



NATIONAL RAILWAY UTILIZATION CORP.

1100 Centre Square East / 1500 Market Street / Philadelphia, Pennsylvania 19102 / (215) 500-2000

RECORDATION NO. 10840-B Filed 1425

September 20, 1979

RECORDATION NO. 10840 Filed 1425

SEP 24 1979 - 10 30 AM

INTERSTATE COMMERCE COMMISSION

SEP 24 1979 - 10 30 AM

INTERSTATE COMMERCE COMMISSION

Interstate Commerce Commission
12th & Constitution Avenues N.W.
Washington, D. C. 20423

RECORDATION NO. 10840-A Filed 1425

SEP 24 1979 - 10 30 AM

INTERSTATE COMMERCE COMMISSION

9-267A016

SEP 24 1979

110.00

Attention: Mrs. Lee, Room 1227

Dear Mrs. Lee:

I transmit for filing the following documents:

Management Agreement dated as of September 14, 1979 between National Railway Utilization Corporation and Balard Leasing Corporation;

Security Agreement dated as of September 14, 1979 between Bank of Virginia and Balard Leasing Corporation;

Assignment of Management Agreement dated as of September 14, 1979 between Balard Leasing Corporation and Bank of Virginia; and

Consent and Agreement of National Railway Utilization Corporation dated as of September 20, 1979.

The equipment covered by the above agreements is 72 70-ton, 50' 6" Type XM boxcars bearing Road Numbers NSL 151645 through NSL 151693 (both inclusive); NSL 157100 through NSL 157109 (both inclusive); and PT 206086 through PT 206098 (both inclusive).

The addresses are as follows:

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

Balard Leasing Corporation
Three Radnor Corporate Center
Suite 400
100 Matsonford Road
Radnor, Pennsylvania 19087

RECEIVED
SEP 24 10 24 AM '79
I.O.C.
FEE OPERATION BR.

Handwritten signatures and notes on the left margin.



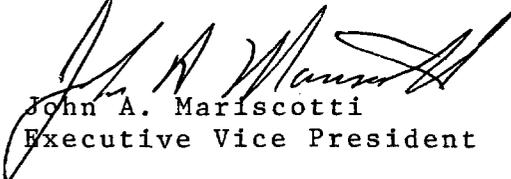
Interstate Commerce Commission
September 20, 1979
Page Two

Bank of Virginia
11011 W. Broad Street Road
Richmond, Virginia 23260

The original and two certified copies of each Agreement are enclosed, as well as check in the amount of \$110.00 to cover the filing fee.

Please return the original and one copy to Larry D. Estridge, Esquire, P. O. Box 10207, Greenville, S. C. 29603, with the recording certification data stamped thereon.

Very truly yours,


John A. Mariscotti
Executive Vice President

JAM:ebw
Enclosures

Interstate Commerce Commission
Washington, D.C. 20423

9/24/79

OFFICE OF THE SECRETARY

John A. Mariscotti
Executive Vice President
Natl. RYW. Utilization Corp.
1100 Centre Square East
1500 Market Street
Phila. Pa. 19102

Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on _____ at _____, and assigned recordation number(s) ^{9/24/79} 10:30am

10840, 10840-A, 10840-B
sincerely yours,

Agatha L. Mergenovich
Agatha L. Mergenovich
Secretary

Enclosure(s)

SECURITY AGREEMENTRECORDATION NO. 10840-14
Filed 1425

SEP 24 1979 - 10 20 AM

INTERSTATE COMMERCE COMMISSION

THIS SECURITY AGREEMENT dated as of September 14, 1979 between BALARD LEASING CORPORATION, a Pennsylvania corporation, with its principal place of business at Suite 400, 3 Radnor Corporate Center, 100 Matsonford Road, Radnor, Pennsylvania 19087 (the "Debtor") and BANK OF VIRGINIA (the "Secured Party"), a Virginia banking corporation, with an office at 11011 Broad Street Road, Richmond, Virginia 23260.

To secure the due and punctual payment of the principal and interest payable under the Debtor's non-recourse promissory Note (the "Note") of even date herewith payable to the order of Secured Party, in the principal amount of \$3,432,000, and any and all other promissory notes hereafter at any time issued in replacement or extension thereof by Debtor, and to secure Debtor's obligations hereunder, Debtor hereby assigns, transfers, mortgages and pledges to the Secured Party and grants to the Secured Party a security interest in the following described collateral and in all proceeds thereof ("Collateral"):

1. all of the Debtor's right, title and interest in that certain Management Agreement dated as of September 14, 1979, between NATIONAL RAILWAY UTILIZATION CORPORATION ("Manager") and Debtor and all revenues and other moneys due Debtor thereunder, including all proceeds of insurance, condemnation and requisition proceedings and sales or other dispositions of the property subject thereto and all the Debtor's rights, power and remedies herein and thereunder (but none of its duties or obligations thereunder, if any), including without limitation all the Debtor's rights to give and receive any notice, consent, waiver, demand or approval under or in respect of such Management Agreement, to exercise any election or option thereunder or in respect thereof, to accept any surrender of the property subject to the Management Agreement, to execute and deliver any bill of sale for any such property, and to do all other things which the Debtor is entitled to do under such Management Agreement;
2. all the equipment listed on Schedule 1 attached hereto (the "Equipment"), which Equipment is managed by the Manager pursuant to the Management Agreement; and all the Debtor's right, title and interest in the Equipment and in all parts, fittings, accessories, accessions, substitutions and replacements therefor or thereof, and all contract rights, chattel paper, accounts, rentals, fees, income and proceeds arising from and in connection with the use of the Equipment; and
3. all of the Debtor's rights and interests (but none of its duties and obligations) in and under that certain Purchase Agreement relating to the Equipment dated the date hereof by and between the Debtor and National Railway Utilization Corporation ("Purchase Agreement").

In furtherance of the foregoing, Debtor has executed an assignment of Management Agreement ("Assignment") dated as of the date hereof and annexed hereto as Exhibit A, and the Debtor hereby irrevocably constitutes and appoints Secured Party as its attorney-in-fact, with full power of substitution and revocation, in the name of the Debtor or otherwise to demand, enforce, collect, receive and receipt and give releases for any payment or indemnity becoming due or arising under the Management Agreement or any policy of insurance relating to the Equipment or any Collateral (including any return of insurance premiums), to endorse and collect any checks, drafts or other instruments payable to the Debtor therefor, and to do and take all such other actions as are referred to above relating to the Management Agreement, the Equipment or other Collateral, to file any claims or institute any proceeding for the foregoing which Secured Party deems necessary, and to compromise any such demand, claim or action.

So long as any amount remains owing on the Note, without Secured Party's prior written consent, the Debtor will not itself grant any consent or waiver under the Management Agreement, give any notice thereunder or otherwise exercise any rights, powers or remedies of the Debtor thereunder, or agree to any release of any obligation of the Manager thereunder or to any amendment, modification or termination thereof. The Debtor hereby consents to and waives notice of the granting by Secured Party as assignee and secured party hereunder of indulgences to the Manager or extensions of time for payment of any obligations of the Manager under the Management Agreement, Secured Party's taking or releasing of any security for the obligations of the Manager under the Management Agreement, Secured Party's acceptance of partial payments on the Management Agreement or settlement, compromising or compounding of any obligations of any person, primarily or secondarily liable on or with respect to the Management Agreement, all in such manner and at such time or times as Secured Party may reasonably deem advisable.

A. REPRESENTATIONS, WARRANTIES AND AGREEMENTS - Debtor represents, warrants and agrees that:

1. there have been delivered to and accepted by the Debtor and Manager, pursuant to the Management Agreement, the units of Equipment described in Schedule 1 hereto, which units have an aggregate purchase price equal to at least 125% of the original principal amount of the Note.
2. the Debtor has good and marketable title to the units of Equipment referred to in subparagraph 1 above, free and clear of all liens, claims and encumbrances, subject only to the Management Agreement and the interests of the Secured Party hereunder;

3. the Debtor has to its knowledge filed all tax returns, federal, state, municipal, or otherwise, required of it and is not in default in respect of the due and punctual payment of any taxes payable by Debtor; and no liens for nonpayment of taxes by Debtor exist upon any property, including the Equipment, or other assets of Debtor;
4. (a) it is a corporation duly organized, validly existing and in good standing under the laws of the Commonwealth of Pennsylvania and has all requisite power and authority to enter into the Management Agreement, this Agreement, the Assignment, the Purchase Agreement and the Note, all of which have been duly authorized, executed and delivered by Debtor, and constitute the legal, valid and binding obligations of the Debtor, enforceable in accordance with their terms except as limited by bankruptcy and other laws affecting creditors rights generally, and to consummate the transaction contemplated hereunder and thereunder; (b) the Debtor has not executed any other assignment of the Management Agreement, its right to receive any payments under the Management Agreement, or of its right, title and interest in and to the Equipment; and; (c) the Debtor has received no advance payments under the Management Agreement and it will not accept any payments under the Management Agreement for its own account except as permitted in this Agreement;
5. the making and performance by the Debtor of this Agreement, the Note, the Management Agreement and the Purchase Agreement Assignment and the borrowing, execution and delivery of the Note will not violate any provision of law or of the charter documents or by-laws of Debtor, or constitute a default under or result in the creation of any lien, charge or encumbrance upon any property or assets of the Debtor pursuant to any agreement, indenture or other instrument to which the Debtor is a party or by which it may be bound;

B. DOCUMENTATION - The Debtor will execute and deliver to Secured Party such documents identifying the Equipment as Secured Party may from time to time reasonably request. In addition, the Debtor will execute, acknowledge, deliver, file and record all such documents, including financing statements, and take all such other action as Secured Party may reasonably request, to perfect and continue perfected under applicable laws the security interests granted hereby as first perfected security interests in the Collateral, and the Debtor hereby irrevocably constitutes and appoints Secured Party its attorney-in-fact for such purposes, with full power of substitution. The Debtor also will execute and deliver such instruments and take all such other action as Secured Party may reasonably request to effectuate the purposes of this Agreement and to secure the rights and remedies conferred upon Secured Party hereunder.

Debtor agrees to file and record, or cause to be filed and recorded, with the Interstate Commerce Commission pursuant to Section 11303 of Title 49 of the United States Code counterparts of this Agreement, the Management Agreement the Assignment thereof and the Consent and Agreement and will supply to Secured Party, or cause to be supplied, an opinion of counsel to the effect that such documents have been duly filed and recorded and that no security documents, or other instruments affecting Debtor's title, have been previously filed and recorded with respect to the Equipment.

C. DEFAULT - Each of the following will constitute an event of default hereunder ("Event of Default"):

1. the failure by Debtor to pay any amount of principal of or interest on the Note when due, whether at the maturity thereof or by reason of any requirement for the prepayment thereof, by acceleration or otherwise, and such failure shall continue for fifteen (15) days after Secured Party shall have given the Debtor written notice thereof;
2. the failure by Debtor to pay any other amount when due hereunder or to perform any other obligation required by this Agreement, or the Assignment, and such failure shall continue for thirty (30) days after Secured Party shall have given Debtor written notice thereof;
3. the occurrence of an Event of Default under the Management Agreement by reason of the Debtors failure to perform its obligations thereunder;
4. the termination of the Management Agreement by reason of a default by the Manager thereunder and, the failure of Debtor to obtain a substitute Manager acceptable to Secured Party within thirty (30) days thereafter;
5. the adjudication of the Debtor as bankrupt or insolvent, or the entry of an order appointing a receiver or trustee for the Debtor or any of its property or approving a petition seeking reorganization, arrangement, composition, adjustment of the debts, liquidation or dissolution of the Debtor under the Bankruptcy Act or any similar law of the United States or any state or other competent jurisdiction, or the filing by the Debtor of a petition or answer seeking or consenting to any of the foregoing, or the filing of a petition against the Debtor seeking any of the foregoing which is not dismissed within sixty (60) days, or the making by the Debtor of a general assignment for the benefit of creditors; or
6. the occurrence of a breach of any of the Representations, Warranties and Agreements under Paragraph A hereof in any material respect, if such breach is not cured within twenty (20) days after Secured Party shall have given the Debtor written notice thereof.

D. REMEDIES - At any time after the occurrence of an Event of Default and while the same remains uncured, Secured Party may declare, by written notice to the Debtor, the entire unpaid balance of the principal of the Note and interest accrued thereon to be immediately due and payable, and, in addition to such acceleration, Secured Party shall have and may exercise all the rights and remedies of a secured party under the applicable Uniform Commercial Code or other applicable law, including the right to take possession of any Equipment or other Collateral not then in Secured Party's possession and to dispose of it, or the Debtor's interest therein, at public or private sale, at which Secured Party, subject to the provisions of applicable law, may be the purchaser.

Any notice of any such sale required by law shall be deemed reasonably and sufficiently given to the Debtor if given at least 15 days prior to the date thereof at the address and in the manner herein provided for notices. The proceeds realized by the Lender on the exercise of any of its remedies shall be applied to the obligations secured by this Agreement in accordance with the provisions of Paragraph I and Debtor will be entitled to any surpluses thereafter. No delay or omission on Secured Party's part to exercise any right hereunder will impair any such right or be construed as a waiver of any default or any acquiescence therein.

No waiver of any default hereunder will affect any later default or impair any of Secured Party's rights hereunder. No single, partial or full exercise of any rights by Secured Party will preclude further or other exercise thereof. The remedies provided for herein shall not be deemed exclusive, but are cumulative and in addition to all other remedies available under applicable law.

E. LIMITATION OF THE DEBTOR'S LIABILITY - Subject only to a breach by the Debtor of its representations, warranties and agreements under Paragraph A hereof (for which breach Debtor's liability shall not be subject to any of the limitations set forth in this Paragraph E.) and notwithstanding any other provision of this Agreement, the Assignment or of the Note, it is understood and agreed that all payments to be made by the Debtor under or pursuant to this Agreement, the Assignment and the Note (other than payments which Debtor voluntarily may choose to make to cure an Event of Default) will be made only from the "income and proceeds from the Equipment" (as defined in this paragraph) and the Debtor's liability hereunder, under the Assignment and under the Note will be limited thereto. For recovery upon default by the Debtor in the payment or performance of any of its obligations hereunder, under the Assignment, and under the Note, Secured Party will have recourse solely to the Equipment "income and proceeds from the Equipment" and not to any other property of the Debtor. Secured Party will not proceed for the collection of any amount payable hereunder and under the Note, against, or execute upon, any other assets of the Debtor under the Assignment. Any judgment entered in any action for recovery of any amount due hereunder and under the Note against the Debtor will not be a lien against any other property of the Debtor, and Secured Party agrees to execute and deliver all documents and take all such other action as may be necessary to release of record from any such lien such other property of the Debtor. As used herein, the term "income and proceeds from the Equipment" means

1. so much of the following amounts as are indefeasibly received by the Debtor pursuant to the Management Agreement or by the Secured Party as Assignee pursuant to the Assignment at any time (a) all amounts paid under the Management Agreement including, without limitation, revenues and amounts paid in respect to the loss, destruction or damage beyond repair to the Equipment or any unit thereof ("Casualty Occurrences") (b) any and all payments or proceeds so received by the Debtor or the Secured Party as Assignee under the Management Agreement or otherwise for or with respect to the Equipment as the result of the sale, lease or other disposition thereof, and (c) any and all sums received by Debtor or the Secured Party pursuant to the Purchase Agreement.

Nothing herein contained shall limit, restrict, or impair Secured Party's right to accelerate payment of the Note upon the occurrence of the Event of Default, to bring suit and obtain a judgment against the Debtor on the Note or this Agreement for the full amount of the unpaid principal of the Note, interest thereon and all other amounts payable by the Debtor pursuant hereto (provided that the liability of the Debtor on any such judgment and the satisfaction thereof shall be limited as hereinabove provided), or to exercise Secured Party's rights and remedies hereunder with respect to the Collateral, including the Equipment and the Management Agreement (including the right to enforce Secured Party's rights, as Assignee, under the Management Agreement and to dispose of the Equipment and the Management Agreement and to recover from the proceeds thereof the full amount of the unpaid principal of the Note, interest thereon and all other amounts payable by the Debtor pursuant hereto).

F. PREPAYMENT OF NOTE - If any amount shall become due and payable to the Debtor or the Secured Party as Assignee because of a Casualty Occurrence with respect to any units of Equipment ("Casualty Value"), then, thereupon, an equal amount will be due and payable on account of the principal of and interest accrued on the Note on the date the Casualty Value is paid. The Secured Party will accept all sums paid to it pursuant to the Management Agreement including revenues in excess of the amount of the principal and interest then due on the Note, and all sums paid with respect to Casualty Occurrences and shall apply such sums for the account of the Debtor to the payment of principal and interest accrued on such date and then to the prepayment of principal of the Note.

G. COLLECTION EXPENSE - In addition to all other amounts payable hereunder and under the Note, the Debtor will pay all Secured Party's reasonable expenses, including attorneys' fees, incurred from time to time in enforcing its rights and remedies hereunder, under the Note or under the Management Agreement. If Secured Party brings suit (or files any claim or petition in any bankruptcy, reorganization, insolvency or other proceeding) to enforce any of its rights (or other recovery or relief), Secured Party may recover in such action (or other proceeding), in addition to all other amounts payable hereunder and thereunder, its reasonable expenses in connection therewith, and the same shall be included in such judgment (or other form of award).

H. COLLECTION OF REVENUES - Secured Party will, on behalf of Debtor, collect and receive from the Manager all revenues and other money payable pursuant to the Management Agreement, and the Secured Party may take all such action as may be necessary or desirable to demand, enforce, collect, receive and receipt for all such payments and otherwise enforce compliance by the Manager with all terms and provisions of the Management Agreement. To the extent indefeasibly received, the Secured Party will apply such payments in the manner specified in Paragraph I hereof. The Debtor agrees that all payments received by the Debtor from the Management Agreement which are payable to the Secured Party pursuant to this Agreement shall be held in trust for the Secured Party and shall be immediately paid to the Secured Party.

I. APPLICATION OF PAYMENTS - All payments indefeasibly received by the Secured Party other than payments representing reimbursement to Debtor for expenses made pursuant to subparagraph 5(d) of the Management Agreement at such time as there is no Event of Default hereunder are to be applied in satisfaction of the Debtor's obligations under the Note and this Agreement shall be applied, first, to the payment of costs and expenses due to the Secured Party pursuant to Paragraph G, if any, second, to the payment of accrued interest on the Note, and thereafter to the payment of principal and all other amounts payable thereunder. The payments due under the Management Agreement on or prior to July 15, 1980 shall be applied as received first against the interest accrued to the date such payments are received and then to principal repayment. The installment due under the Note on July 15, 1980 shall be adjusted to reflect such payments made prior thereto. To the extent the payments due under the Management Agreement on or prior to July 15, 1980, or any payments due thereafter, are in excess of the amounts necessary to satisfy the installment due on July 15, 1980 or the installment due on the date such latter payment is due under the Management Agreement, the excess shall be applied against the installments last becoming due under the Note. Payments indefeasibly received by Secured Party in excess of the amounts necessary to satisfy Debtor's obligations as aforesaid and payments representing reimbursement to Debtor for expenses made pursuant to subparagraph 5(d) of the Management Agreement received by Secured Party at such time as there is no Event of Default hereunder, shall be remitted to Debtor as provided in Paragraph H above. The installments becoming due upon and subsequent to a payment of Casualty Value pursuant to Paragraph F hereof shall be reduced by the same percentage as the purchase price of the units of Equipment suffering the Casualty Occurrence bears to the aggregate purchase price of the Equipment.

J. COVENANTS OF DEBTOR - Debtor covenants and agrees:

1. to keep the Equipment subject to the Optional Maintenance Agreement with Manager, or, with the prior written consent of Secured Party, subject to a similar agreement with another qualified party; and
2. to permit NRUC to make, or cause to be made all alterations or modifications to the Boxcars required by government or industry regulations regardless of whether or not the cost of such alterations or modification is in excess of \$500; and
3. to keep the Equipment insured in at least the amounts set forth in the first and third sentences of Section 4(e) of the Management Agreement unless otherwise agreed by Secured Party.

K. EXCHANGE OF NOTES - Upon surrender of any Note at the office of the Debtor, the Debtor, at the request of the Secured Party, will execute and deliver new notes in exchange, in denominations requested by such Secured Party, in an aggregate principal amount equal to the unpaid principal amount of the surrendered Note. Such new notes shall be payable to such party as such Secured Party may request, shall be substantially in the form of the Note, with appropriate changes, and shall be dated and bear interest from the date to which interest has been paid on the surrendered Note. When issued, such notes shall be deemed to be included in the term "Note" as used herein.

L. MULTIPLE NOTES - If more than one Note is outstanding at the time any application of payments is made pursuant to Paragraphs F and I hereof, the application shall be made on all outstanding Notes ratably in accordance with the principal amount remaining unpaid thereon and on the installments of each Note, respectively.

M. NOTICES - All notices, declarations, requests, consents and other communications given hereunder or in connection herewith or with the Note shall be in writing and shall be deemed to have been given when delivered or deposited as First Class mail in the United States mail, postage prepaid, addressed to Debtor at its address stated above, to the Secured Party at its address stated below, or to such other address as any such party may hereafter specify by written notice to the other.

N. OTHER AGREEMENTS - All references in this Agreement to obligations of Debtor pursuant to this Agreement or payments required to be made pursuant to this Agreement shall for all purposes include, regardless of whether expressly stated, any obligations of the Debtor for payments required by the Debtor pursuant to the Assignment or the Purchase Agreement.

O. APPLICABLE LAW - This Agreement and the Note shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the laws of the Commonwealth of Pennsylvania.

P. SEVERABILITY - Any provision of this 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.

Q. SUCCESSORS AND ASSIGNS - This Agreement will bind and inure to the benefit of the respective successors and assigns of the parties hereto, including any holder, as such, of any Note, by acceptance of an assignment hereof or of any Note. Each of the Secured Party's successors or assigns (including any holder, as such, of any Note) will be deemed to have agreed to be bound by the provisions

hereof and of the Note and Secured Party's undertakings hereunder and thereunder, especially including the provisions of Paragraph E, entitled "Limitation of the Debtor's Liability" and Debtor shall not be relieved of the obligations hereunder by reason of any sale, assignment, or other transfer of its interest in the Management Agreement or the Equipment.

EXECUTED as of the date first above written.

(Corporate Seal)

Attest:


Secretary

BALARD LEASING CORPORATION

By

Title

Vice President

(Corporate Seal)

Attest:


Secretary

BANK OF VIRGINIA

By

Title

Address for notices:

Bank of Virginia

P. O. Box 26265

Richmond, Virginia 23260

ASSIGNMENT OF MANAGEMENT AGREEMENT

FOR VALUE RECEIVED, BALARD LEASING CORPORATION ("Assignor"), a Pennsylvania corporation, hereby assigns and transfers to BANK OF VIRGINIA, a Virginia corporation ("Assignee"), its successors and assigns, all of Assignor's right, title and interest in and to that certain Management Agreement dated as of September 14, 1979 and supplements thereto between National Railway Utilization Corporation, 1100 Centre Square East, 1500 Market Street, Philadelphia, Pennsylvania 19101 and Assignor together with all revenues and other moneys coming due thereunder and all proceeds from insurance, condemnation and requisition proceedings and sale or other dispositions of any of the property subject thereto payable to or receivable by the Assignor under or in connection therewith, and all rights, powers and remedies (but none of the duties or obligations, if any) of Assignor under the Management Agreement, including, exclusively on the part of the Assignee, all rights of the Assignor to give and receive any notice, consent, waiver, demand or approval under or in respect of the Management Agreement, to exercise any election or option thereunder or in respect thereof, to accept any surrender of any property subject thereto, to execute and deliver any bill of sale for any such property, and to do all other things which Assignor is entitled to do under the Management Agreement.

Assignor authorizes Assignee to do every act and thing in the name of the Assignor, Assignee or otherwise which Assignee may deem advisable to enforce the terms of the Management Agreement, and the Assignor hereby irrevocably appoints Assignee the true and lawful attorney for the Assignor with full power of substitution and revocation, together with full power and authority in the name of the Assignor, Assignee or otherwise, to demand, enforce, collect, receive, receipt and give releases for any moneys due or to become due under or arising out of the use of the Boxcars (as defined in the Management Agreement) or under the Management Agreement or any policy of insurance or indemnity relating to the property subject to the Management Agreement (including any returns of premium), to endorse all checks and other instruments payable to Assignor, and to do and take all such other actions as are referred to in the preceding paragraph relating to the Management Agreement or to file any claims or institute any proceedings for the foregoing which Assignee deems necessary, and to compromise any such demand, claim or action. Notwithstanding the foregoing, it is expressly agreed that (i) Assignor shall remain liable as Owner under the Management Agreement to perform all of the obligations assumed by it thereunder, (ii) the obligations of Assignor under the Management Agreement may be performed by Assignee or any subsequent assignee without releasing Assignor therefrom, (iii) the Assignee or any subsequent assignee shall have no liability or obligation under the Management Agreement by reason of this Assignment and shall not, by reason of this Assignment, be obligated to perform any of the obligations of Assignor under the Management Agreement or to file any claim or take any other action to collect or enforce any payment assigned hereunder, and (iv) Assignor's liability to Assignee hereunder shall be limited as provided in Section E of the Security Agreement.

This Assignment is made pursuant to and for the purposes of a certain Security Agreement of even date herewith given by Assignor to Assignee to secure the payment of Assignor's Note and the other obligations referred to therein and shall remain in full force and effect until such Note and obligations have been paid and discharged in full.

Executed as of September , 1979.

BALARD LEASING CORPORATION

(Corporate Seal)

By _____
Vice President

Attest:

Secretary

SCHEDULE 1

SECURITY AGREEMENT DATED AS OF SEPTEMBER 14, 1979

Quantity: 100

Description: 50'6", 70-ton, Plate "C" Rigid Underframe Boxcars
with 10'0" Sliding Doors (Type XM).

Markings: OWNERSHIP SUBJECT TO A SECURITY AGREEMENT FILED UNDER
THE INTERSTATE COMMERCE ACT

Road Numbers: NSL 151645 through 151721 (both inclusive)*
PT 206086 through 206098 (both inclusive)**
NSL 157100 through 157109 (both inclusive)*

Manufacturer: * National Railway Utilization Corporation
** Rail Fleet Corporation

STATE OF PENNSYLVANIA

:
:
SS:
:

COUNTY OF DELAWARE

On this 14th day of September, 1979, before me personally appeared Richard E. Caruso, to me personally known, who, being by me duly sworn, says that he is Vice President of BALARD LEASING CORPORATION, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

[Notarial Seal]

Nancy L. Speaker

Notary Public

My Commission expires:

NANCY L. SPEAKER, Notary Public
Radnor Twp., Delaware Co.
My Commission Expires June 4, 1983

COMMONWEALTH OF Virginia

:
:
SS:
:

COUNTY OF Henrico

On this 17th day of September, 1979, before me personally appeared G. J. Cannon, to me personally known, who, being by me duly sworn, says that he is Vice President of BANK OF VIRGINIA, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

(Notarial Seal)

Barbara A. Rayfield

Notary Public

My Commission Expires: My Commission Expires May 9, 1982