

DISCLOSURES REQUIRED BY LAW

Debtor(s) plan to purchase ONE special purpose, 33,000 gallon (U.S.) tankcar(s), ICC #122A340W, equipment registry number per the official railway register CHRX 1041 from Professional Lease Management, Inc. ("PLM"). The terms and conditions of the purchase of the tankcar(s) are set forth in the Purchase Contract, which is attached as Exhibit "A" and is hereby incorporated herein by this reference and is specifically made a part of this Security Agreement. PLM plans to extend credit to Debtors for the purchase of the tankcar. Debtor's obligation to repay the credit extended is evidenced by the Promissory Note which is attached hereto as Exhibit "B" and is hereby incorporated herein by this reference and is specifically made a part of this Security Agreement. the following disclosures are made in connection with the proposed extension of credit to purchase the tankcar(s):

1. CASH PRICE (incl. \$5,905 for Canadian Taxes)	<u>\$30,000</u>
2. CASH DOWN PAYMENT	<u>9,000</u>
3. UNPAID BALANCE OF CASH PRICE	<u>21,000</u>
4. AMOUNT FINANCED	<u>21,000</u>
5. <u>FINANCE CHARGE</u>	<u>7,259.38</u>
6. TOTAL PAYMENTS (Sum of 3 & 5)	<u>28,259.38</u>
7. DEFERRED PAYMENT PRICE (Sum of 1 and 5)	<u>37,259.38</u>
8. <u>ANNUAL PERCENTAGE RATE</u>	<u>9-3/4%</u>

TOTAL OF PAYMENTS is payable in monthly installments commencing on January 1, 19⁷³, in equal payments of \$259.96 plus an irregular or BALLOON PAYMENT of \$15,781.65 due on December 29, 19⁷⁷.

Provided, however, this note becomes due and payable thirty (30) days after the Bank of America, San Francisco, California first announces that the prime rate for large commercial borrowings is EIGHT PERCENT (8%).

The BALLOON PAYMENT may be refinanced at the same interest rate and with the same periodic payments as provided for in the Promissory Note; provided, however, that if the California Retail Installment Sales Act is not applicable to this Security Agreement or the attached exhibits, Debtor(s) shall not have the right to refinance the BALLOON PAYMENT. If the Promissory Note is paid in full before the final installment date, the amount of such payment shall be equal to the principal amount then remaining unpaid and all interest accrued to and including the date of payment. If Debtors default in payment in part or in whole of any installment when due, the whole of the principal sum shall, at the option of PLM, become immediately due and payable. Debtor(s) will also be liable for costs of collection and reasonable attorneys' fees in the event of a default in payment of the Promissory Note. The additional terms and conditions are set forth in the Promissory Note. The TOTAL OF PAYMENTS and any future sums expended for Debtors will be secured by this Security Agreement and this Security Agreement covers leases of the tankcar entered into after the extension of credit, and the proceeds, if any, upon the sale of the tankcar.

IN CONSIDERATION of the mutual covenants and conditions hereinafter set forth, the parties hereto agree as follows:

1. To secure repayment of the Promissory Note and all interest thereon and any future payments made by the Secured Party to or for the account of Debtor(s) under this agreement or as otherwise authorized by law, Debtor(s) hereby grant to Secured Party secured interests in the following property (collectively, the "Collateral"):

(a) One 1966 Union Tankcar Manufactured, 33,000 gallon, 100 ton truck, Liquid Propane Gas (LPG) tankcar capacity class ICC #122A340W, number per official railway register CHRX 1041

(b) The lease entered into by Secured Party for and on behalf of Debtor(s) with Canadian Hydrogas Resources, Ltd. under an agreement dated December 5, 1972, for the lease of the tankcar described in paragraph 1(a) above (the "Lease Agreement") and any other lease agreement entered into by Debtors or their agent for the lease of such tankcar, together with the right to any payments due or to become due thereunder for any reason including any payments resulting from the exercise of any option therein.

This security interest shall cover and vest in all of the aforementioned property and all the proceeds from the sale or other disposition of any and all of the foregoing. Notwithstanding anything contained herein to the contrary, Secured Party shall have no obligation to perform and shall have no liability for any of the terms and conditions of the Lease Agreement, or the breach thereof.

2. Debtor(s) represents and warrants to Secured Party that:

(a) Debtors are the sole owners of the Collateral, and except as otherwise provided in the Lease Agreement and the Management Contract attached hereto as Exhibit "C", and incorporated herein by this reference, no other person, entity, agency or government has or purports to have any right, title, lien, encumbrance, adverse claims, or interest in any Collateral.

(b) The granting of the security interest herein does not render Debtor(s) in default under any other security agreement.

(c) Any and all information now or hereafter supplied to the Secured Party, or at the Secured Party's request or instruction is correct.

3. Debtors covenant and agree with Secured Party that:

(a) Debtor(s) shall not sell, assign, lease or offer to sell or otherwise dispose of any Collateral or encumber the Collateral in any way without the prior written consent of the Secured Party; provided that such consent shall not be unreasonably withheld. Debtor(s) shall also keep the Collateral in good order and repair and will not waste or destroy all or any part of it or use it in violation of any policy of insurance covering the Collateral or any law, ordinance, rule, regulation or order of any governmental body, agency or commission.

In the event that the collateral is not under lease during the period of this contract,

(b) / The risk of loss of the Collateral is on Debtors and they shall pay for and obtain insurance at all times against all risks of loss or damage by fire (including so-called extended coverage), theft and such other risks as is reasonably necessary to adequately protect the Collateral; All the insurance policies now in force or hereafter acquired shall contain an appropriate endorsement naming Secured Party as additional insured or loss payee to the extent of its security interest in the Collateral. Debtors shall furnish to Secured Party on demand all insurance policies or, if Secured Party agrees, such other evidence of insurance in a form satisfactory to Secured Party.

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Part of the insurance cover is cancelled as requested

(c) Debtor(s), at their own expense, shall take or cause to be taken such action or refrain from so doing as the Secured Party may at any time, or from time to time, reasonably request or as may be necessary or appropriate to preserve or defend or cause to be preserved or defended the respective rights of the Secured Party in and to all or any of the Collateral or the proceeds thereof.

(d) At the request of Secured Party, Debtor(s) shall join with Secured Party in executing one or more financing statements or other notices or statements complying with the requirements of applicable federal or state law and otherwise in the form approved by Secured Party, including the execution of (1) a formal assignment of the Lease Agreement by Secured Party to Debtor(s), (2) the Short Form Lease attached as Exhibit "B" to the Lease Agreement and (3) a short form security agreement in the proper form for filing with the Interstate Commerce Commission granting to Secured Party the security interest in the Lease Agreement as herein provided.

(e) Debtor(s) shall pay promptly when due all taxes, assessments, charges, encumbrances and liens now or hereafter affecting the Collateral.

(f) Debtor(s) shall promptly notify the Secured Party of (1) any adverse changes in any information previously supplied, (2) any change in Debtor(s)' residence or place of business and (3) such other facts or happenings which may affect the Secured Party's interest in the Collateral.

(g) Secured Party may at its option pay and discharge taxes, liens, encumbrances or security interests at any time levied or placed on the Collateral and may pay for insurance and the costs of maintaining and preserving the Collateral. The amount so allowed shall be secured by the Collateral and Debtor(s) shall, on demand, reimburse the Secured Party for any payment made or expense so incurred. All sums expended by Secured Party under this subparagraph (g) shall bear interest at the rate of 9-3/4% per annum.

4. Debtor(s) shall be in default under this agreement on the happening of any one or more of the following events or conditions:

(a) Any warranty, representation or statement made or furnished to the Secured Party by or on behalf of Debtor(s) is false in whole or in part in any material respect.

(b) Default in the punctual payment when due of interest and principal under the Promissory Note or any part thereof, and breach of any covenant or agreement contained or referred to in this Security Agreement.

(c) Insolvency of Debtor(s) or the commencement of any proceedings by or against Debtor(s) under the Federal Bankruptcy Act or under any state insolvency law or for the appointment of a receiver of any part of their property, or a voluntary assignment for the benefit of creditors by or for Debtors.

5. Upon the occurrence of any default, the Secured Party may declare all obligations secured by this Agreement immediately due and payable, and shall have, in addition to those herein provided, all the rights and remedies under the California Uniform Commercial Code, or other applicable law; provided, however the debtor(s) has the right to a written notice from PLM declaring any default under this agreement, and has ten (10) days in which to remedy the default. All the rights and remedies of the Secured Party shall, to the full extent permitted by law, be cumulative. The rights and remedies of Secured Party shall include, without any limitation of the foregoing, the following:

(a) The Secured Party shall have the right to take immediate possession of the Collateral without judicial process, and in connection therewith, Debtor(s) shall make the Collateral available to the Secured Party at a place or places in accordance with the Secured Party's instructions.

(b) Except as otherwise limited by the California Uniform Commercial Code and, if applicable, the California Retail Installment Sales Act, the Secured Party after reasonable notice as hereinafter defined may sell, lease or otherwise dispose of any or all of the Collateral, with or without taking possession, in its then condition or following any commercially reasonable preparation or processing. A sale or lease of the Collateral may be at wholesale or retail, by public or private proceedings, at any time after expiration of reasonable notice as

herinafter defined and at such place, in such manner and on such terms as the Secured Party may determine, and Secured Party shall have the right to purchase all or any part of the Collateral at any public or private sale. Any notice of sale, disposition or other intended actions by the Secured Party, sent to the principal place of business of Debtor(s) at least ten (10) days prior to such action, shall constitute reasonable notice to Debtor(s); such notice shall conform to the requirements of California Civil Code Sections 1812.2 and 1812.3 if the California Retail Installment Sales Act is applicable.

(c) If the Secured Party takes immediate possession, constructive or otherwise, upon default as provided by this Agreement or by law, it shall be treated, at its option, as a secured party in possession under California Commercial Code Section 9505; provided, however, that if the California Retail Installment Sales Act is applicable, Secured Party's right to retain the Collateral in satisfaction of Debtor(s)' obligations shall be governed by California Civil Code Section 1812.2.

(d) In exercising any of the rights or remedies granted the Secured Party, it shall be entitled in addition to those costs and expenses provided herein or by law, all reasonable attorneys' fees and legal expenses in connection therewith.

(e) If, in exercising any of the rights or remedies granted the Secured Party under this agreement, the amount received by Secured Party is less than the amount of the obligations secured by this

Agreement, Debtor(s) shall be liable for any deficiency; provided, however, that if the California Retail Installment Sales Act is applicable, the recovery of any deficiency shall be governed by Civil Code Sections 1812.2, 1812.4 and 1812.5.

(f) No waiver by Secured Party of any default shall operate as a waiver of any other default or of the same default on a subsequent occasion.

(g) Debtor(s) hereby waives the right to plead the statute of limitations as a defense to any and all obligations secured by this agreement to the full extent permitted by law.

6. All rights and obligations under this Security Agreement shall be binding upon and inure to the benefit of the respective heirs, executors, administrative successors, assigns and legal representatives of the parties hereto.

7. All communications and notices hereunder or required by law shall be in writing and shall be mailed or delivered to Debtor(s) and Secured Party at the addresses hereinabove set forth.

8. The provisions of this agreement shall be governed by and construed in accordance with the laws of the State of California.

IN WITNESS WHEREOF, the parties hereto have executed this agreement on the day and year first above written.

PROFESSIONAL LEASE MANAGEMENT, INC.

By: [Signature]
Secured Party

By: John Eklerner Oct 8, 1974
Debtor

Debtor

(Notarial Seal)

STATE OF CALIFORNIA
COUNTY OF SAN FRANCISCO } ss.

On this 2nd day of OCTOBER in the year one thousand nine hundred and 74 before me, MONA LEA SCHLAGECK, a Notary Public, State of California, duly commissioned and sworn, personally appeared John E. Wanner

known to me to be the person whose name subscribed to the within instrument and acknowledged to me that he executed the same.

IN WITNESS WHEREOF I have hereunto set my hand and affixed my official seal in the SAME County of SAN FRANCISCO the day and year in this certificate first above written.

[Signature]
Notary Public, State of California
My commission expires 6-6-78

