

Counterpart - C. J. Koppeler

2

No. 9-523A201

Date JAN 26 1979

Fee \$5.00

ICC Washington, D. C.

RECORDATION NO. 11054 Filed 1425

JAN 26 1979 3 00 PM

INTERSTATE COMMERCE COMMISSION

Interstate Commerce Commission
Washington, D.C.

Gentlemen:

Enclosed for recordation under the provisions of Section 20(c) of the Interstate Commerce Act, as amended, are the original and eight counterparts of a Security Agreement dated as of January 1, 1979.

The general description of the railroad equipment covered by the enclosed document is set forth in Schedule A attached to this letter and made a part hereof.

The names and addresses of the parties are:

Debtor: Gould Leasing Services, Inc.
10 Gould Center
Rolling Meadows, Illinois 60008

Secured Party: The First National Bank of Boston
100 Federal Street
Boston, Massachusetts 02110

The undersigned is the Debtor mentioned in the enclosed document and has knowledge of the matters set forth therein.

Please return the original and six counterparts of the Security Agreement to Gary Green, Esq., Chapman and Cutler, 111 West Monroe Street, Chicago, Illinois 60603.

Also enclosed is a check in the amount of \$50.00 covering the required recording fee.

Very truly yours,

GOULD LEASING SERVICES, INC.

By Walter Henry

DEBTOR AS AFORESAID

Enclosures

FEE OPERATION BR.
I.C.C.

JAN 26 2 52 PM '79

RECEIVED

DESCRIPTION OF ITEMS OF EQUIPMENT

Manufacturer of Equipment: Fruit Growers Express Company

Description and Mark and
Number of Items of
Equipment: 200 50' XM Boxcars
Marked and Numbered ONW 5051
to ONW 5250, both inclusive

Maximum Purchase Price
of Equipment: \$41,500 per Item

Maximum Aggregate Purchase
Price of Equipment: \$8,300,000

Place of Delivery: Eden, North Carolina

Outside Delivery Date: June 30, 1979

(Brae No. 79-1)

SCHEDULE A

Interstate Commerce Commission
Washington, D.C. 20423

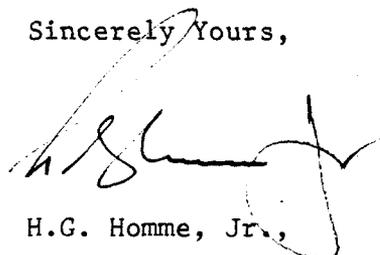
OFFICE OF THE SECRETARY

Gary Green, Esq.
Chapman And Cutler
111 West Monroe Street
Chicago, Illinois 60603

Dear Mr. Green:

The enclosed document(s) was recorded pursuant to the provisions of Section 20(c) of the Interstate Commerce Act, 49 U.S.C. 20(c), on January 26, 1979 at 3:00 PM , and assigned recordation number(s)

Sincerely Yours,



H.G. Homme, Jr.,
Secretary

Enclosure(s)

SE-30-T
(2/78)

RECORDATION NO. 10054 Filed 1425
JAN 26 1979 - 3 00 PM
INTERSTATE COMMERCE COMMISSION

SECURITY AGREEMENT

Dated as of January 1, 1979

From

GOULD LEASING SERVICES, INC.,

DEBTOR

To

THE FIRST NATIONAL BANK OF BOSTON

SECURED PARTY

(Brae No. 79-1
(200 50' XM Boxcars)

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Attachments to Security Agreement:

- Schedule 1 - Amortization Schedule
- Schedule 2 - Description of Equipment
- Exhibit A - Form of Secured Note

SECURITY AGREEMENT

THIS SECURITY AGREEMENT dated as of January 1, 1979 (the "Security Agreement") is between GOULD LEASING SERVICES, INC., a Delaware corporation (the "Debtor"), Debtor's post office address being 10 Gould Center, Rolling Meadows, Illinois 60008 and THE FIRST NATIONAL BANK OF BOSTON (the "Secured Party"), whose post office address is 100 Federal Street, Boston, Massachusetts 02110.

R E C I T A L S:

A. The Debtor and the Secured Party have entered into a Participation Agreement dated as of January 1, 1979 (the "Participation Agreement") with BRAE CORPORATION, a Delaware corporation (the "Lessee"), providing for the commitment of the Secured Party on certain dates therein provided not later than June 30, 1979, to lend to the Debtor an aggregate principal amount not exceeding \$4,888,700 by purchase of the Debtor's 11% Secured Notes (the "Notes"). The Notes are to be dated the date of issue, to bear interest from such date at the rate of 11% per annum prior to maturity, to be expressed to mature in 60 consecutive quarterly installments, including both principal and interest, payable in accordance with the amortization schedule set forth in Schedule 1 hereto with the first such installment to be paid on the earlier of (i) the final Closing Date under the Participation Agreement, or (ii) June 30, 1979, and the balance of such installments at three month intervals thereafter; and to be otherwise substantially in the form attached hereto as Exhibit A.

B. The Notes and all principal thereof and interest (and premium, if any) thereon and all additional amounts and other sums at any time due and owing from or required to be paid by the Debtor under the terms of the Notes, this Security Agreement or the Participation Agreement are hereinafter sometimes referred to as "indebtedness hereby secured".

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

SECTION 1. GRANT OF SECURITY.

The Debtor in consideration of the premises and of the sum of Ten Dollars received by the Debtor from the Secured Party and other good and valuable consideration, receipt whereof is hereby acknowledged, and in order to secure the payment of the principal of and premium, if any, and interest on the Notes according to their tenor and effect, and to secure the payment of all other

indebtedness hereby secured and the performance and observance of all the Debtor's covenants and conditions in the Notes and in this Security Agreement and in the Participation Agreement contained, does hereby convey, warrant, mortgage, assign, pledge and grant the Secured Party, its successors and assigns, a security interest in, all and singular of the Debtor's right, title and interest in and to the properties, rights, interests and privileges described in Sections 1.1 and 1.2 hereof, subject always to those limitations set forth in Section 1.3 hereof and to Excepted Rights in Collateral as defined in Section 1.5 hereof (all of which properties hereby mortgaged, assigned and pledged or intended so to be are hereinafter collectively referred to as the "Collateral").

1.1. Equipment Collateral. Collateral includes the railroad equipment described in Schedule 2 attached hereto and made a part hereof (collectively the "Equipment" and individually an "Item" or "Item of Equipment") constituting the Equipment leased and delivered under that certain Equipment Lease dated as of January 1, 1979 (the "Lease") between the Debtor, as lessor, and the Lessee, as lessee; together with all accessories, equipment, parts and appurtenances appertaining or attached to any of the Equipment hereinabove described, whether now owned or hereafter acquired, except such thereof as remain the property of the Lessee under the Lease, and all substitutions, renewals or replacements of and additions, improvements, accessions and accumulations to any and all of said Equipment, except such thereof as remain the property of the Lessee under the Lease, together with all the rents, issues, income, profits and avails therefrom and proceeds thereof.

1.2. Lease Collateral. Collateral also includes all right, title, interest, claims and demands of the Debtor as lessor in, to and under the Lease, including all extensions of the term of the Lease, together with all rights, powers, privileges, options and other benefits of the Debtor as lessor under the Lease, including, without limitation:

(1) the immediate and continuing right to receive and collect all rental, casualty value payments, insurance proceeds, condemnation awards and other payments, tenders and security now or hereafter payable or receivable by the Lessor under the Lease pursuant thereto, except those sums reserved as Excepted Rights in Collateral under Section 1.5 hereof, including, without limitation, all rights of the Debtor to demand and receive, under the conditions therein provided, those rentals, casualty value payments and other sums payable under any Permitted Sublease (as defined in Section 17.2 of the Lease) by a Permitted Sublessee (as defined in Section 17.2 of the Lease);

(2) the right to make all waivers and agreements and to enter into any amendments relating to the Lease or any provision thereof except with regard to the right of the

Debtor to receive those sums reserved as Excepted Rights in Collateral under Section 1.5 hereof; and

(3) the right to take such action upon the occurrence of an Event of Default under the Lease or an event which, with the lapse of time or the giving of notice, or both, would constitute an Event of Default under the Lease, including the commencement, conduct and consummation of legal, administrative or other proceedings, as shall be permitted by the Lease or by law, and to do any and all other things whatsoever which the Debtor or any lessor is or may be entitled to do under the Lease, including, without limitation, all rights of the Lessor as assignee under Section 20 of the Lease of the Lessee's rights and interests as sublessor in and to all Permitted Subleases;

it being the intent and purpose hereof that subject always to Excepted Rights in Collateral (as defined in Section 1.5 hereof), the assignment and transfer to the Secured Party of said rights, powers, privileges, options and other benefits shall be effective and operative immediately and shall continue in full force and effect, and the Secured Party shall have the right to collect and receive all rental, casualty value payments and termination value payments, if any, and other sums for application in accordance with the provisions of Section 4 hereof at all times during the period from and after the date of this Security Agreement until the indebtedness hereby secured has been fully paid and discharged.

1.3. Limitations to Security Interest. The security interest granted by this Section 1 is subject to (a) the right, title and interest of the Lessee in and to the Equipment under the Lease so long as no Event of Default thereunder or any event which the lapse of time or the giving of notice or both would constitute such an Event of Default shall have occurred and be continuing, and (b) liens and charges permitted by Section 9 of the Lease (collectively "Permitted Encumbrances").

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

1.5. Excepted Rights in Collateral. Subject to the proviso hereto, there are expressly excepted and reserved from the security interest and operation of this Security Agreement the following described properties, rights, interests and privileges

(hereinafter sometimes referred to as the "Excepted Rights in Collateral") and nothing herein or in any other agreement contained shall constitute an assignment of said Excepted Rights in Collateral to the Secured Party:

(a) all payments of any indemnity under Sections 6 and 10.2 of the Lease or repayments or interest thereon under Section 20.2 of the Lease which by the terms of any of such sections of the Lease are payable to the Debtor for its own account;

(b) all rights of the Debtor under the Lease to demand, collect, sue for or otherwise obtain all amounts from the Lessee due the Debtor on account of any such indemnities or payments, provided that the rights excepted and reserved by this paragraph (b) shall not be deemed to include the exercise of any remedies provided for in Section 14 of the Lease except those contained in Section 14.2(a) thereof; and

(c) any insurance proceeds payable under general public liability policies maintained by the Lessee pursuant to Section 11.1 of the Lease which by the terms of such policies or the terms of the Lease are payable directly to the Debtor for its own account.

SECTION 2. COVENANTS AND WARRANTIES OF THE DEBTOR.

The Debtor covenants, warrants and agrees as follows:

2.1. Debtor's Duties. The Debtor covenants and agrees well and truly to perform, abide by and to be governed and restricted by each and all of the terms, provisions, restrictions, covenants and agreements set forth in the Participation Agreement, and in each and every supplement thereto or amendment thereof which may at any time or from time to time be executed and delivered by the parties thereto or their successors and assigns, to the same extent as though each and all of said terms, provisions, restrictions, covenants and agreements were fully set out herein and as though any amendment or supplement to the Participation Agreement were fully set out in an amendment or supplement to this Security Agreement. The Debtor undertakes to perform only such duties as are expressly and specifically set forth herein and in the other Operative Agreements (as defined in the Participation Agreement) and no implied obligations or covenants shall be read into this Security Agreement or any other Operative Agreements against the Debtor.

2.2. Warranty of Title. The Debtor has the right, power and authority to grant a security interest in the Collateral to the Secured Party for the uses and purposes herein set forth; and the Debtor will warrant and defend the title to the Collateral against all claims and demands of persons claiming by, through

or under the Debtor, excepting only this Security Agreement and Permitted Encumbrances. The Debtor also agrees that it will, excepting only this Security Agreement and Permitted Encumbrances, and at its own cost and expense, without regard to the provisions of Section 6 hereof, promptly take such action as may be necessary to duly discharge any liens and encumbrances on the Collateral arising by, through or under the Debtor, other than this Security Agreement, Permitted Encumbrances and liens, charges and encumbrances which the Lessee is obligated to discharge under Section 9 of the Lease. Without limiting the foregoing, there is no financing statement or other filed or recorded instrument in which the Debtor is named and which the Debtor has signed, or as to which the Debtor has authorized the Secured Party to sign on its behalf, as debtor or mortgagor now on file in any public office covering any of the Collateral excepting the financing statements or other instruments filed or to be filed in respect of and the the security interest provided for herein.

2.3. Further Assurances. The Debtor will, at no expense to the Secured Party, do, execute, acknowledge and deliver all and every further acts, deeds, conveyances, transfers and assurances necessary or proper for the perfection of the security interest being herein provided for in the Collateral, whether now owned or hereafter acquired. Without limiting the foregoing but in furtherance of the security interest herein granted in the rents and other sums due and to become due under the Lease, the Debtor covenants and agrees that it will, pursuant to Section 16 of the Lease, notify the Lessee of the assignment hereunder and direct the Lessee to make all payments of such rents and other sums due and to become due under the Lease other than Excepted Rights in Collateral in writing directly to the Secured Party or as the Secured Party may direct.

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

2.5. Recordation and Filing. The Debtor will cause this Security Agreement and all supplements hereto, the Lease and all supplements thereto, and all financing and continuation statements and similar notices required by applicable law, at all times to be kept, recorded and filed at no expense to the Secured Party in such manner and in such place as may be required by law in order to fully perfect, preserve and protect the rights of the Secured Party hereunder, and will at no expense to the Secured Party furnish to the Secured Party promptly after the execution and delivery of this Security Agreement and of each supplemental Security Agreement an opinion of counsel

stating that in the opinion of such counsel, this Security Agreement or such supplement, as the case may be, has been properly recorded or filed for record so as to perfect and make effective of record the security interest intended to be created hereby.

2.6. Modifications of the Lease. The Debtor will not:

(a) declare a default or exercise the remedies of the Lessor under, or terminate, modify or accept a surrender of, or offer or agree to any termination, modification or surrender of, the Lease (except as otherwise expressly provided herein) or by affirmative act consent to the creation or existence of any security interest or other lien to secure the payment of indebtedness upon the leasehold estate created by the Lease or any part thereof;

(b) except in respect of Excepted Rights in Collateral receive or collect any rental payment under the Lease prior to the date for payment thereof provided for by the Lease or assign, transfer or hypothecate or grant a security interest in (other than to the Secured Party hereunder) any rent payment then due or to accrue in the future under the Lease in respect of the Equipment; or

(c) except in respect of Excepted Rights in Collateral sell, mortgage, transfer, assign or hypothecate or grant a security interest in (other than to the Secured Party hereunder) its interest in the Equipment or any part thereof or in any amount to be received by it from the use or disposition of the Equipment.

2.7. Power of Attorney in Respect of the Lease. The Debtor does hereby irrevocably constitute and appoint the Secured Party its true and lawful attorney with full power of substitution, for it and in its name, place and stead, to ask, demand, collect, receive, receipt for, sue for, compound and give acquittance for any and all rents, income and other sums which are assigned under Sections 1.1 and 1.2 hereof with full power to settle, adjust or compromise any claim thereunder as fully as the Debtor could itself do, and to endorse the name of the Debtor on all commercial paper given in payment or in part payment thereof, and in its discretion to file any claim or take any other action or proceedings, either in its own name or in the name of the Debtor or otherwise, which the Secured Party may deem necessary or appropriate to protect and preserve the right, title and interest of the Secured Party in and to such rents and other sums and the security intended to be afforded hereby.

2.8. Notice of Default. The Debtor further covenants and agrees that it will give the Secured Party prompt written notice of any event or condition constituting an Event of Default under the Lease if the Debtor has actual knowledge of such event or condition.

SECTION 3. POSSESSION, USE AND RELEASE OF PROPERTY.

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

3.2. Release of Property. So long as no default referred to in Section 14 of the Lease has occurred and is continuing to the knowledge of the Secured Party, the Secured Party shall execute a release in respect of any Item of Equipment designated by the Lessee for settlement pursuant to Section 11 of the Lease upon receipt from the Lessee of written notice designating the Item of Equipment in respect of which the Lease will terminate and the receipt from the Lessee of all sums payable for such Item of Equipment in compliance with Section 11 of the Lease.

SECTION 4. APPLICATION OF ASSIGNED RENTALS AND CERTAIN OTHER MONEYS RECEIVED BY THE SECURED PARTY.

4.1. Application of Rents and Other Payments. As more fully set forth in Section 1.2 hereof the Debtor has hereby granted to the Secured Party a security interest in rents, issues, profits, income and other sums due and to become due under the Lease in respect of the Equipment as security for the Notes. So long as no Event of Default as defined in Section 5 hereof has occurred and is continuing:

(a) The amounts from time to time received by the Secured Party which constitute payment by the Lessee under the Lease of the installments of rental under the Lease shall be applied first, to the payment of the installments of principal and interest (and in each case first to interest and then to principal) on the Notes which have matured or will mature on or before the due date of the installments of rental which are received by the Secured Party, and then the balance, if any, of such amounts shall be paid to or upon the order of the Debtor not later than the first business day following the receipt thereof;

(b) The amounts from time to time received by the Secured Party which constitute settlement by the Lessee of the "Casualty Value" for any Item of Equipment pursuant to Section 11.3 of the Lease shall be applied by the Secured Party as follows:

(i) First, the payment of an amount equal to the accrued and unpaid interest on that portion of the Notes to be prepaid pursuant to the following subparagraph;

(ii) Second, an amount equal to the Loan Value of such Item of Equipment for which settlement is then being made shall be applied to the prepayment of the Notes so that each of the remaining installments of each Note shall be reduced in the proportion that the principal amount of the prepayment bears to the unpaid principal amount of the Notes immediately prior to the prepayment; and

(iii) Third, the balance, if any, of such amounts held by the Secured Party after making the applications provided for by the preceding subparagraphs (i) and (ii) shall be released to or upon the order of the Debtor on the date of payment of the amounts provided in the preceding clauses (i) and (ii).

For purposes of Section 4.1(b) and (c), the "Loan Value" in respect of any Item of Equipment, shall be an amount equal to the product of (A) a fraction, the numerator of which is an amount equal to the Purchase Price (as defined in the Participation Agreement) of such Item or Items of Equipment for which settlement is then being made and the denominator of which is the aggregate Purchase Price of all Items of Equipment then subject to the Lease (including the Purchase Price of such Item or Items of Equipment for which settlement is then being made), times (B) the unpaid principal amount of the Notes immediately prior to the prepayment provided for in Section 4.1(b) or (c), as the case may be (after giving effect to all payments of installments of principal made or to be made on the date of prepayment provided for in Section 4.1(b) or (c), as the case may be);

(c) The amounts from time to time received by the Secured Party which constitute settlement by the Lessee of the "Termination Value" for any Item of Equipment on or after the 28th Fixed Rental payment date under the Lease pursuant to Section 11.9 of the Lease (including any proceeds of sale of the Equipment pursuant to such termination) shall be applied by the Secured Party as follows:

(i) First, the payment of an amount equal to the accrued and unpaid interest on the Notes to be prepaid pursuant to the following subparagraph;

(ii) Second, an amount equal to the Loan Value of such Items of Equipment for which settlement is then being made shall be applied to the

prepayment of the Notes so that each of the remaining installments of each Note shall be reduced in the proportion that the principal amount of the prepayment bears to the unpaid principal amount of the Notes immediately prior to the prepayment, together with a premium (expressed as a percentage of such principal amount being prepaid) determined as follows:

Number of Fixed Rental Payment Date under Lease on which Termination Value is Payable and to be Applied Hereunder <u>(both inclusive)</u>	<u>Applicable Premium</u>
28 to 31	5.505%
32 to 35	4.720%
36 to 39	3.935%
40 to 43	3.150%
44 to 47	2.365%
48 to 51	1.580%
52 to 55	.795%
Thereafter	None

(iii) Third, the balance, if any, of such amounts held by the Secured Party after making the applications provided for by the preceding subparagraphs (i) and (ii) shall be released to or upon the order of the Debtor on the date of payment of the amounts provided in the preceding clauses (i) and (ii).

(d) The amounts received by the Secured Party from time to time which constitute proceeds of casualty insurance maintained by the Lessee in respect of the Equipment, shall be held by the Secured Party as a part of the Collateral and shall be applied by the Secured Party from time to time to any one or more of the following purposes:

(1) So long as no Event of Default has occurred and is continuing to the knowledge of the Secured Party, the proceeds of such insurance shall, if the Item of Equipment is to be repaired, be released to the Debtor to reimburse the Lessee for expenditures made for such repair upon receipt by the Secured Party of a certificate of an authorized officer of the Lessee to the effect that any damage to such Item in respect of which such proceeds were paid has been fully repaired; and

(ii) If the insurance proceeds shall not have been released to the Debtor pursuant to the preceding paragraph (i) within 180 days from the receipt thereof by the Secured Party, or if within such period the Lessee shall have notified the Secured Party in writing that the Lease is to be terminated in respect of such item in accordance with the provisions of Section 11.2 of the Lease then so long as no Event of Default hereunder has occurred and is continuing to the knowledge of the Secured Party, the insurance proceeds shall be applied by the Secured Party as follows:

(A) First, to the prepayment of the Notes, all in the manner and to the extent provided for by Section 4.1(b) hereof; and

(B) Second, the balance, if any, of such insurance proceeds held by the Secured Party after making the applications provided for by the preceding subparagraph (A) shall be released to or upon the order of the Debtor on the date of such prepayment of the Notes.

4.2. Multiple Notes. If more than one Note is outstanding at the time any such application is made, such application shall be made on all outstanding Notes ratably in accordance with the aggregate principal amount remaining unpaid thereon.

4.3. Default. If an Event of Default referred to in Section 5 hereof has occurred and is continuing, all amounts received by the Secured Party pursuant to Section 1.2 hereof (including, without limitation, any rentals or other sums paid pursuant to a Permitted Sublease) shall be applied in the manner provided for in Section 5 in respect of proceeds and avails of the Collateral.

SECTION 5. DEFAULTS AND OTHER PROVISIONS.

5.1. Events of Default. The term "Event of Default" for all purposes of this Security Agreement shall mean one or more of the following:

(a) Default in payment of an installment of the principal of, or premium or interest on, any Note when and as the same shall become due and payable, whether at the due date thereof or at the date fixed for prepayment or by acceleration or otherwise, and any such default shall continue unremedied for five days;

(b) An Event of Default (as defined in the Lease) shall have occurred and be continuing under the Lease;

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

(d) Any representation or warranty on the part of the Debtor made herein or in the Participation Agreement or in writing in any report, certificate, financial or other statement furnished in connection with this Security Agreement, the Lease or the Participation Agreement, or the transactions contemplated therein, shall prove to have been false or misleading in any material respect when made;

(e) Any claim, lien or charge (other than Permitted Encumbrances and liens, charges and encumbrances which the Lessee is obligated to discharge under Section 9 of the Lease) shall be asserted against or levied or imposed upon the Equipment which is prior to or on a parity with the security interest granted hereunder, and such claim, lien or charge shall not be discharged or removed within thirty calendar days after written notice from the Secured Party or the holder of any Note to the Debtor and the Lessee demanding the discharge or removal thereof;

(f) The Debtor becomes insolvent or bankrupt or admits in writing its inability to pay its debts as they may mature, or makes an assignment for the benefit of creditors or applies for or consents to the appointment of a trustee or receiver for the Debtor or for the major part of its property;

(g) A trustee or receiver is appointed for the Debtor or for the major part of its property and is not discharged within sixty (60) days after such appointment; or

(h) Any other proceedings shall be commenced by or against the Debtor for any relief which includes, or might result in, any modification of the obligations of the Debtor hereunder, under any bankruptcy or insolvency law or laws relating to the relief of debtors, readjustments or indebtedness, reorganizations, arrangements, compositions or extensions (other than a law which does not permit any readjustments of the obligations of the Debtor hereunder), and, unless such proceedings shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such

ineffectiveness shall continue), all the obligations of the Debtor hereunder shall not have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees or receiver or receivers appointed for the Debtor or for the property of the Debtor in connection with any such proceeding in such manner that such obligations shall have the same status as obligations incurred by such trustee or trustees or receiver or receivers, within 30 days after such appointment, if any, or 60 days after such proceedings shall have been commenced, whichever shall be earlier.

5.2. Secured Party's Rights. The Debtor agrees that when any Event of Default as defined in Section 5.1 has occurred and is continuing, but subject always to Section 6 hereof, the Secured Party shall have the rights, options, duties and remedies of a secured party, and the Debtor shall have the rights and duties of a debtor, under the Uniform Commercial Code of Illinois (regardless of whether such Code or a law similar thereto has been enacted in a jurisdiction wherein the rights or remedies are asserted) and without limiting the foregoing, the Secured Party may exercise any one or more or all, and in any order, of the remedies hereinafter set forth, it being expressly understood that no remedy herein conferred is intended to be exclusive of any other remedy or remedies, but each and every remedy shall be cumulative and shall be in addition to every other remedy given herein or now or hereafter existing at law or in equity or by statute.

(a) The Secured Party or the holder of any of the Notes may, by notice in writing to the Debtor declare the entire unpaid balance of the Notes to be immediately due and payable; and thereupon all such unpaid balance, together with all accrued interest thereon, shall be and become immediately due and payable;

(b) Subject always to the rights of the Lessee under the Lease, provided the same is not then in default, the Secured Party personally or by agents or attorneys, shall have the right (subject to compliance with any applicable mandatory legal requirements) to take immediate possession of the Collateral, or any portion thereof, and for that purpose may pursue the same wherever it may be found, and may enter any of the premises of the Debtor, with or without notice, demand, process of law or legal procedure, if this can be done without breach of the peace, and search for, take possession of, remove, keep and store the same, or use and operate or lease the same until sold;

(c) Subject always to the rights of the Lessee under the Lease, provided the same is not then in

default, the Secured Party may, if at the time such action may be lawful and always subject to compliance with any mandatory legal requirements, either with or without taking possession and either before or after taking possession, and without instituting any legal proceedings whatsoever, and having first given notice of such sale by registered mail to the Debtor and the Lessee once at least ten days prior to the date of such sale, and any other notice which may be required by law, sell and dispose of the Collateral, or any part thereof, at public auction to the highest bidder, in one lot as an entirety or in separate lots, and either for cash or on credit and on such terms as the Secured Party may determine, and at any place (whether or not it be the location of the Collateral or any part thereof) designated in the notice above referred to; provided, however, that any such sale shall be held in a commercially reasonable manner. Any such sale or sales may be adjourned from time to time by announcement at the time and place appointed for such sale or sales, or for any such adjourned sale or sales, without further published notice, and the Secured Party or the holder or holders of the Notes, or of any interest therein, may bid and become the purchaser at any such sale;

(d) Subject always to the rights of the Lessee under the Lease, provided the same is not then in default, the Secured Party may proceed to protect and enforce this Security Agreement and the Notes by suit or suits or proceedings in equity, at law or in bankruptcy, and whether for the specific performance of any covenant or agreement herein contained or in execution or aid of any power herein granted; or for foreclosure hereunder, or for the appointment of a receiver or receivers for the mortgaged property or any part thereof, or subject to the provisions of Section 6 hereof, for the recovery of judgment for the indebtedness hereby secured or for the enforcement of any other proper, legal or equitable remedy available under applicable law; and

(e) Subject always to the rights of the Lessee under the Lease, provided the same is not then in default, the Secured Party may proceed to exercise all rights, privileges and remedies of the Debtor under the Lease (including, without limitation, the rights, privileges and remedies under any Permitted Sublease), and may exercise all such rights and remedies either in the name of the Secured Party or in the name of the Debtor for the use and benefit of the Secured Party.

5.3. Certain Rights of the Debtor on the Occurrence of an Event of Default Under the Lease. Except as hereinafter provided, if an Event of Default under the Lease of which the

Secured Party has knowledge shall have occurred and be continuing the Secured Party shall, prior to exercising any remedy or remedies pursuant to Section 5.2 hereof, give the Debtor not less than 10 days' prior written notice of the date (the "Enforcement Date") on which the Secured Party will exercise such remedy or remedies. If an Event of Default under the Lease shall have occurred and be continuing, the Debtor shall have the following rights hereunder:

(a) Right to Cure. In the event of the occurrence of an Event of Default in respect of the payment of Fixed Rental and/or Casualty Value under the Lease on the day the same becomes or become due and payable (unless there shall have occurred and be continuing any Event of Default under the Lease other than a failure to make such payment), the Debtor may, prior to the Enforcement Date, pay to the Secured Party an amount equal to any principal and interest (including interest, if any, on overdue payments of principal and interest) then due and payable on the Notes, including, in the case of such Casualty Value nonpayment, the amount of the prepayment due pursuant to Section 4.1(b) hereof, and such payment by the Debtor shall be deemed to cure any Event of Default under the Lease which would otherwise have arisen on account of such nonpayment by the Lessee under the Lease; provided, however, that the Debtor may not exercise such right in respect of more than two consecutive Fixed Rental payment defaults or in any event more than a total of four times throughout the term of the Lease.

Except as hereinafter in this Section 5.3(a) provided, the Debtor shall not, by exercising the right to cure any such Event of Default, obtain any lien, charge or encumbrance of any kind on any of the Collateral for or on account of costs or expenses incurred in connection with the exercise of such right nor shall any claims of the Debtor against the Lessee or any other party for the repayment of such costs or expenses impair the prior right and security interest of the Secured Party in and to the Collateral. Upon such payment by the Debtor of the amount of principal and interest then due and payable on the Notes, the Debtor shall be subrogated to the rights of the Secured Party in respect of the Fixed Rental or Casualty Value, as the case may be, which was overdue at the time of such payment and interest payable by the Lessee on account of its being overdue, and therefore, if no other Event of Default shall have occurred and be continuing and if all principal and interest payments due on the Notes have been paid at the time of receipt by the Secured Party of such Fixed Rental or Casualty Value, as the case may be, the Debtor shall be entitled to receive such Fixed Rental or Casualty Value, as the case may be, and such interest upon receipt thereof by the Secured Party; provided that (i) in the event the principal and

interest on the Notes shall have become due and payable pursuant to Section 5.2(a) hereof, such subrogation shall, until principal of and interest on all Notes shall have been paid in full, be subordinate to the rights of the Secured Party in respect of such payment of Fixed Rental or Casualty Value, as the case may be, and such interest on such overdue Fixed Rental or Casualty Value, as the case may be, prior to receipt by the Debtor of any amount pursuant to such subrogation, and (ii) the Debtor shall not be entitled to seek to recover any such payment (or any payment in lieu thereof) except pursuant to the foregoing right of subrogation.

(b) Option to Prepay Notes. If an Event of Default under the Lease shall have occurred and be continuing, whether or not the Debtor shall then have the right to cure an Event of Default under the Lease pursuant to Section 5.3(a) above, the Debtor may at its option prepay the Notes, without premium or penalty, by payment of the entire unpaid principal amount thereof, together with accrued interest thereon to the date of prepayment.

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

5.5. Waiver by Debtor. To the extent permitted by law, the Debtor covenants that it will not at any time insist upon or plead, or in any manner whatever claim or take any benefit or advantage of, any stay or extension law now or at any time hereafter in force, nor claim, take, nor insist upon any benefit or advantage of or from any law now or hereafter in force providing for the valuation or appraisement of the Collateral or any part thereof prior to any sale or sales thereof to be made pursuant to any provision herein contained, or to the decree, judgment or order of any court of competent jurisdiction; nor, after such sale or sales, claim or exercise any right under any statute now or hereafter made or enacted by any state or otherwise to redeem the property so sold or any part thereof, and, to the full extent legally permitted, except as to rights expressly provided herein, hereby expressly waives for itself and on behalf of each and every person, except decree or judgment creditors of the Debtor acquiring any interest in or title to the Collateral or any part thereof subsequent to the date of this Security Agreement, all benefit and advantage of any such law or laws, and covenants

that it will not invoke or utilize any such law or laws or otherwise hinder, delay or impede the execution of any power herein granted and delegated to the Secured Party, but will suffer and permit the execution of every such power as though no such power, law or laws had been made or enacted.

5.6. Effect of Sale. Any sale, whether under any power of sale hereby given or by virtue of judicial proceedings, shall operate to divest all right, title, interest, claim and demand whatsoever, either at law or in equity, of the Debtor in and to the property sold, shall be a perpetual bar, both at law and in equity, against the Debtor, its successors and assigns, and against any and all persons claiming the property sold or any part thereof under, by or through the Debtor, its successors or assigns (subject, however, to the then existing rights, if any, of the Lessee under the Lease).

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

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

(b) Second, to the payment of the holder or holders of the Notes of the amount then owing or unpaid on the Notes for principal, interest and premium, if any; and in case such proceeds shall be insufficient to pay in full the whole amount so due, owing or unpaid upon the Notes, then ratably according to the aggregate of such principal and the accrued and unpaid interest and premium, if any, with application on each Note to be made, first, to the unpaid interest thereon, second, to unpaid premium, if any, thereon, and third, to unpaid principal thereof; such application to be made upon presentation of the several Notes, and the notation thereon of the payment, if partially paid, or the surrender and cancellation thereof, if fully paid; and

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

5.8. Discontinuance of Remedies. In case the Secured Party shall have proceeded to enforce any right under this

Security Agreement by foreclosure, sale, entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely, then and in every such case the Debtor, the Secured Party and the holder or holders of the Notes shall be restored to their former positions and rights hereunder with respect to the property subject to the security interest created under this Security Agreement.

5.9. Cumulative Remedies. No delay or omission of the Secured Party or of the holder of any Note to exercise any right or power arising from any default on the part of the Debtor, shall exhaust or impair any such right or power or prevent its exercise during the continuance of such default. No waiver by the Secured Party, or the holder of any Note of any such default, whether such waiver be full or partial, shall extend to or be taken to affect any subsequent default, or to impair the rights resulting therefrom except as may be otherwise provided herein. No remedy hereunder is intended to be exclusive of any other remedy but each and every remedy shall be cumulative and in addition to any and every other remedy given hereunder or otherwise existing; nor shall the giving, taking or enforcement of any other or additional security, collateral or guaranty for the payment of the indebtedness secured under this Security Agreement operate to prejudice, waive or affect the security of this Security Agreement or any rights, powers or remedies hereunder, nor shall the Secured Party or holder of any of the Notes be required to first look to, enforce or exhaust such other or additional security, collateral or guaranties.

SECTION 6. LIMITATIONS OF LIABILITY.

Except as otherwise provided in Section 2.2 hereof, anything in this Security Agreement to the contrary notwithstanding, neither the Secured Party nor the holder of any Note nor the successors or assigns of any of said persons, shall have any claim, remedy or right to proceed against the Debtor in its individual corporate capacity or any incorporator or any past, present or future subscriber to the capital stock of, or stockholder, officer or director of the Debtor for the payment of any deficiency or any other sum owing on account of the indebtedness evidenced by the Notes or for the payment of any liability resulting from the breach of any representation, agreement or warranty of any nature whatsoever in this Security Agreement, from any source other than the Collateral, including the sums due and to become due under the Lease; and the Secured Party by the execution of this Security Agreement and the holders of the Notes by acceptance thereof, waive and release any personal liability of the Debtor in its individual corporate capacity and any incorporator or any past, present or future subscriber to the capital stock of, or stockholder, officer or director of the Debtor for and on account of such indebtedness or such liability, and the Secured Party and the holders of the Notes agree to look solely to the Collateral, including the sums due and to become due under the Lease for the payment of said indebtedness or the satisfaction of such liability; provided, however, nothing herein contained shall limit, restrict or impair the rights

of the holders of the Notes to accelerate the maturity of the Notes upon a default under this Security Agreement; to bring suit and obtain a judgment against the Debtor on the Notes or to exercise all rights and remedies provided under this Security Agreement or otherwise realize upon the Collateral.

SECTION 7. MISCELLANEOUS.

7.1. Execution of Notes. The Notes shall be order notes, transferable by endorsement and delivery and shall be signed on behalf of the Debtor by its President or any Vice President or any other officer of the Debtor who, at the date of the actual execution thereof, shall be a proper officer to execute the same.

7.2. Payment of the Notes. (a) The principal of, and premium, if any, and interest on the Notes shall be payable by wire transfer of immediately available funds, in the case of the original Secured Party, as provided in Section 7.9 or as such Secured Party shall otherwise designate, and in the case of all other holders of the Notes, to such bank or trust company in the continental United States for the account of such holder as the holder shall designate to the Debtor from time to time in writing. All payments so made shall be valid and effectual to satisfy and discharge the liability upon such Note to the extent of the sums so paid.

(b) All amounts constituting payment of the installments of rental under the Lease or Casualty Value received by the Secured Party and applied on the Notes pursuant to Section 4 hereof shall be valid and effectual to satisfy and discharge the liability upon such Notes to the extent of the amounts so received and applied.

7.3. Exchange of Notes. At any time, and from time to time, upon not less than 10 days notice to that effect given by the holder of any Note initially delivered or of any Note substituted therefor pursuant to this Section 7.3 or Section 7.4 hereof, the Debtor will upon surrender of such Note at its office, deliver in exchange therefor, without expense to the holder except as set forth in Section 7.5 hereof, a Note for the same principal amount as the then unpaid principal amount of the Note so surrendered, in denominations of not less than \$50,000 in aggregate principal amount, or in such amount in excess thereof as the Debtor may request, dated as of the date of issue payable to such person, or order, as may be designated by such holder, and otherwise of the same form and tenor as the Note so surrendered for exchange. Upon receipt of any Note pursuant to this Section 7.3, the holder of such Note will represent in writing to the Debtor that such holder is taking such note for investment and with no present intention of distributing or reselling such Note or any part thereof, but without prejudice, however, to the right of such holder at all times to sell or otherwise dispose of all or any part of such Note under

a registration under the Securities Act of 1933, as amended, or under an exemption from such registration available under such Act.

7.4. Lost or Mutilated Notes. In case any Note shall become mutilated or be destroyed, lost or stolen, the Debtor, upon the written request of the holder thereof, shall execute and deliver a new Note in exchange and substitution for the mutilated Note, or in lieu of and in substitution for the Note so destroyed, lost or stolen. The applicant for a substituted Note shall furnish to the Debtor such security or indemnity as may be required by the Debtor to save it harmless from all risks, and the applicant shall also furnish to the Debtor evidence to its satisfaction of the mutilation, destruction, loss or theft of the applicant's Note and of the ownership thereof. In case any Note which has matured or is about to mature shall become mutilated or be destroyed, lost or stolen, the Debtor may, instead of issuing a substituted Note, pay or authorize the payment of the same (without surrender thereof except in the case of a mutilated Note), if the applicant for such payment shall furnish to the Debtor such security or indemnity as the Debtor may require to save it harmless, and shall furnish evidence to the satisfaction of the Debtor of the mutilation, destruction, loss or theft of such Note and the ownership thereof. If the Note Purchaser, or its nominee, is the owner of any such lost, stolen or destroyed Note, then the affidavit of the president, vice president, treasurer or assistant treasurer of such Note Purchaser setting forth the fact of loss, theft or destruction and of its ownership of the Note at the time of such loss, theft or destruction shall be accepted as satisfactory evidence thereof and no indemnity shall be required as a condition to execution and delivery of a new Note other than the written agreement of such Note Purchaser to indemnify the Debtor for any claims or action against it (and for its attorney's fees) resulting from the issuance of such new Note or the reappearance of the old Note.

7.5. The New Notes.

(a) Each new Note (herein, in this Section 7.5, called a "New Note") issued pursuant to Sections 7.3 or 7.4 in exchange for or in substitution or in lieu of an outstanding Note (herein, in this Section 7.5, called an "Old Note") shall be dated the date of such Old Note. The Debtor shall mark on each New Note (i) the dates to which principal and interest have been paid on such Old Note, (ii) all payments and prepayments of principal previously made on such Old Note which are allocable to such New Note, and (iii) the amount of each installment payment payable on such New Note. Each installment payment payable on such New Note on any date shall bear the same proportion to the installment payment payable on such Old Note on such date as the original principal amount of such New Note bears to the original aggregate principal amount of such Old Note. Interest shall be deemed to have been paid on such New Note

to the date on which interest shall have been paid on such Old Note, and all payments and prepayments of principal marked on such New Note, as provided in clause (ii) above, shall be deemed to have been made thereon.

(b) Upon the issuance of a New Note pursuant to Sections 7.3 or 7.4, the Debtor may require the payment of a sum to reimburse it for, or to provide it with funds for, the payment of any tax or other governmental charge or any other charges and expenses connected therewith which are paid or payable by the Debtor.

(c) All New Notes issued pursuant to Section 7.3 or 7.4 in exchange for or in substitution or in lieu of Old Notes shall be valid obligations of the Debtor evidencing the same debt as the Old Notes and shall be entitled to the benefits and security of this Security Agreement to the same extent as the Old Notes.

(d) Upon the issuance of any Note pursuant to this Security Agreement, the Debtor shall prepare and deliver to the Noteholder an amortization schedule with respect to such Note setting forth the amount of the installment payments to be made on such Note after the date of issuance thereof and the unpaid principal balance of such Note after each such installment payment.

7.6. Cancellation of Notes. All Notes surrendered for the purpose of payment, redemption, transfer or exchange shall be delivered to the Debtor for cancellation or, if surrendered to the Debtor, shall be cancelled by it, and no Notes shall be issued in lieu thereof except as expressly required or permitted by any of the provisions of this Security Agreement.

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

7.8. Partial Invalidity. The unenforceability or invalidity of any provision or provisions of this Security Agreement shall not render any other provision herein contained unenforceable or invalid, provided that nothing contained in this Section 7.8 shall be construed to be in derogation of any rights or immunities of the Debtor in its individual capacity under Section 6 hereof, or to amend or modify any limitations or restrictions of the Secured Party or the holder of any Note or their respective successors or assigns under said Section 6.

7.9. Communications. All communications provided for herein shall be in writing and shall be deemed to have been given (unless otherwise required by the specific provisions hereof in respect of any matter) when delivered personally or five days following deposit in the United States mail, certified, postage prepaid, addressed as follows:

If to the Debtor: Gould Leasing Services, Inc.
10 Gould Center
Rolling Meadows, Illinois 60008
Attention: Controller

If to the Secured Party: The First National Bank of Boston
100 Federal Street
Boston, Massachusetts 02110
Attention: Special Industries Division

If to another holder of Notes: At its address for notices set forth in the Register

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

7.10. Amendments. This Security Agreement may, from time to time and at any time, be amended or supplemented by an instrument or instruments in writing executed by the parties hereto, and, if such amendment shall affect any rights of the Lessee, with the written consent of the Lessee.

7.11. Release. In addition to provisions for release pursuant to Section 3.2 hereof, the Secured Party shall release this Security Agreement and the security interest granted hereby by proper instrument or instruments upon presentation of satisfactory evidence that all indebtedness secured hereby has been fully paid or discharged.

7.12. Governing Law. This Security Agreement and the Notes shall be construed in accordance with and governed by the laws of the State of Illinois; provided, however, that the Secured Party shall be entitled to all the rights conferred by any applicable Federal statute, rule or regulation.

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

7.14. Headings. The Table of Contents and any headings or captions preceding the text of the several sections hereof are

intended solely for convenience of reference and shall not constitute a part of this Security Agreement nor shall they affect its meaning, construction or effect.

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

GOULD LEASING SERVICES, INC.

By Walter Stanley
Its SVP

THE FIRST NATIONAL BANK OF BOSTON

By Robert Woods
Its SENIOR VICE PRESIDENT

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

On this 23rd day of January, 1979, before me personally appeared WALTER CROWLEY, to me personally known, who being by me duly sworn, says that he is a SENIOR VICE PRESIDENT of GOULD LEASING SERVICES, INC., that said instrument was signed 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.


Notary Public

(SEAL)

My commission expires:

NOTARY PUBLIC STATE OF ILLINOIS
MY COMMISSION EXPIRES JUNE 30 1981
ISSUED THRU ILLINOIS NOTARY ASSOC.

COMMONWEALTH OF MASSACHUSETTS)
) SS
COUNTY OF SUFFOLK)

On this 25th day of JANUARY, 1979, before me personally appeared ROBERT WOODS, to me personally known, who being by me duly sworn, says that he is a SENIOR VICE PRESIDENT of THE FIRST NATIONAL BANK OF BOSTON, that said instrument was signed 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.


Notary Public

Theodore E. Santarelli de Brasce

(SEAL)

My commission expires:

MY COMMISSION EXPIRES
OCTOBER 16, 1981

<u>Number of Installment</u>	<u>Total Payment</u>	<u>Portion Allocated to Interest</u>	<u>Portion Allocated to Principal</u>	<u>Principal Balance</u>
31	34,220.02	19,399.87	14,820.15	690,629.56
32	34,220.02	18,992.31	15,227.71	675,401.85
33	34,220.02	18,573.55	15,646.47	659,755.38
34	34,220.02	18,143.27	16,076.75	643,678.63
35	34,220.02	17,701.16	16,518.86	627,159.77
36	34,925.64	17,246.89	17,678.75	609,481.02
37	42,612.59	16,760.73	25,851.86	583,629.16
38	42,612.59	16,049.80	26,562.79	557,066.37
39	42,612.59	15,319.33	27,293.26	529,773.11
40	39,083.20	14,568.76	24,514.44	505,258.67
41	39,050.39	13,894.61	25,155.78	480,102.89
42	39,050.39	13,202.83	25,847.56	454,255.33
43	39,050.38	12,492.02	26,558.36	427,696.97
44	35,544.45	11,761.67	23,782.78	403,914.19
45	35,501.32	11,107.64	24,393.68	379,520.51
46	35,501.32	10,436.81	25,064.51	354,456.00
47	35,501.32	9,747.54	25,753.78	328,702.22
48	32,045.50	9,039.31	23,006.19	305,696.03
49	31,992.17	8,406.64	23,585.53	282,110.50
50	31,992.17	7,758.04	24,234.13	257,876.37
51	31,992.16	7,091.60	24,900.56	232,975.81
52	29,698.87	6,406.83	23,292.04	209,683.77
53	29,638.69	5,766.30	23,872.39	185,811.38
54	29,638.69	5,109.81	24,528.88	161,282.50
55	29,638.68	4,435.27	25,203.41	136,079.09
56	28,447.21	3,742.17	24,705.04	111,374.05
57	28,383.38	3,062.79	25,320.59	86,053.46
58	28,383.38	2,366.47	26,016.91	60,036.55
59	28,383.37	1,651.01	26,732.36	33,304.19
60	34,220.06	915.87	33,304.19	0.00

DESCRIPTION OF EQUIPMENT

<u>Number of Items</u>	<u>Description</u>	<u>Identifying Mark and Numbers (Both Inclusive)</u>
200	50' XM Boxcars	ONW 5051 through ONW 5250, both inclusive

GOULD LEASING SERVICES, INC.

11% SECURED NOTE

No.

\$

, 19

FOR VALUE RECEIVED, the undersigned, Gould Leasing Services, Inc. (the "Company") promises to pay to

or order, the principal
sum of

DOLLARS (\$))

together with interest from the date hereof until maturity at the rate of 11% per annum (computed on the basis of a 360-day year of twelve consecutive 30-day months) on the unpaid principal hereof, in installments as follows:

(i) One (1) installment of all accrued and unpaid interest only payable on June 30, 1979, followed by

(ii) Fifty-nine (59) installments of both principal and interest in the respective amounts set forth in the attached Amortization Schedule payable on September 30, 1979 and on the last day of each December, March, June and September thereafter to and including March 31, 1994, followed by

(iii) A final installment on June 30, 1994 in the amount equal to the entire principal and interest remaining unpaid hereunder as of said date;

and to pay interest on overdue principal and (to the extent legally enforceable) on overdue interest at the rate of 12% per annum after maturity, whether by acceleration or otherwise, until paid. Both the principal hereof and premium, if any, and interest hereon are payable to the holder hereof in coin or currency of the United States of America which at the time of payment shall be legal tender for the payment of public and private debts.

This Note is one of the 11% Secured Notes of the Company not exceeding \$4,888,700 in aggregate principal amount (the "Notes") issued under and pursuant to the Participation Agreement dated as

EXHIBIT A
(to Security Agreement)

of January 1, 1979 among the Company, BRAE CORPORATION (the "Lessee"), and THE FIRST NATIONAL BANK OF BOSTON (the "Secured Party") and also issued under and equally and ratably with said other Notes secured by that certain Security Agreement dated as of January 1, 1979 (the "Security Agreement") from the Company to the Secured Party. Reference is made to the Security Agreement and all supplements and amendments thereto executed pursuant to the Security Agreement for a description of the collateral, the nature and extent of the security and rights of the Secured Party, the holder or holders of the Notes and of the Company in respect thereof.

Certain prepayments are required to be made on this Note and any other Notes outstanding under the Security Agreement. The Company agrees to make the required prepayments on the Notes, plus applicable premium, if any, in accordance with the provisions of the Security Agreement.

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

This Note and the Security Agreement are governed by and construed in accordance with the laws of the State of Illinois.

Anything in this Note to the contrary notwithstanding, neither the Secured Party nor any holder hereof, nor their respective successors or assigns shall have any claim, remedy or right to proceed against the Company in its individual corporate capacity or any incorporator or any past, present or future subscriber to the capital stock of, or stockholder, officer, or director of the Company for the payment of any deficiency or any other sum owing on account of the indebtedness evidenced by this Note or for the payment of any liability resulting from the breach of any representation, agreement or warranty of any nature whatsoever, from any source other than the collateral under the Security Agreement (the "Collateral"); and the Secured Party and the holder of this Note by its acceptance hereof waive and release any personal liability of the Company in its individual corporate capacity, and any incorporator or any past, present or future subscriber to the capital stock of, or stockholder, officer or director of the Company for and on account of such indebtedness or such liability, and the Secured Party and the holder of this Note agree to look solely to the Collateral for the payment of said indebtedness or the satisfaction of such liability; provided, however, nothing herein contained shall limit, restrict or impair the rights of the Secured Party to accelerate the maturity of this Note upon a default thereunder, to bring suit and obtain a judgment against the Company on this Note or to exercise all rights and remedies provided under the Security Agreement or otherwise realize upon the Collateral; provided, further, that nothing in this paragraph shall be construed to limit in scope or substance those representations and warranties of the Company in its individual capacity set forth in the Participation Agreement or the Security Agreement.

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

GOULD LEASING SERVICES, INC.

By _____

NOTICE

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