PLM RAILCAR MANAGEMENT INC.
A Subsidiary of PLM, INC
50 California Street
San Francisco, California 94111
415/989 1860
Telex 34430

RECORDATION NO. 10667 Filed 1425
JUL 25 1979 -11 00 AM

July 19, 1979

Date JUL 25 1979
Fee $ 50.00
CC Washington, D

Interstate Commerce Commission
Interstate Commerce Building
Washington, DC 20044

Attn: Ms. Mildred Lee

RE: PLM Railcar Management, Inc.

Ladies and Gentlemen:

You are hereby requested to record the original and one certified copy of the enclosed Management Agreement. Enclosed is a check in the amount of $50 in payment of your recordation fee.

Under the Management Agreement, Donald W. A. Smith, who resides at 1570 Carmelita Street, Laguna Beach, CA 92651, as owner, grants to PLM Railcar Management, Inc., a California corporation, whose principal business address is at 50 California Street, San Francisco, CA 94111, the right to manage the equipment hereinafter described in this letter, to collect amounts due to or on behalf of owner with respect to such equipment and to disburse funds of owner to pay costs, expenses and obligations of owner with respect to such equipment, all as set forth therein.

The above described agreement relates to railway equipment consisting of one (1) 20,000 gallon capacity, funnel flow, sloping bottom, interior coiled, uninsulated low pressure, general purpose, railroad tank car, road number, PLMX 14038.

When recorded, the document should be returned to

PLM Railcar Management, Inc.
50 California Street
San Francisco, CA 94111
Attention: Charles J. Scarcello

Sincerely,

PLM RAILCAR MANAGEMENT, INC.

Charles J. Scarcello

Charles J. Scarcello
Vice President - Operations

FEE OPERATION BR.
I.C.C.
JUL 25 10 52 AM '79

Encl.

Interstate Commerce Commission
Washington, D.C. 20423

7/30/79

OFFICE OF THE SECRETARY

PLM Railcar Management, Inc.
50 California Street
San Francisco, California 94111
Attention: Charles J. Scarcello

Dear 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 7/25/79 at 11:00am, and assigned re-recordation number(s). 10667 & 10668

Sincerely yours,

Agatha L. Mergenovich

Agatha L. Mergenovich
Secretary

Enclosure(s)

SE-30
(7/79)

10667
RECORDATION NO. Filed 1425

JUL 25 1979 - 11 00 AM

INTERSTATE COMMERCE COMMISSION

EXHIBIT C

IT IS UNLAWFUL TO CONSUMMATE A SALE OR TRANSFER OF THIS SECURITY, OR ANY INTEREST THEREIN, OR TO RECEIVE ANY CONSIDERATION THEREFOR, WITHOUT THE PRIOR WRITTEN CONSENT OF THE ADMINISTRATOR OF THE SECURITIES LAWS OF THE STATE HAVING JURISDICTION OVER SUCH SALE OR TRANSFER, EXCEPT AS PERMITTED IN THE APPLICABLE RULES OF SUCH ADMINISTRATOR. NEITHER THE MANAGEMENT AGREEMENT NOR ANY INTERESTS IN CARS UNDER THE MANAGEMENT PROGRAM HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 AND, IF SECURITIES, MAY NOT BE RESOLD UNLESS REGISTERED UNDER SAID ACT OR EXEMPT FROM SUCH REGISTRATION.

MANAGEMENT AGREEMENT

12/27/78

PLM RAILCAR MANAGEMENT, INC.

THIS AGREEMENT made by and between PLM Railcar Management, Inc., a California corporation (hereinafter called "RMI"), and the person executing this Agreement as owner (hereinafter called "Owner").

WHEREAS, Owner has, pursuant to a Tank Car Purchase Contract (the "Purchase Contract") with PLM, Inc., purchased the railroad tank cars identified in Schedule 1 attached hereto and incorporated herein by reference (such car or cars purchased by Owner being hereinafter referred to as the "Cars");

WHEREAS, RMI engages in the business of managing railcars for railcar owners, and Owner desires to retain RMI as agent for the purpose of managing the Cars on Owner's behalf, collecting amounts due to or on behalf of Owner with respect to the Cars and disbursing funds of Owner to pay costs, expenses and obligations of Owner with respect to the Cars, all on the terms and conditions set forth herein;

WHEREAS, RMI intends to manage 25 railcars identical in all material respects to the Cars and to perform for the Owners thereof, under management agreements substantially identical to this Agreement, services substantially identical to those which RMI will perform for Owner hereunder, and Owner desires that the Gross Revenues (as hereinafter defined) and the Operating Expenses (as hereinafter defined) attributable to the Cars be accounted for and combined with the Gross Revenues and Operating Expenses (the "Pool") of all cars managed by RMI under the Tank Car Management Program, 1978 (the "Management Program"), all on the terms and conditions set forth herein;

NOW, THEREFORE, in consideration of the mutual promises made herein, Owner and RMI, intending to be legally bound, hereby agree as follows:

1. Engagement of RMI.

Owner hereby engages RMI as agent of Owner to manage the Cars, collect amounts due to or on behalf of Owner with respect to the Cars and disburse funds of Owner to pay costs, expenses and obligations of Owner with respect to the Cars, all on the terms and conditions set forth herein, and RMI accepts such engagement and agrees to act as agent for Owner and perform in accordance with the terms and conditions hereof.

2. Term.

The term of this Agreement and the agency created hereby shall commence as of the date of this Agreement, and shall continue for a period of five years and six months thereafter; provided, however, that, except for Sections 10 and 11, which shall, notwithstanding this proviso, remain in effect with respect to any Car transferred as described in Section 11 (a), this Agreement shall terminate with respect to any Car which is withdrawn pursuant to Section 12 hereof, sold, lost or totally destroyed as of the date that such withdrawal is effective, such sale is consummated, or such Car is lost or destroyed; provided further, however, that notwithstanding any termination of this Agreement, whether upon the expiration of five years and six months after the date of this Agreement or upon withdrawal, sale, loss or total destruction of any Car, RMI shall continue to be obligated to collect all rental payments, mileage allowances and other sums (including insurance benefits of lessee or railroad indemnity payments payable in connection with any damage to or loss or total destruction of a Car), and to pay or arrange for payment of all expenses, taxes and other charges on Cars, due for or with respect to periods prior to such termination of this Agreement.

3. Duties of RMI.

In consideration of the compensation to be paid to RMI by Owner pursuant to Section 6 hereof, and subject to the agreement of Owner to reimburse RMI pursuant to Section 7 hereof, RMI shall provide and perform the services on behalf of Owner set forth below during the term of this Agreement:

(a) Immediately upon execution, or as soon thereafter as reasonably practicable, take possession of the Cars as agent for Owner for the purpose of managing and operating the Cars, as herein provided.

(b) Use its best efforts to keep such Cars under lease for the term of this Agreement, entering into (as agent for Owner) lease agreements providing for the lease of the Cars to shippers, railroads, or other financially responsible parties for that purpose on terms and conditions which are customary in the industry and taking such steps as may be required to insure that all obligations and duties arising under such leases, whether of lessor or lessees, are performed or complied with in an orderly and timely fashion.

(c) Use its best efforts to insure that all steps are taken which may be necessary to have the Cars registered and accepted by all hauling carriers under the Association of American Railroads ("AAR") as required by the terms of any lease or otherwise.

(d) Collect all rental payments and mileage allowances due with respect to the Cars, identifying itself as agent for that purpose, and account for and remit all sums due to Owner as hereinafter provided.

(e) Terminate leases and recover possession of Cars and enforce all rights of Owner with respect thereto, including the payment of all amounts owed under the lease or otherwise with respect to the Cars as shall be appropriate or necessary in the judgment of RMI exercised in good faith; and institute and prosecute legal proceedings in the name of Owner as is permitted by applicable laws in order to terminate such leases and/or recover possession of the Cars; and, when expedient, settle, compromise and/or release such actions or suits or reinstate such leases.

(f) Use its best efforts to arrange to have the Cars maintained in good condition, which shall be equal to or greater than the higher of (i) any standard required or set forth for the Cars or cars of a similar class by the AAR, (ii) any standard set by a lessee, whether by terms of a lease or by other understanding or agreement between lessee and RMI, as agent for Owner,or (iii) any standard set by an insurance policy under which the Cars or any of them shall from time to time be insured, and to arrange for all alterations, modifications, improvements or additions to the Cars to comply with applicable laws or regulations; provided, however, that no alterations, modifications, improvements or additions of the type referred to in Section 7(c) shall be made without the consent of Owner, which consent will be deemed to have been granted if Owner shall not have objected thereto in writing within 30 days after notice to Owner thereof and of the estimated cost thereof.

(g) Use its best efforts to place in Owner's name such insurance as shall be reasonably available to protect the interest of Owner in the Cars (with RMI, in its capacity as agent for Owner, being named in each such policy of insurance as a co-insured or additional insured), including, without limitation, insurance against (i) personal liability, including property damage and personal injury, (ii) loss of or damage to the Cars, and (iii) loss of revenues with respect to the Cars; provided, however, that if RMI effects such insurance under a blanket insurance policy, or insurance policy covering Owner's Cars and other cars of other Owners, such insurance need not be placed in Owner's name so long as Owner is named as an insured; and provided further, however, that if RMI determines that the cost of insurance described above is unreasonably high, or cannot be obtained, RMI need not place or acquire such insurance and shall so notify Owner.

(h) Pay in Owner's name all personal property taxes and other taxes, charges, assessments, or levies imposed upon or against the Cars of whatever kind or nature and, in RMI's discretion, defend against any such charges and to seek revision or appeal from any assessment or charge deemed improper, all such actions to be in the name of Owner.

(i) Monitor and record movement of the Cars.

(j) Maintain complete and accurate records of all transactions relating to the Cars and make such records available for inspection by Owner or any of Owner's representatives during reasonable business hours.

(k) Paint the Cars such colors and with such designs as RMI may from time to time approve and place reporting marks or such other marks, legends, or placards on the Cars as shall be appropriate or necessary to comply with any regulation imposed by the AAR.

(l) Provide Owner with advice and recommendations concerning the sale of the Cars.

(m) Use its best efforts to collect all sums due Owner, including, without limitation, insurance benefits or railroad indemnity payments, in the event of damage to, or loss or total destruction of, a car during the term of this Agreement and to remit all sums due Owner as hereinafter provided.

(n) Furnish factual information reasonably requested by Owner in connection with Federal, State, Canadian and Provincial tax returns.

(o) Perform for Owner such other services incidental to the foregoing as may from time to time be reasonably necessary in connection with the leasing and operation of the Cars.

4. Authority, and Limitations on Authority, of RMI.

(a) It is recognized that RMI will manage under the Management Program, railcars, including the Cars, purchased by investors who enter into a management agreement substantially identical to this Agreement. The road numbers assigned to the cars managed under the Management Program are set forth in Schedule 1 attached hereto and incorporated herein by reference. It is recognized that RMI will receive from owners of other cars in the Management Program compensation comparable to that payable by Owner hereunder. It is recognized and agreed that RMI's services for and obligations to and rights with respect to Owner and the owners of other cars in the Management Program are several. RMI will not act or purport to act for or in the name of the Pool, the Managemnt Program or the owners of cars in the Managment Program collectively or as an entity; it being expressly understood that any actions taken on behalf of the owners of cars in the Management Program will be taken as agent for such owners, severally and individually, either naming such owners or naming RMI as agent for undisclosed several and individual principals. The parties hereto expressly recognize and acknowledge that this Agreement, the Management Program and the Pool are not intended to create a partnership, joint venture or other entity among Owner, other owners of cars in the Management Program and/or RMI. RMI shall not take any action or engage in any course of dealing which would suggest or create an inference that there is any understanding or agreement between owners of cars in the Management Program or that such owners are acting collectively or as an entity and RMI shall use its best efforts to assure that no silence or failure to act on its part creates or sustains any such suggestion or inference.

(b) RMI shall not have any authority to (i) offer for sale, contract or agree to sell or sell any Cars except as Owner may from time to time hereafter expressly request or direct; or (ii) make any alterations, modifications, improvements or additions to the Cars of the type referred to in Section 7(c) without the consent (either express or inferred, as provided in Section 3(f)) of Owner.

5. Owner's Revenues, Expenses and Net Earnings.

(a) The actual Gross Revenues (as hereinafter defined) derived from the operation of the Cars and the actual Operating Expenses (as hereinafter defined) shall be accounted for and combined together with all Gross Revenues and Operating Expenses derived from and incurred by all cars managed under the Management Program

(b) As used in this Agreement, the term "Gross Revenues" shall mean all income to Owner (unreduced by any expenses or costs) derived from the ownership, use and/or operation of the Cars including, but not limited to, minimum rentals and mileage charges collected under leases and mileage allowances, if any, not credited to a lessee. "Operating Expenses" shall mean all expenses and costs incurred in connection with the ownership, management, use and/or operation of the Cars, including, but not limited to maintenance; repairs, except to the extent that the cost of such repairs is the responsibility of Owner under Section 7(c); painting; costs of modifications and improvements which are not alterations, modifications, improvements or additions of the type described in Section 7(c); accounting fees incurred pursuant to Section 13(d); legal fees incurred in connection with enforcing lease rights or repossessing Cars; insurance (and, if such insurance has been effected under a blanket insurance policy, or insurance policy covering the Cars and other cars or other owners, Owner's pro rata share of such

insurance cost, it being understood that RMI will use its best effort to allocate to Owner's Cars only such portion of such insurance as is attributable to such cars); charges, assessments, or levies imposed upon or against the Cars of whatever kind or nature; losses from liabilities which are not the responsibility of Owner under Section 7(f) and Owner's pro rata share of that portion of ad valorem, gross receipts and other property taxes which are levied against all railcars bearing "PLMX" reporting marks and determined by RMI to be attributable to the cars in the Management Program (it being understood that it may not be possible to make an exact allocation of such taxes but that RMI will use its best efforts to allocate to the cars in the Management Program only such portion of the aggregate of such taxes as are attributable to such cars). Gross Revenues and/or Operating Expenses attributable to a calendar quarter which are received or paid before or after such quarter shall be included in quarterly distributions and accounted for as Revenues or Expenses of the quarter in which such items were received or incurred; provided, however, that if such items are received or incurred within one year of the quarter to which they relate and the amount involved exceeds $500 per Car, the items shall be accounted for with the Revenues and Expenses for the quarter to which such items relate; provided further, that, notwithstanding the foregoing, any such item or items received or incurred prior to the second quarter following the quarter in which the last car to be included within the Pool is delivered to a lessee shall be accounted for with the Gross Revenues and Operating Expenses for the quarter to which such items relate.

(c) Owner's Gross Revenue and Operating Expenses for any fiscal period shall be the product of (i) Gross Revenues derived from all cars managed under the Management Program or Operating Expense incurred by or with respect to all cars managed under the Management Program, as the case may be, multiplied by (ii) a fraction the numerator of which is the product of the number of the Cars multiplied by the number of days in such fiscal period that the Cars are managed under the Management Program and the denominator of which is the product of the total number of cars managed under the Management Program multiplied by the number of days in such fiscal period that such cars are managed under the Management Program. The number of cars (or Cars, as the case may be) managed under the Management Program shall be the number of cars actually managed under the Management Program from time to time during such fiscal period and if any cars are destroyed, lost, sold, disposed of or withdrawn from the Management Program during such fiscal period, any computation under this Section 5(c) shall reflect such destruction, loss, sale, disposition or withdrawal; provided, however, that (x) notwithstanding that the owner of any cars managed under the Management Program shall have entered into a management agreement with RMI, the cars owned by such owner (which may be Owner), shall not be considered to be managed under the Management Program until such cars shall first have been delivered to a lessee thereof and (y) there shall not be any adjustment of computations under this Section 5(c) on account of the temporary withdrawal from service of any car for repairs, maintenance or reconstruction.

(d) As used in this Agreement, the term "Net Earnings" shall mean the Gross Revenues attributable to the Cars less the sum of (i) the amount of the Operating Expenses attributable to the Cars, (ii) all compensation due and payable to RMI under Section 6 not theretofore paid and (iii) such reserves as RMI shall, in its sole discretion, have reasonably created to provide for the efficient administration of this Agreement, for payment of accrued expenses not yet due, for the management of the Cars, or for expenses relating to the Cars arising or payable after the termination or expiration of this Agreement; and any storage and transit costs payable by Owner under paragraph 6 of the Purchase Contract.

6. Compensation.

As compensation to RMI for the performance of services hereunder, Owner shall pay to RMI the following amounts, which amounts shall be payable on the last day of each calendar quarter for which they are due:

(a) Base Compensation To RMI. Owner shall pay to RMI a management fee equal to $55 per Car per month. For any partial calendar month during the term of the Agreement, the fee shall be pro-rated on a daily basis.

(b) Incentive Compensation to RMI. If the mileage allowances attributable to the Cars exceed the fixed minimum rental per Car per month for any month under a lease covering the Cars, Owner shall pay to RMI for each calendar quarter during the term of this Agreement, an additional management fee equal to fifteen and one-half percent (15 1/2%) of the mileage allowance per Car in excess of the fixed minimum rental per month.

7. Distribution to Owner of Net Earnings; Payment of Costs and Expenses.

(a) Regular Distributions of Net Earnings. Within ninety (90) days after the end of each calendar quarter, RMI shall distribute to Owner the the Net Earnings attributable to the operation of the Cars during the quarter.

(b) Payment of Operating Deficits. Within ten (10) days of receipt of notice and demand from RMI, Owner shall pay to RMI the amount by which Net Earnings for calendar quarter shall be less than zero.

(c) Payment for Special Improvements. The cost of any alterations, modifications, improvements or additions which are required by the AAR, Department of Transportation or other regulatory agency or are otherwise required to comply with applicable laws, regulations or requirements and are consented to by Owner shall be the sole responsibility of Owner. RMI shall have the right to require Owner to pay the approximate cost thereof to RMI, upon ten (10) days prior written notice. Upon completion, RMI shall notify Owner of the exact amount of such costs, and in the event that Owner has already paid more than such costs, RMI shall refund the difference to Owner. If the amount already paid by Owner is less than the exact amount of such costs, Owner shall promptly pay to RMI the amount of such difference.

(d) Payment for Additional Insurance. If RMI determines as provided in Section 3(g) hereof, that the cost of insurance described therein is unreasonably high, or cannot be obtained, and Owner elects to purchase such insurance, the cost thereof shall be the sole responsibility of Owner. Within ten (10) days of receipt of notice and demand from RMI, Owner shall pay to RMI the cost of any such insurance placed or purchased by Owner through RMI.

(e) Payment for Certain Property Damage. The cost of repair of damage to any car (other than the cost of repairs which RMI determines constitute maintenance of such Cars) is the sole responsibility of Owner. Any payments, including, without limitation, insurance benefits or railroad or lessee indemnity payments, received to cover the damage to such Car (but not to cover loss of rental payments) shall be solely for the account and benefit of Owner (and shall not be included within the term "Gross Revenues"). RMI shall have the right to require Owner to pay to RMI, upon (10) days prior written notice and demand therefor, the approximate cost of the repairs which are the responsibility of Owner or, at RMI's election, such portion of such cost as RMI

believes will not be covered by any such payments which may be received by RMI (as co-insured or additional insured, as provided in Section 3(g) to cover the cost of such damage (it being understood that RMI may apply to such cost of such repair any payments so received by RMI to cover the cost of damage to such Car)). Upon completion of such repairs and determination of the payments received by RMI and applied to payment of the cost of such damage, RMI shall notify Owner of the exact amount of such costs and payments, and in the event that Owner has already paid more than the amount of such cost not paid from such payments received and applied by RMI to such repair, RMI shall refund the difference to Owner. If the amount already paid by Owner is less than the amount of such cost not paid from such payments received and applied by RMI to such repairs, the Owner shall promptly pay to RMI the amount of such difference. RMI shall promptly remit to owner any payments to cover such damage to such Car which are received by RMI and not applied to payment of the cost of repair of such damage.

(f) Payment of Uninsured Losses. Loses from third party liability for bodily injury or property damage caused by any Car which are (i) not covered by insurance and (ii) are in excess of the lesser of (x) $25,000 (which includes attorney's fees) per occurrence per Car for liability for bodily injury and $25,000 (which includes attorney's fees) per occurrence per Car for liability for property damage and (y) the amount of the deductible(s) under any liability insurance for bodily injury and property damage on the Car are the sole responsibility of Owner. Within ten (10) days of receipt of notice and demand from RMI, Owner shall pay to RMI the amount of such liability.

(g) Receipts and Payments as Acts of Owner; Obligations of Owner. In collecting or receiving any Gross Revenues and in paying or disbursing any Operating Expenses RMI is acting solely as agent for Owner. The provisions of Sections 3, 5 and 7 of this Agreement shall not be understood to diminish or modify the rights of Owner to receive Gross Revenues or the obligation of Owner to pay Operating Expenses.

8. Indemnification.

Owner shall defend (if such defense is tendered to Owner), indemnify and hold RMI harmless from and against any and all claims, actions, damages, expenses (including reasonable attorneys' fees), losses or liabilities incurred by or asserted against RMI as a result of the use, operation, possession, control, maintenance, repair or storage of the Cars, including, without limitation, all those arising out of the sole active negligence of RMI, claims from injury to or death of persons, loss of or damage to property (including the Cars) and economic loss due to the unavailability for use of the Cars; provided, however, that Owner shall not defend, indemnify or hold RMI harmless from and against, and RMI shall not be exculpated from, any claim action, damage, expense, loss or liability directly or indirectly caused by or arising from bad faith, recklessness, or willful misconduct of RMI.

9. Right of First Refusal; Exclusive Sales Agency.

(a) During the term of this Agreement and for a period of five months thereafter, if Owner shall have received from a third party ("Offeror") a bona fide offer (the "Offer") for the purchase of any or all of the Cars, and if (i) either (x) Offeror is a competitor of RMI or any of its affiliates in the business of originating, arranging, brokering, syndicating or dealing in leased equipment or the business of managing railcars or other railroad equipment or (y) Owner actively initiated the transaction or actively solicited the Offer and (ii) Owner desires to accept the Offer, Owner shall first obtain a copy of the Offer in writing signed by the Offeror and forward a true copy thereof to RMI. RMI shall, in such cases (but no others), thereupon have the first option for a period not to exceed ninety (90) days after receipt of a copy of the Offer from Owner, to purchase all or any of the Cars upon the same terms and conditions as set forth in the Offer.

exceed ninety (90) days after receipt of a copy of the Offer from Owner, to purchase all or any of the Cars upon the same terms and conditions as set forth in the Offer.

(b) During the term of this Agreement and for a period of five months thereafter, RMI shall have the exclusive right to sell the Cars. Except in case of any sale or disposition of a Car to RMI (whether pursuant to Section 9(a) or otherwise or any of its affiliates (that is, any company, person or firm controlling, controlled by, or under common control with, RMI) or upon or in connection with a foreclosure, loss or destruction of a Car, Owner shall pay to RMI upon the sale of a Car a sales commission equal to the sum of (i) four percent (4%) of the sale price and (ii) 25% of the sale price in excess of the total purchase price of the Car the original purchase price of the car provided under paragraph 6 of the Purchase Contract (including the amount of any stenciling, storage or transit costs reimbursed to PLM, Inc. from Gross Revenues, as contemplated by said paragraph 6).

(c) Sublease of Cars. Owner recognizes and acknowledges that an affiliate of RMI may assist a lessee of Owner's Cars in subleasing such Cars or such affiliate itself may sublease the Cars from such lessee and further sublease to an independent third party, and, in so doing, will be acting for and on behalf of itself, and not on behalf of Owner. Owner further recognizes and acknowledges, and consents to, such affiliate dividing the gross revenue (as defined in this Section 9(c)) from such assistance or sublease and re-sublease equally between such affiliate and the Owner. The term "gross revenue" as used in this Section 9(c) shall mean, as the case may be, (i) any commission paid to such affiliate for assistance in subleasing the Cars or (ii) in the case of a sublease and re-sublease, the sum of (A) the difference between the rental rate received from such third party sublessee and the rental rate paid to the lessee of Owner's Cars and (B) any commission payable to such affiliate in connection therewith. Anything herein to the contrary notwithstanding, RMI shall not permit any affiliate of RMI to sublease, or assist in subleasing, Cars, if such action would cause loss or recapture of any allowable investment tax credit claimed with respect to the Cars.

10. Subordination.

This Agreement and RMI's authority and rights hereunder are subject to the lien and security interest upon the Cars and revenues generated by the Cars held by any Lender to whom Owner has granted a security interest in the Cars; provided, however, that all such liens and security interests are subject to any lease entered into during the term of this Agreement (including any rights of the lessees thereunder referred to in Section 11) and to RMI's right to collect Gross Revenues accruing during the term of this Agreement until such time as sums due RMI hereunder as the later of (i) the date of default under the terms of any security agreement or (ii) repossession of the Cars pursuant to such secuity agreement, are paid.

11. Dealings With Lessees.

(a) It is intended that leases of cars managed under the Management Program will cover several or all of the cars so managed under the Management Program at any time. Unless the lessee of such cars shall be willing to pay rental to several lessors (and such lessee may decline, in its sole discretion, to pay rental to more than a single lessor), any purchaser, foreclosing mortgagee, donee or other transferee of any car subject to such lease (even though such car is not then managed under the Management Program) shall, until the expiration or termination of such lease, acknowledge RMI as such purchaser's, foreclosing mortgagee's, donee's or other transferree's agent for the purpose of receiving rentals under such lease (which rentals RMI shall remit, forthwith upon receipt, without

deduction or charge); provided, however, that any foreclosing mortgagee or transferee of such foreclosing mortgagee and RMI shall select a person or entity, which may be RMI, as agent of such foreclosing mortgagee or transferee of such foreclosing mortgagee for the purpose of receiving rentals under such lease.

(b) In the event that RMI determines, in its sole discretion, that any purchaser, foreclosing mortgagee, donee or other transferee of any car which is subject to the leases referred to in Section 11(a) and which is not managed under the Management Program is not capable of performing the duties and obligations of a lessor under such leases in accordance with the terms thereof, then RMI may require the transfer to RMI of all the right, title and interest under such leases of such purchaser, foreclosing mortgagee, donee or transferee, without recourse, withdraw the cars of such person from such leases and substitute thereunder cars identical to the cars so withdrawn.

12. Withdrawal in Case of Special Improvements

In the event that any alterations, modifications, improvements or additions of the type referred to in Section 7(c) shall be required and Owner shall not have consented to the making thereof, Owner may terminate this Agreement and withdraw from participation in the Management Program. In the event that Owner shall not have consented to the making of any such alteration, modification, improvement or addition and shall not have terminated this Agreement, from and after the effective date of any law, regulation or requirement prohibiting, limiting or otherwise affecting the leasing, use, ownership, operation, or maintenance of railway cars, such as the Cars, which have not been so altered, modified, improved or added to, the Cars will be deemed to have been withdrawn from the Management Program and all costs associated therewith (including maintenance and storage costs) will be the sole responsibility of Owner and Owner shall receive only Gross Revenues and Net Earnings directly and actually derived from or attributed to the Cars.

13. Reports.

(a) Not later than 90 days after the end of each calendar quarter other than the fourth calendar quarter, RMI will distribute to Owner an unaudited report showing, in reasonable detail, the Gross Revenues, Operating Expense and Net Earnings for such quarter, including the computation and the allocation of any property taxes and the computation of Owner's pro rata share of any items.

(b) Within 60 days after the close of each calendar year, RMI will distribute to Owner a report showing for the fourth calendar quarter and such year (stated separately) the same information reported on the quarterly report distributed pursuant to Section 13(a).

(c) Not later than 60 days after the close of Owner's taxable year (which will be deemed to be the calendar year unless Owner shall otherwise notify RMI in writing) RMI will deliver to Owner a statement setting forth all information reasonably necessary in connection with the preparation of Owner's Federal income tax returns.

(d) Within 90 days after the close of each calendar year RMI will deliver to Owner a report of such independent certified public accountants as are then acting as accountants to RMI and its affiliates, as to review (which review will not constitute, and is not intended to be equivalent to, an audit of the operation of the Cars) of the operations of the Management Program, the mathematical correctness of the computations made by RMI in the allocation of the Gross Revenues, Operating Expenses

and Net Earnings and the conformity of the accounting procedures followed by RMI to the obligations and duties of RMI under this Agreement.

14. Notices

Any notice required or permitted hereunder shall be in writing and shall be valid and sufficient if delivered personally or dispatched in any post office of the United States by registered or certified mail postage prepaid addressed to the other party as follows:

If to RMI:	PLM Railcar Management,Inc. 50 California Street San Francisco, California 94111 Attn: Mr. Charles J. Scarcello
If to Owner:	To the address set forth on the signature page to this Agreement

Any party may change such address by notice given to the other party in the manner set forth above.

15. Miscellaneous.

(a) Governing Law. This Agreement shall be governed by and construed under the laws of the State of California.

(b) Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

(c) Headings. Titles and headings of the Sections and Subsections of this Agreement are for the convenience of reference only and do not form a part of this Agreement and shall not in any way affect the interpretation hereof.

(d) Amendment. No explanation or information by either of the parties hereto shall alter or affect the meaning or interpretation of this Agreement and no modification or amendment to this Agreement shall be valid unless in writing and executed by both parties hereto.

(e) Successors And Assigns. The terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective successors and assigns of the parties hereto; provided, however, that no assignment hereof by Owner or transfer of any of the Owner's rights hereunder whether by operation of law or otherwise shall be valid and effective as against RMI without the prior written consent of RMI.

(f) Force Majeure. Neither party hereto shall be deemed to be in breach or in violation of this Agreement if either is prevented from performing any of its obligations hereunder for any reason beyond its reasonable control including and without limitation acts of God, riots, strikes, fires, storms, public disturbances, or any regulation of any Federal, state or local government or any agency thereof.

(g) Other Customers of RMI. It is expressly understood and agreed that nothing herein contained shall be construed to prevent or prohibit RMI from providing the same or similar services to any person or organization not a party to this Agreement. In

particular, RMI shall be entitled to manage identical cars not managed under the Management Program under a similar management agreement with another owner; provided, however, that if RMI owns, or manages for any other party, railroad cars which are similar to the Cars, and the total of such cars (including the Cars) available for lease exceeds the demand for such cars, the Cars shall be treated no less favorably than any other cars RMI owns or manges. Owner recognizes and acknowledges that it is RMI's intention to give priority to those cars which have been off lease and available for the longest period of time.

(h) Waiver. The waiver of any breach of any term or condition hereof shall not be deemed a waiver of any other or subsequent breach, whether of like or different nature.

(i) Severability. If any term or provision of this Agreement or the performance thereof shall to any extent be invalid or unenforceable, such invalidity or unenforceability shall not affect or render invalid or unenforceable any other provision of this Agreement, and this Agreement shall be valid and enforced to the fullest extent permitted by law.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year set forth below.

PLM Railcar Management, Inc.

By _____

OWNER:

Donald W. A. Smith

_____

Address 1570 Carmelita Street

Laguna Beach, CA 92651

Dated: December 27, 1978

For Owner who is an individual:
STATE OF CALIFORNIA) ss:
COUNTY OF ORANGE)

On this 27th day of December, 1978, before me personally appeared Donald W. A. Smith (name of signer of foregoing instrument), to me known to be the person described in and who executed the foregoing instrument and he or she acknowledged that he or she executed the same as his or her free act and deed.

OFFICIAL SEAL
BETSY HALL
NOTARY PUBLIC — CALIFORNIA
PRINCIPAL OFFICE IN
ORANGE COUNTY
My Commission Expires Oct. 27, 1979

(SEAL) Betsy Hall

My commission expires October 27, 1979

For Owner which is a corporation:
STATE OF) ss:
COUNTY OF)

On this day of ,1978, before me personally appeared (name of signer of foregoing instrument), to me personally known, who being by me duly sworn, says that he is the (title of office) of (name of corporation), that the seal 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.

(SEAL) _____

My commission expires _____

STATE OF California) ss:
COUNTY OF San Francisco)

On this day of ,1978, before me personally appeared (Name of signer of foregoing instrument), to me personally known, who being by me duly sworn, says that he is the (title of office) of **PLM Railcar Management, Inc.** (name of corporation), that the seal 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.

(SEAL) _____

My commission expires _____

State of California)
County of San Francisco) SS:

On this 19th day of July, 1979, before me personally appeared Charles J. Scarcello, to me personally known, who being by me duly sworn, says that he is the Vice President - Operations of PLM Railcar Management, Inc., that the seal 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.

Seal: OFFICIAL SEAL
MARIA MARSICO
NOTARY PUBLIC - CALIFORNIA
CITY AND COUNTY OF SAN FRANCISCO
My Commission expires Jan. 21, 1983

Maria Marsico

Maria Marsico, Notary Public

Schedule 1

Number of Cars	Type of Car	Reporting Marks	Del. Dat
1	20,000 gallon capacity funnel flow, sloping bottom, interior coiled, uninsulated low pressure, general purpose, railroad tank car	PLMX 14038	12-29-7