, to the extent that such laws and rules affect the title, operation or use of the Units, and in the event that such laws or rules require any alteration, replacement or addition of or to any part on any Unit, the Manager will conform therewith; provided, however, that the Manager or Owner may, in good faith, contest, at the expense of the contesting party, the validity or application of any such law or rule in any reasonable manner which does not, in

including all records of payments received in connection with the use of the Equipment, or expended in connection with the maintenance of the Equipment, charges and correspondence relating to the Equipment shall be separately recorded and maintained by Manager in a form suitable for reasonable inspection by Owner from time to time during Manager's regular business hours.

Manager shall, upon written request of the Owner, with the prior written consent of the Agent, in its sole discretion, make such request with the Association of American Railroads for relief or reinstatement from AAR Car Service Rules 1 and 2 as Owner may from time to time specify; provided, however, Manager shall not be required to make such a request for relief unless in any Sixty (60) day period the aggregate of the car hire charges and other income due and payable from Other Railroads in respect of the use of the Equipment shall in such Sixty (60) day period be less than Eighty-Three Per Cent (83%) of the maximum car-hire charges that could become due and payable during such period if the Units were used on the tracks of Other Railroads during each of said Sixty (60) days, and the Units traveled an average of Fifty (50) miles per day during each day of such period.

10. Condition of Equipment and Compliance with Laws and Rules. The Manager's delivery of a Certificate of Acceptance shall be conclusive evidence that the Manager has accepted the Units described therein and that they are in all the respects satisfactory to the Manager for the purpose of managing such Units hereunder, and the Manager will not assert any claim or defenses hereunder based on the design, workmanship, quality, condition or merchantability of the Equipment.

The Manager agrees, for the benefit of the Owner to comply in all respects (including, without limitation, with respect to the use, maintenance and operation of each Unit) with all laws of the jurisdictions in which its operations involving the Units may extend, with the interchange rules of the AAR and with all rules of the Department of Transportation, the ICC and any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Units, to the extent that such laws and rules affect the title, operation or use of the Units, and in the event that such laws or rules require any alteration, replacement or addition of or to any part on any Unit, the Manager will conform therewith; provided, however, that the Manager or Owner may, in good faith, contest, at the expense of the contesting party, the validity or application of any such law or rule in any reasonable manner which does not, in

the opinion of the Owner, adversely affect the property or rights of the Owner and does not result in a Unit being removed from the regular interline interchange service contemplated hereby; and provided, further, that no such alterations, modifications or replacement of parts shall be made without the prior authorization of the Owner unless made by a railroad other than the Manager without the prior approval of the Manager.

Title to any such alteration, replacement or addition of or to any part on any Unit shall be and remain with Owner.

11. Maintenance of Equipment. Manager shall inspect all Units interchanged to insure that such Units are in good working order and condition in the same manner as Manager inspects railroad equipment owned by it; and Manager shall be liable to Owner for all costs, expenses, fees and charges incurred in connection with any repairs required for damage existing but not noted at the time of such interchange. Manager shall at all times keep the Equipment in good repair and efficient condition and working order, eligible for interchange with Other Railroads pursuant to AAR Interchange Standards, and Owner shall pay all costs, expenses, fees and charges incurred in connection with repairs, maintenance and servicing of the Units. Owner shall bear the risk of all necessary alterations, modifications or replacements of the Units, or any part thereof, and all parts, replacements, substitutions and additions to or for any Equipment shall immediately become Equipment and the property of Owner. At Owner's cost and expense, Manager, at its discretion, shall make running repairs ("Running Repairs") to facilitate the continued and immediate use of the Units. Charges to Owner by Manager for all repairs, maintenance and servicing performed by Manager pursuant to the provisions hereof shall be in an amount not in excess of comparable charges paid by Owners of similar railroad boxcars to other recognized maintenance firms for similar repairs and in any event shall not exceed AAR Standard Rates as in effect at the time of such repairs, maintenance and service, or such other rules which supersede or replace AAR Standard Rates.

Anything herein to the contrary notwithstanding, Manager shall promptly notify Owner of the need for any maintenance or repairs, other than Running Repairs, and Owner shall have the right to require that any or all such alterations, modifications, replacements, repairs, maintenance and/or servicing on any or all of the Units be performed by Manager, Owner, one or more Other Railroads or others able to do such work, in which event the cost of transporting the Equipment to

such Other Railroads shall be borne by the Owner. Promptly upon request therefor from Manager, Owner will reimburse Manager for all costs, expenses, fees and charges incurred in connection with repairing, maintaining and servicing the Units, unless any such repairs, maintenance or servicing was (or were) (i) occasioned by the negligence or willful misconduct of Manager or any of Manager's agents or employees or (ii) would be deemed a "handling line responsibility" pursuant to Rule 96 of the AAR Field Manual as in effect at the time, or such other rule which supercedes or replaces such provision whenever the Units are on Manager's railroad tracks, Manager shall comply with Rule 7 of the AAR Car Service and Car Hire Agreement Code of Car Service Rules-Freight ("Rule 7").

12. Default. If, during the continuance of this Management Agreement, one or more of the following events (each such event being hereinafter sometimes called an "Event of Default") shall occur and be continuing:

- A. default shall be made in the payment by Manager of any sum required to be paid or remitted hereunder, and such default shall continue for a period of five (5) days after notice from the Owner that it believes such payment is due;
- B. Manager shall operate any Unit or permit any Unit to be operated after notice of termination of insurance set forth in Section 20, unless the Manager is unable to terminate use of such Units but only until such time as Manager is able to terminate use of such Units;
- C. any representation or warranty, made by Manager in this Management Agreement is untrue in any material respect, or any statement, report, schedule, notice or other writing furnished by Manager to Owner in connection herewith is untrue in any material respect on the date as of which the facts set forth are stated or certified;
- D. default shall be made in the observance or performance of any other of the covenants, conditions and agreements on the part of the Manager contained herein, and such default shall continue for thirty (30) days after written notice thereof from the Owner to the Manager;
- E. any act of insolvency by Manager, or the filing by Manager of any petition or action under any bankruptcy, reorganization, insolvency, or mora-

torium law, or any other law or laws for the relief of, or relating to, debtors;

- F. the filing of any involuntary petition under any bankruptcy, reorganization, insolvency or moratorium law against Manager that is not dismissed within sixty (60) days thereafter, or the appointment of any receiver or trustee to take possession of the properties of Manager, unless such petition or appointment is set aside or withdrawn or ceases to be in effect within sixty (60) days from the date of said filing or appointment;

then, in any such case, the Owner at its option may:

(a) proceed by appropriate court action or actions, either at law or in equity, to enforce performance by the Manager of the applicable covenants of this Management Agreement (and Manager agrees to bear Owner's costs and expenses, including reasonable attorneys' fees, in securing such enforcement) or to recover damages for the breach thereof; and/or

(b) by notice in writing to the Manager terminate this Management Agreement, whereupon all rights of the Manager hereunder to manage the Units shall absolutely cease and terminate as though this had never been made, but the Manager shall remain liable as hereinafter provided; and/or

(c) by its agents enter upon the premises of the Manager or other premises where any of the Units may be and take possession of all or any of such Units and thenceforth hold, possess and enjoy the same free from any right of the Manager, or its successors or assigns, to use the Units for any purposes whatever;

but the Owner shall, nevertheless, have a right to recover from the Manager any and all amounts which under the terms of this Management Agreement may be then due or which may have accrued to the date or subsequent to the date of such termination and also to recover forthwith from the Manager; (i) any damages and expenses, including reasonable attorney's fees, in addition thereto which the Owner shall have sustained by reason of the breach of any covenant, representation or warranty of this Management Agreement, and (ii) all costs and expenses incurred in searching for, taking, removing, keeping, and storing such Units of Equipment, and (iii) all additional amounts owing by Manager hereunder, whether as Remittances or otherwise.

The remedies in this Management Agreement provided in favor of the Owner shall not be deemed exclusive, but shall be cumulative, and shall be in addition to all other remedies in its favor existing at law or in equity. The Manager hereby waives any mandatory requirements of law, now or hereafter in effect, which might limit or modify the remedies herein provided, to the extent that such waiver is not, at the time in question, prohibited by law. The Manager hereby waives any and all existing or future claims to any offset against the Remittances or any other payments due Owner hereunder and agrees to make such Remittances and all other payments as directed regardless of any offset or claim which may be asserted by the Manager or on its behalf.

The failure of the Owner to exercise the rights granted it hereunder upon the occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or recurrence of any such contingencies or similar contingencies.

The non-payment by Owner of any sum required herein to be paid or reimbursed by Owner to Manager not later than fifteen (15) days after such payment is due shall be a default (hereinafter called an "Owner Default") by Owner hereunder unless the amount not paid by Owner is disputed by Owner and Owner shall have given notice to Manager of the nature of such dispute. Upon the occurrence of such a Owner Default, Manager shall have such other rights as may be available to it at law or in equity; provided, however, so long as the Management Agreement Assignment shall be in effect; (i) Manager shall not offset any amounts which it claims to be due from Owner against any Remittances or other payments it is obligated to make pursuant to this Management Agreement, and (ii) Manager shall continue to perform and observe each and every other duty and covenant required to be performed or observed by the Manager hereunder, notwithstanding the occurrence and continuance of an Owner Default. In the event the Owner disputes the occurrence of an Owner Default claimed by the Manager, such dispute or disagreement may be submitted, upon the request of either party, to a panel of three (3) independent arbitrators, one of whom shall be selected by Manager, one of whom shall be selected by Owner, and the third to be selected by the Owner and Manager designated arbitrators. The determination of a majority of such arbitrators as to such dispute or disagreement shall be binding upon both parties hereto.

13. Return of Units Upon Default. If an Event of Default shall occur and be continuing or if this Management Agreement shall terminate pursuant to Section 12 hereof, the Owner may take, or cause to be taken or demand from the Manager, immediate possession of Equipment, or one or more of the Units thereof, and may remove the same from possession and use of the Manager. For such purpose, the Owner may enter upon the premises of the Manager or any other premises where the Equipment may be located and may use and employ in connection with such removal any supplies, services and aids, including but not limited to diesel fuel or other necessary petroleum products, and any available trackage and other facilities or means of the Manager, with or without process of law.

In case the Owner shall demand possession of the Equipment pursuant to this section and shall designate a reasonable location or locations on the lines or premises of the Manager or points at which the lines of the Manager interconnect with the lines of any other railroad for the delivery of Equipment to the Owner, the Manager shall at its own cost, expense and risk, forthwith and in usual manner, cause the Equipment to be moved to such location or locations on Manager's lines or interchange point or points and shall there deliver the Equipment or cause it to be delivered to the Owner and if so requested by Owner, Manager shall, at its own expense and without the right to any reimbursement (except as hereinafter specifically provided to contrary), obliterate any insignia or other indentifying markings or lettering it has theretofore placed on the Equipment and restore the exterior to its original appearance, wear and tear otherwise hereunder permitted being excepted. At the option of the Owner, the Owner may keep the Equipment on any of the lines or premises of the Manager until the Owner shall have entered into a Management Agreement, leased, sold or otherwise disposed of the same (whether by public or private sale or otherwise), and for such purpose, the Manager agrees to furnish, without charge of rent or storage, the necessary facilities at any point or points selected by the Owner reasonably convenient to the Manager; provided such storage without rent shall not exceed a period of sixty (60) days from the date Manager makes the Equipment available to Owner and if so requested by Owner, Manager shall, at its own expense and without the right to any reimbursement (except as hereinafter specifically provided to the contrary), obliterate any insignia or other indentifying markings or lettering it has theretofore placed on the Equipment and restore the exterior to its original appearance, wear and tear otherwise hereunder permitted being excepted. During

any storage period, the Manager will permit the Owner or any person designated by it, including the authorized representative or representatives of any prospective manager, purchaser or lessee of any such Unit, to inspect the same. Without in any way limiting the obligation of the Manager under the foregoing provisions of this Section 13, the Manager hereby irrevocably appoints the Owner as agent and attorney of the Manager with full power and authority, including the power of substitution, at any time while the Manager is obligated to deliver possession of any Unit to the Owner to demand and take possession of such Unit in the name and on behalf of the Manager from whomsoever shall be in possession of such Unit at the time. This Agreement to deliver the Equipment and furnish facilities as hereinbefore provided is of the essence of the agreement between the parties, and upon application to any court of equity having jurisdiction in the premises, the Owner shall be entitled to a decree against the Manager requiring specific performance hereof.

The Manager hereby expressly waives any and all claims against the Owner, Owner's Agent, Agent and their assigns or agents for damages of whatever nature in connection with the retaking of any Unit of the Equipment in any reasonable manner.

14. Assignment, Merger of Manager. Without the prior written consent of Owner, Manager shall not assign or transfer its interest or except as expressly permitted herein, delegate any of its duties, under this Management Agreement or in or to or with respect to the Equipment, and any attempted assignment or transfer shall be of no force or effect.

So long as Manager shall not be in default under this Management Agreement, Manager shall be entitled to manage the Units and to permit the use of the Units upon railroads in the usual interline interchange of railway traffic, but only upon and subject to all the terms and conditions of this Management Agreement; provided, however, that the Manager (to the fullest extent permitted by applicable law) (a) shall not assign or permit the assignment of any Unit to service involving the regular operations and maintenance thereof outside the United States or permit any Unit to be outside the United States for more than 50% of any twelve-month period, and (b) shall not at any time ^{permitted by} permit more than 10% of the Units to be located outside the United States of America. No assignment, lease or interchange entered into by Manager hereunder shall relieve Manager of any liability or obligations hereunder.

Nothing in this Section 14 shall be deemed to restrict the right of Manager to assign or transfer its rights and interest under this Management Agreement to any corporation (which shall have expressly assumed in writing the due and punctual payment and performance of all obligations hereunder of Manager) into or with which Manager shall have become merged or consolidated or which shall have acquired the property of Manager as an entirety or substantially as an entirety.

15. Assignment by Owner. Owner and any direct or remote assignee of any right, title or interest of Owner hereunder shall have the right at any time or from time to time to assign part or all of its right, title and interest in and to this Management Agreement, but Manager shall be under no obligation to any assignee except upon written notice of such assignment from Owner. Without limiting the foregoing, Owner and any such assignee shall have the right at any time, or from time to time, to transfer its right, title and interest under this Management Agreement.

Owner may grant a security interest or other lien on any or all of the Equipment, this Management Agreement and sums due under this Management Agreement to a financial institution or other assignee (hereinafter "Secured Party"). In such event (a) upon request by Owner or Secured Party, Manager will make or direct all payments of amounts due hereunder directly to Secured Party in the manner specified by Secured Party; (b) Manager's obligations hereunder, including (without limitation) its obligation to make the Remittances described in Section 5 hereof, shall not be subject to any reduction, abatement, defense, set-off, counter-claim or recoupment for any reason whatsoever, which, however, shall not prevent Manager from asserting any claim separately against Owner; (c) Manager will not, after obtaining knowledge of any such assignment, consent to any modification of this Management Agreement without the prior written consent of Secured Party; and (d) Manager will provide to Owner and Secured Party such certificates, statements or other information as Owner may from time to time reasonably request, including, without limitation, a "no-default certificate".

16. Return of Units Upon Expiration of Term. As soon as practicable on or after the expiration, or earlier termination pursuant to Section 6(B), of the term of this Management Agreement with respect to any Unit, the Manager shall deliver possession of such Unit to the Owner or as Owner shall direct upon such storage tracks of the Manager or to

such interchange point or points of Manager as the Owner reasonably may designate, provided that such storage on the Manager's storage tracks does not interfere with the operation of the railroad of the Manager. The Manager will permit the Owner to store such Unit on such tracks for a period not exceeding sixty (60) days after delivery of possession to Owner hereunder and transport the same, at any time within such sixty (60) day period, to any reasonable place on the lines of railroad operated by the Manager, or to any connecting carrier for shipment, all as directed by the Owner, such movement and storage of any such unit on the storage tracks of the Manager to be at the expense and risk of the Owner. During said sixty (60) day storage period and at the expiration thereof, the Manager agrees to transport the Units to any other reasonable place designated by the owner, the movement of such Units to such places (other than to the places set forth in the immediately preceding sentence) to be at the expense and risk of the Owner. Manager shall remit to Owner promptly upon receipt thereof, any and all income earned and received by the Manager for use of such Units by others, including all income received from users pursuant to the I.C.C. Car Hire Rate Table (hereinafter "Gross Revenues") during such movement, and the Manager shall use its best efforts to realize such Gross Revenues on such Units during such movement. During any storage period provided herein, the Manager will permit the Owner or any person designated by it, including the authorized representative or representatives of any prospective purchaser, manager or lessee, of such Units, to inspect the same; provided, however, that the Manager shall not be liable, except in the case of negligence or willful misconduct of the Manager or of its employees or agents, for any injury to, or the death of, any person exercising, either on behalf of the Owner or any prospective purchaser, manager or lessee, the rights of inspection granted under this sentence. The assembling, delivery, storage and transporting of the Units as hereinbefore provided are of the essence of this Management Agreement, and upon application to any court of equity having jurisdiction in the premises, the Owner shall be entitled to a decree against the Manager requiring specific performance of the covenants of the Manager to so assemble, deliver, store and transport the Units. Each Unit returned to the Owner pursuant to this Section 16 shall (i) be in the same operating order, repair and condition as when originally delivered to the Manager, reasonable wear and tear excepted, (ii) meet the standards then in effect under the Interchange Rules of

the AAR and/or the applicable rules of any governmental agency or other organization with jurisdiction for use of such Units in regular railroad interchange service, and if so requested by Owner, Manager shall, obliterate any insignia or other identifying markings or lettering it has theretofore placed on the Equipment and restore the exterior to its original appearance, wear and tear otherwise hereunder permitted being excepted.

17. Manager's Warranties. Manager represents and warrants that:

(a) Manager is a corporation duly organized and existing in good standing under the laws of the State of Mississippi.

(b) Manager is duly authorized to execute and deliver this Management Agreement, and is duly authorized to manage the Equipment hereunder and to perform its obligations hereunder.

(c) The execution and delivery of this Management Agreement by Manager, and the performance by Manager of its obligations hereunder, do not conflict with any provision of law or of the charter or by-laws of Manager or of any indenture, mortgage, deed of trust or agreement or instrument binding upon Manager or to which Manager is a party.

(d) The execution, delivery and performance of this Management Agreement by Manager and the consummation by Manager of the transactions contemplated hereby do not require the consent, approval or authorization of, or notice to, any federal, state or local governmental authority or public regulatory body.

(e) Manager's financial statement as at December 31, 1977, a copy of which has been furnished to Owner, has been prepared in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding fiscal year and presents fairly the financial position of Manager as at the date thereof, and the results of its operations for the period then ended, and since such date there has not been any material adverse change in its financial position.

(f) This Management Agreement is a legal, valid and binding obligation of Manager, enforceable in accordance with its terms.

(g) There are not any pending or threatened actions or proceedings before any court or administrative agency which will to a material extent adversely affect the financial condition or continued operation of Manager and its subsidiaries on a consolidated basis (except as previously disclosed in writing by Manager to Owner) or the ability of Manager to perform its obligations under this Management Agreement.

(h) To the best knowledge of Manager, there is no material fact which Manager has not disclosed to Owner in writing, nor so far as Manager can now reasonably foresee, which will individually or in the aggregate materially adversely affect the business, condition or any material portion of the properties of Manager or the ability of Manager to perform its obligations under this Management Agreement.

18. Owner's Warranties; Indemnification.

(A) Owner represents and warrants that:

(a) Owner is a limited partnership duly organized and existing in good standing under the laws of the State of Nevada, and Bijur Transport, Inc., one of its General Partners, is a corporation duly organized and validly existing in good standing under the laws of the State of Nevada, and Apartment House Decorative Co., Inc., one of its General Partners, is a corporation duly organized and validly existing in good standing under the laws of the State of New York.

(b) Owner is duly authorized to execute and deliver this Management Agreement, and is duly authorized to own the Equipment and to perform its obligations hereunder.

(c) The execution and delivery of this Management Agreement by Owner and the performance by Owner of its obligations hereunder, do not conflict with any provision of law or of the limited partnership agreement of Owner or the charter or by-laws of General Partners or of any indenture, mortgage, deed of trust or agreement or instrument binding upon Owner or General Partners, or to which Owner or General Partners are a party.

(d) The execution, delivery and performance of this Management Agreement by Owner and the consummation by Owner of the transactions contemplated hereby do not require the consent, approval or authorization of, or notice to, any federal, state or local governmental authority or public regulatory body.

(e) There are not any pending or threatened actions or proceedings before any court or administrative agency which will to a material extent adversely affect the financial condition or continued operation of Owner or the ability of Owner to perform its obligations under this Management Agreement.

(f) To the best knowledge of the Owner, there is no fact which Owner has not disclosed to Manager in writing, nor, so far as Owner can now reasonably foresee, which will individually or in the aggregate materially adversely affect the business, condition or any material portion of the properties of Owner or General Partners or the ability of Owner to perform its obligations under this Agreement.

(B) Owner hereby agrees to defend, indemnify and hold Manager harmless from and against any and all loss or damage, including any or all risk or damage to the Units, and to defend, indemnify and hold Manager harmless from and against any and all claims, damages or expenses, incurred by or asserted against Manager as the result of Manager's management, possession, use or control of the Units (collectively "Liabilities"); provided, however, that the foregoing obligations of Owner shall not extend to any Liabilities caused by or attributable to Manager's negligence or misconduct or Manager's default in the performance of any of its obligations hereunder; provided, further, Owner's obligations under this Section 18 shall be reduced by the amount of any insurance proceeds received by Manager, whether under Section 20 hereof or otherwise in respect of any such Liabilities.

19. Ownership of Equipment; Federal Income Taxes. It is the intent of the parties to this Management Agreement that Owner shall at all times be and remain the owner of all Units of Equipment. Manager shall at no time take any action or file any instrument which is inconsistent with the foregoing intent. Upon the request of Owner and/or any government agency having jurisdiction and/or any third party designated in writing by Owner as having an interest in the Equipment, Manager will take such action legally permissible and execute such documents as may be necessary to accomplish or more fully evidence the foregoing intent.

Owner shall be entitled to claim deductions, credits, and other benefits as are provided by the Internal Revenue Code of 1954, as amended, to the date hereof (hereinafter called the "Code"), to an owner of property, including, without limitation: (a) the maximum depreciation deduction for any year (hereinafter called the "Depreciation Deduction") with respect to the Units authorized under Section 167 of the Code, (b) deductions with respect to the interest payable under the Conditional Sale Agreement pursuant to Section 163 of the Code (hereinafter called the "Interest Deduction"), and (c) investment tax credit with respect to the Equipment authorized pursuant to Sections 38 and 50 of the Code (hereinafter called the "ITC"). In furtherance of the foregoing, Manager shall maintain such records, execute such documents and take such other action as may be reasonably requested by Owner to permit Owner to claim the Depreciation Deduction, Interest Deduction, and ITC with respect to the Units and Manager shall take no action inconsistent with the foregoing intent.

It is expressly understood and agreed that this Management Agreement does not constitute any joint venture or partnership and the parties hereto agree to execute such other instruments and take such other actions as may be reasonably requested by either party hereto to evidence the foregoing intention.

20. Insurance. The Manager hereby acknowledges Owner's obligation under the Conditional Sale Agreement to maintain, at all times during the term of this Management Agreement (and thereafter during the 60 day period in which the Units are being stored pursuant to Sections 13 or 16 hereof) with reputable insurers acceptable to the Agent, insurance on each Unit in an amount not less than the greater of (i) the fair market value of each Unit as determined by Owner, or (ii) the Conditional Sale Indebtedness with respect to each Unit from time to time outstanding under the Conditional Sale Agreement, insuring against loss and destruction of, and damage to, such Unit arising out of theft, loss, damage, destruction, fire, windstorm, explosion, and all other hazards and risks ordinarily subject to extended coverage insurance, and against such other hazards and risks as are customarily insured against by companies owning or leasing property of a similar character and engaged in a business similar to that engaged in by Manager; and public liability and property damage insurance to the extent required under the Conditional Sale Agreement with respect to the Units in amounts not less than the greater of (a) the amounts of insurance maintained by Manager with respect to railroad

equipment of a similar kind owned by Manager, or (b) bodily injury and property damage liability insurance in an amount not less than \$5,000,000. Manager acknowledges and agrees that Owner shall have no obligation hereunder to maintain the insurance described herein, and failure to carry such insurance shall not constitute a default hereunder.

All such insurance policies shall (i) name the Manager, Owner's Agent, Owner and the Agent as the co-insureds, with losses to be payable to Agent, (ii) provide that the policies will not be invalidated as against the Owner, Owner's Agent, or the Agent because of any violation of a condition or warranty of the policy or application therefor by Manager, and (iii) provide that the policies may be materially altered or cancelled by the insurer only after thirty (30) days prior written notice to the Manager, Owner, Owner's Agent, and the Agent. In the event, at any time, the insurance required by this Section 20 shall not be in full force and effect, Manager shall not use the Equipment and shall use its best efforts to prohibit the use of any Unit of the Equipment by any other entity.

21. Recording; Expenses. Prior to the delivery and acceptance hereunder of any Unit, the Manager will cause this Management Agreement to be filed and recorded with the Interstate Commerce Commission in accordance with 49 U.S.C. 11303, and the Equipment to be duly registered in the Official Railway Equipment Register and the Universal Machine Language Equipment Register. The Manager will also cause any management agreement assignment during the term hereof to be so filed and recorded. The Manager will from time to time, do and perform any other act and will execute, acknowledge, deliver, file, register, record and deposit (and will refile, reregister, rerecord or redeposit whenever required) any and all further instruments required by law or reasonably requested by the Owner for the purpose of proper protection, to the satisfaction of Owner, of the Owner's title to the Equipment or for the purpose of carrying out the intention of this Management Agreement. The Manager will promptly furnish to the Owner evidences of all such filing, registering, recording, depositing, refiling, reregistering, rerecording and/or redepositing, and an opinion or opinions of counsel for the Manager with respect thereto satisfactory to the Owner.

Promptly upon request therefor from Manager, Owner shall reimburse Manager for all out-of-pocket expenses incurred by Manager in connection with the filing and recording of this Management Agreement, any management agreement assignment, such other instruments and documents as are required to be prepared, filed, recorded, rerecorded,

deposited or redeposited, and the reasonable fees of legal counsel incurred pursuant to this Section 21.

22. Interest on Overdue Payments. Anything to the contrary herein contained notwithstanding, any nonpayment of amounts and other obligations due hereunder by Manager shall result in the obligation on the part of the Manager promptly to pay also, to the extent legally enforceable, an amount equal to Sixteen Per Cent (16%) per annum of the overdue amounts for the period of time during which they are overdue or such lesser amount as may be legally enforceable.

23. Notices. Any notice required or permitted to be given by either party hereto to the other shall be deemed to have been given when deposited in the United States certified mails, first class postage prepaid, addressed as follows:

if to the Owner:

BBT
One East First Street
Suite 1203
Reno, Nevada 89501

with copies to:

The Provident Bank, Agent
One East Fourth Street
Cincinnati, Ohio 45202
Attention: J. Lynn Brewbaker

and

Messrs. Keating, Muething & Klekamp
1800 Provident Tower
One East Fourth Street
Cincinnati, Ohio 45202
Attention: Richard D. Siegel

and

Kronish, Lieb, Shainswit, Weiner & Hellman
1345 Avenue of the Americas
New York, New York 10019
Attention: Steven K. Weinberg

and

Railway Freight Car Services, Inc.
North Shore Towers
269-10C Grand Central Parkway
Floral Park, New York 11005
Attention: Harvey Polly

and

Gibson, Dunn & Crutcher
2029 Century Park
East Los Angeles, California 90071
Attention: John P. Anderson
Robert E. Dean

if to the Manager:

Columbus & Greenville Railway Company
P.O. Box 6000
Columbus, Mississippi 39701
Attention: Jim Thompson, Treasurer

or addressed to either party at such other address as such party shall hereafter furnish to the other party in writing.

24. Right to Perform. If Manager fails to make any payments required by this Management Agreement, or to perform any of its other agreements contained herein, Owner may itself, but shall not be required to, make any such payments or perform any such obligations. The amount of any such payment and Owner's expenses, including (without limitation) reasonable legal fees and expenses in connection therewith and with such performance, shall thereupon be and become payable by Manager to Owner upon demand unless such expenses are of the type which Owner is required to reimburse to Manager upon request as herein elsewhere provided.

25. Conditions to Owner's Obligations. Notwithstanding anything to the contrary contained herein, Owner shall have no obligations whatsoever hereunder unless on or before, but no more than five (5) days before, each Closing Date of Units under the Conditional Sale Agreement:

(i) all of Manager's representations and warranties in Section 17 of this Management Agreement shall be true and correct as though made as of such date;

(ii) no litigation or governmental proceedings shall be threatened or pending against Manager or any subsidiary which in Owner's reasonable opinion will to a material extent adversely affect the ability of Manager to perform its obligations hereunder;

(iii) no Event of Default, or event which might mature into an Event of Default, shall have occurred or be continuing hereunder;

(iv) Manager shall have furnished to Owner in form and substance satisfactory to Owner, the following on or prior to such date hereunder:

(A) resolutions of the Board of Directors of Manager, certified by its Secretary or an Assistant Secretary, authorizing the management of such Equipment hereunder and the execution, delivery and performance by Manager of this Management Agreement;

(B) a favorable opinion of counsel for the Manager or special ICC counsel, acceptable to Owner, dated such date to the effect that:

(1) Manager is a corporation duly organized and existing in good standing under the laws of the State of Mississippi;

(2) Manager is duly authorized to execute and deliver this Management Agreement, and is duly authorized to manage Equipment hereunder and to perform its obligations hereunder;

(3) the execution and delivery of this Management Agreement by Manager, and the performance by Manager of its obligations hereunder and thereunder, do not and will not conflict with any provision of law or of the charter or by-laws of Manager or of any indenture, mortgage, deed of trust or agreement or instrument binding upon Manager or to which Manager is a party;

(4) the execution, delivery and performance of this Management Agreement by Manager and the consummation by Manager of the transactions contemplated hereby and thereby do not require the consent, approval or authorization of, or notice to, any federal or state governmental authority or public regulatory body;

(5) this Management Agreement is a legal, valid and binding obligation of Manager enforceable in accordance with its terms (except as may be affected by bankruptcy, reorganization, insolvency and similar laws affecting the rights of creditors generally);

(6) there are not to the knowledge of such counsel any pending or threatened actions or proceedings before any court or administrative agency which will, in the opinion of such counsel, to a material extent adversely affect the financial condition or continued operation of Manager and its subsidiaries on a consolidated basis;

(7) this Management Agreement has been duly filed and recorded with the ICC pursuant to 49 U.S.C. 11303, such filing and recording will protect Owner's interests in and to the Units of Equipment, and no further filing or recording (or giving of notice) with any other federal, state or local government is necessary in order to protect the interests of Owner in and to the Units;

(8) to the effect set forth in subparagraph (h) of Section 17 hereof and as to such other matters as Owner shall reasonably request.

(D) a Certificate of Acceptance of Manager covering the Units of Equipment delivered pursuant to Section 2 hereof.

26. Severability; Effect and Modification of Management Agreement; Owner. Any provision of this Management Agreement which is prohibited or unenforceable in any jurisdiction shall be, as to such jurisdiction, ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

This Management Agreement, and the Schedules and Exhibits hereto, exclusively and completely states the rights of the Owner and the Manager with respect to the Units and supercedes all other agreements, oral or written, with respect thereto. No variation or modification of this Management Agreement and no waiver of any of its provisions or conditions shall be valid unless in writing and signed by duly authorized officers of the Owner and the Manager.

Whenever the term "Owner" is used in this Management Agreement, it shall mean BBT, and any assignee, in whole or in part, of Owner's rights hereunder, including any Secured Party.

27. Execution. This Management Agreement may be executed in several counterparts, but the counterpart

delivered to the Interstate Commerce Commission for recordation and subsequently redelivered to the Agent, shall be deemed the original counterpart and all other counterparts shall be deemed duplicates thereof. Although for convenience, this Management Agreement is dated as of the date first above set forth, the actual date or dates of execution hereof by the parties hereto is or are, respectively, the date or dates stated in the acknowledgments hereto annexed.

28. Law Governing. The terms of this Management Agreement and all rights and obligations hereunder shall be 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, registering, recording or depositing hereof and of any assignment hereof or out of the marking of the Units as shall be conferred by the laws of the several jurisdictions in which this Management Agreement or any assignment hereof shall be filed, registered, recorded or deposited and any rights arising out of the marking of the Units.

The parties hereto (a) designate the United States District Court for the Southern District of Ohio, Western Division, as a forum where any and all matters pertaining to this Agreement may be adjudicated, and (b) by the foregoing designation, consent to the jurisdiction and venue of such Court for the purpose of adjudicating any and all matters pertaining to this Agreement. Each party hereto not having an agent for service of process of record with the Secretary of State of the State of Ohio hereby irrevocably appoints the Secretary of State of the State of Ohio as the agent for service of process in any proceeding instituted hereunder and each party hereto agrees that service of process upon such agent, in accordance with the then-prevailing and applicable law as hereinabove agreed to, with a copy of such summons or other instrument mailed to such party by United States Registered Mail at the address specified in Section 23 hereof, shall, upon receipt by such party, constitute proper service on such party for all purposes without objections of any kind whatsoever. Notwithstanding the provisions of this paragraph, any party hereto shall also be entitled to institute legal proceedings to adjudicate matters pertaining to this Agreement against the other in any other competent court.

29. Miscellaneous. This Management Agreement and the Exhibits hereto shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns.

The Index and Section headings set forth herein are for convenience and reference only and are not intended to modify, limit, describe or affect in any way the contents, scope, intent or interpretation of this Management Agreement.

IN WITNESS WHEREOF, the parties hereto, each pursuant to due corporate authority, have caused this instrument to be executed in their respective corporate names by duly authorized officers, and their respective corporate seals to be hereunto affixed and duly attested, all as of the date first above written.

BBT, Owner

BY: BIJUR TRANSPORT, INC.
General Partner

BY: _____

Attest:

BY: APARTMENT HOUSE DECORATIVE
CO., INC.
General Partner

BY: _____

Attest:

COLUMBUS & GREENVILLE RAILWAY COMPANY
Manager

BY: H.L. Bitner

Attest:

J. Thompson

403425
010579

The Index and Section headings set forth herein are for convenience and reference only and are not intended to modify, limit, describe or affect in any way the contents, scope, intent or interpretation of this Management Agreement.

IN WITNESS WHEREOF, the parties hereto, each pursuant to due corporate authority, have caused this instrument to be executed in their respective corporate names by duly authorized officers, and their respective corporate seals to be hereunto affixed and duly attested, all as of the date first above written.

BBT, Owner

BY: BIJUR TRANSPORT, INC.
General Partner

BY: Kristina Haiker, President

BY: APARTMENT HOUSE DECORATIVE
CO., INC.
General Partner

BY: Kristina Haiker, President

COLUMBUS & GREENVILLE RAILWAY COMPANY
Manager

BY: _____

Attest:

403425
010579



Attest:

Georgia Hollison
Secretary



Attest:

Georgia Hollison
Secretary

STATE OF)
 : SS:
COUNTY OF)

BEFORE ME, this _____ day of _____, 1979, the Subscriber, a Notary Public in and for said County and State, personally appeared _____ of BIJUR TRANSPORT, INC. and _____ of APARTMENT HOUSE DECORATIVE CO., INC., the General Partners of BBT, a Partnership, and for themselves and as such Partners and for and on behalf of said Partnership, acknowledged that the signing and execution of the foregoing instrument is their free and voluntary act and deed, their free act and deed, as such Partners, and the free and voluntary act and deed of said Partnership.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Notarial Seal on the day and year aforesaid.

Notary Public

STATE OF Mississippi)
 : SS:
COUNTY OF Louisa)

BE IT REMEMBERED, That on the 8th day of January, 1979, before me, the subscriber, a Notary Public in and for said County and State, personally appeared H. C. Bitner of COLUMBUS & GREENVILLE RAILWAY COMPANY, the corporation whose name is subscribed to and which executed the foregoing instrument, and for himself and as such officer, and for and on behalf of said corporation, acknowledged that he did execute said instrument on behalf of said corporation, and that the signing and execution of said instrument is his free and voluntary act and deed, his free act and deed as such officer, and the free and voluntary act and deed of said corporation for the uses and purposes mentioned in said instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Notarial Seal on the day and year aforesaid.

Northey H. Dale
Notary Public

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010579

SCHEDULE A
TO
MANAGEMENT AGREEMENT

<u>Specifications</u>	<u>Maximum Quantity</u>	<u>Manager's Road Number (Both In- clusive)</u>	<u>Unit</u>	<u>Base Price Aggregate</u>
70 Ton, 50'-6" General Purpose Boxcars	200	CAGY 21500- 21699	\$37,500	\$7,500,000

Delivery

January -
March, 1979
at Laredo, Texas

EXHIBIT A
TO
MANAGEMENT AGREEMENT

CERTIFICATE OF ACCEPTANCE

Reference is made to that certain Management Agreement between BBT and Columbus & Greenville Railway Company.

The undersigned does hereby certify that the Units whose serial numbers are listed below have been inspected by the undersigned, conform to the specifications for Units contained in Exhibit A to the Purchase Agreement, between Constructora Nacional de Carros de Ferrocarril, S.A. and American Financial Corporation, as well as the specifications and requirements of the Management Agreement, are each marked in accordance with Section 7 of the Management Agreement, and conform to all applicable governmental regulations, and that the undersigned, as the Manager's authorized representative, hereby accepts such Units, subject to their delivery within five (5) business days from the date hereof on the tracks of the Missouri Pacific Railroad, or such other railroad as Manager shall have specified, in Laredo, Texas.

Dated: _____, 1979

Manager's Authorized Representative

Total Number of Units:

Serial Numbers of Units: