RECORDATION NO. 10039-A Filed 1425

JAN 24 1979 - 1 15 PM

INTERSTATE COMMERCE COMMISSION

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I.C.C.
FEE OPERATION BR.

No. 9-C24A038

Date JAN 24 1979

Fee $ 100.00

ICC Washington, D. C.

THE FIRST NATIONAL BANK OF BOSTON
100 Federal Street
Boston, Massachusetts 02110

January 22, 1979

RECORDATION NO. 10039 Filed 1425

JAN 24 1979 - 1 15 PM

INTERSTATE COMMERCE COMMISSION

Secretary
Interstate Commerce Commission
Washington, D.C. 20423

Re: Recordation and Filing of Documents Pertaining to the Mortgage and the Management of Fifteen Covered-Hopper Railroad Freight Cars Owned by Douglas D. Mercer

Dear Sir:

In accordance with the provisions and procedures of Section 11303 of the Revised Interstate Commerce Act, 49 U.S.C. §11303, and Part 1116 of Title 49 of the Code of Federal Regulations, it is hereby respectfully requested that the documents enclosed with this letter of transmittal, and more fully described hereinbelow, pertaining to the mortgage and the management of fifteen (15) covered-hopper railroad freight cars owned by Douglas D. Mercer, be recorded and filed by the Interstate Commerce Commission (the "Commission") pursuant to Section 1116.5 of said Title 49 of the Code of Federal Regulations.

A. Description of the Documents and the Parties Thereto.

Enclosed herewith are the following original documents to be recorded by the Commission and two certified true copies of each of said original documents to be recorded and filed by the Commission:

(i) Promissory Note and Security Agreement, dated December 21, 1978, made by Douglas D. Mercer, an individual residing at 775 Park Avenue, New York, New York 10021 and accepted by The First National Bank of Boston, 100 Federal Street, Boston, Massachusetts 02110 (said Promissory Note and Security Agreement being hereinafter called the "Note"); and

(ii) Management Agreement, dated December 21, 1978, by and between States Marine Corporation, doing business through its division, States Rail Services, 280 Park Avenue, New York, New York 10017, and Douglas D. Mercer, an individual residing at 775 Park Avenue, New York, New York 10021 (said Management Agreement being hereinafter called the "Management Agreement").

1. The Note.

The First National Bank of Boston (the "Bank") has agreed, upon the terms and subject to the conditions contained in the Note, to make a loan in the principal amount of Three Hundred Ninety-Nine Thousand Three Hundred and Seventy-Five Dollars ($399,375.00) (the "Loan") to Douglas D. Mercer (the "Investor"). The entire proceeds of the Loan will be applied by the Investor towards the payment of the purchase price of fifteen (15) covered-hopper railroad freight cars purchased by the Investor from National Steel Car Corporation, Limited, a Canadian corporation located in Hamilton, Ontario, Canada (the "Manufacturer"). Further particulars of the fifteen (15) covered-hopper railroad freight cars so purchased by the Investor from the Manufacturer (the said fifteen (15) covered-hopper railroad freight cars being hereinafter called the "Investor's Covered-Hopper Railroad Cars") are set forth below.

In order to secure the payment and performance by the Investor of all of his obligations to the Bank under the Note, the Investor has, pursuant to Section 7 of the Note, granted to the Bank a mortgage over and in respect of each of the Investor's Covered-Hopper Railroad Cars.

Each of the Investor's Covered-Hopper Railroad Cars is a 100-ton, 4,550 cubic feet capacity, steel covered-hopper railroad freight car, lined for use in the transport and shipping of grain products and select minerals, including salt. Each of the Investor's Covered-Hopper Railroad Cars was manufactured by, and was purchased by the Investor from, the Manufacturer.

The Identifying Marks, the Serial Numbers and the A.A.R. Mechanical Designation of the Investor's Covered-Hopper Railroad Cars are as follows:

Number of Cars	Identifying Marks	Serial Numbers	A.A.R. Mech. Desig.
15	GWIX	20035 to and including 20049	LO

Reference is hereby also made to a Fiscal Agency Agreement, dated as of December 21, 1978, among (a) States Marine Corporation, acting in its individual capacity directly or by and through its division, States Rail Services, 280 Park Avenue, New York, New York 10017, (b) States Marine Corporation, acting as agent for the Investor by and through its division, States Rail Services, 280 Park Avenue, New York, New York 10017, (c) the Bank, and (d) the Investor (said Fiscal Agency Agreement being hereinafter called the "Fiscal Agency Agreement").

States Marine Corporation, acting in its individual capacity directly ("SMC"), has, upon the terms and subject to the conditions and limitations contained in the Fiscal Agency Agreement, guaranteed to the Bank the payment of the obligations of the Investor to the Bank under the Note. The maximum liability of SMC to the Bank under the SMC guarantee is limited to the sum of $53,250.00.

2. The Management Agreement.

Pursuant to the terms of the Management Agreement, States Marine Corporation, doing business through its division, States Rail Services ("SMC/SRS"), has agreed to manage, on behalf of and as agent for the Investor, the fifteen (15) Investor's Covered-Hopper Railroad Cars purchased by the Investor from the Manufacturer and mortgaged by the Investor to the Bank pursuant to Section 7 of the Note. In accordance with the terms of the Management Agreement, SMC/SRS took possession of each of the Investor's Covered-Hopper Railroad Cars at the Manufacturer's plant in Hamilton, Ontario, Canada, for the purpose of managing such railroad cars as agent for the Investor and as provided by the Management Agreement.

Although SMC/SRS has the right under the Management Agreement to manage each of the Investor's Covered-Hopper Railroad Cars, SMC/SRS does not have title to, and is not the owner of, any of the Investor's Covered-Hopper Railroad Cars.

Pursuant to a Lease, dated November 17, 1978, between SMC/SRS, as agent for (among other persons) the Investor, and W. H. Shurtleff Company ("Shurtleff"), Richardson Wharf, P.O. Box 1019, Portland, Maine 04104 , SMC/SRS has, as agent for the Investor, leased to Shurtleff each of the Investor's Covered-Hopper Railroad Cars (said Lease being hereinafter called the "Shurtleff Lease Agreement").

The initial term of the Shurtleff Lease Agreement is for a period of six (6) months. Under paragraph 25 of the Shurtleff Lease Agreement, Shurtleff has the option to extend the term of the Shurtleff Lease Agreement for one additional period of four (4) years.

As provided by paragraph 23 of the Shurtleff Lease Agreement, the Shurtleff Lease Agreement and all of Shurtleff's rights and interests thereunder and in and to each of the Investor's Covered-Hopper Railroad Cars are and will at all times be subject and subordinate to all of the rights and interests in and to each of the Investor's Covered-Hopper Railroad Cars of the Bank as mortgagee of each of such railroad cars.

Shurtleff has the right, upon the terms and subject to the conditions contained in the Shurtleff Lease Agreement, to use each of the Investor's Covered-Hopper Railroad Cars in the ordinary course of Shurtleff's own business operations. However, Shurtleff does not and will not have title to, and

is not and will not be the owner of, any of the Investor's Covered-Hopper Railroad Cars.

B. Description of Other Documents Previously Submitted to the Commission for Recording.

Reference is also hereby made to the following three documents, an original of each of which has been recorded by the Commission and two certified true copies of each of which have been recorded and filed by the Commission under the recordation numbers, and on the date and at the hour set forth below:

DOCUMENT	RECORDATION NUMBER	DATE	HOUR
(i) Agreement, dated as of November 7, 1978, by and between the Genesee and Wyoming Railroad Company, 3846 Retsof Road, Retsof, New York 14539, and States Marine Corporation, doing business through its division, States Rail Services, 280 Park Avenue, New York, New York 10017 (said Agreement being hereinafter called the "GWRR Use Agreement");	#9946	12/27/78	1:35 p.m.
(ii) Subcontractor Agreement, dated as of November 7, 1978, by and between States Marine Corporation, doing business through its division, States Rail Services, 280 Park Avenue, New York, New York 10017, and GWI Rail Management Corp., 3846 Retsof Road, Retsof, New York 14539 (said Subcontractor Agreement being hereinafter called the "Subcontractor Agreement"); and	#9946A	12/27/78	1:35 p.m.
(iii) Second Schedule, dated as of January 15, 1979, to the GWRR Use Agreement (said Second Schedule being hereinafter called the "Second Schedule").	#9946 B	1/23/79	

1. The GWRR Use Agreement.

Pursuant to the terms of the GWRR Use Agreement (as supplemented by the Second Schedule) and the Management Agreement, SMC/SRS, acting in its capacity as agent for the Investor under the Management Agreement, may, at any time after the termination of the Shurtleff Lease Agreement with respect to any of the Investor's Covered-Hopper Railroad Cars, deliver to the Genesee and Wyoming Railroad Company ("GWRR"), for the latter's use in the ordinary course of its operations, each of the Investor's Covered-Hopper Railroad Cars in respect of which the Shurtleff Lease Agreement has terminated.

2. Subcontractor Agreement.

Pursuant to the terms of the Subcontractor Agreement, SMC/SRS has subcontracted to GWI Rail Management Corp. ("GWIRM") certain operational and managerial responsibilities which have been assumed by SMC/SRS under the Management Agreement and which may be assumed by SMC/SRS under the GWRR Use Agreement in respect of each of the Investor's Covered-Hopper Railroad Cars.

Reference is also hereby made to the letter of transmittal, dated December 21, 1978, from States Rail Services to the Commission, for a more comlete description of the arrangements and transactions contemplated by the GWRR Use Agreement and the Subcontractor Agreement and to the letter of transmittal, dated January 15, 1979, from States Rail Services to the Commission, for a more complete description of the Second Schedule.

C. Rights and Interests in the Cars.

The rights and interests in and to the Investor's Covered-Hopper Railroad Cars of each of the parties named herein may be briefly summarized as follows:

Party	Rights and Interests in the Cars
Douglas D. Mercer	Owner and Mortgagor of the Cars
The First National Bank of Boston	Mortgagee of the Cars
States Marine Corporation/States Rail Services	Manager of the Cars
Genesee and Wyoming Railroad Company	Future User or Bailee of the Cars
GWI Rail Management Corp.	Manager of the Cars
W. H. Shurtleff Company	Present Lessee of the Cars

D. Procedural Matters.

It is hereby respectfully requested that each of the following names be inserted in the Commission index established pursuant to Section 1116.5(c) of Title 49 of the Code of Federal Regulations:

(1) The First National Bank of Boston;

(2) Douglas D. Mercer;

(3) States Marine Corporation;

(4) States Rail Services;

(5) Genesee and Wyoming Railroad Company;

(6) GWI Rail Management Corp.; and

(7) W. H. Shurtleff Company.

It is also hereby respectfully requested that the recordation number of each of the following documents be noted in the Commission index under the name of each of the parties shown above:

(a) the Note;

(b) the Management Agreement;

(c) the GWRR Use Agreement (Recordation Number: 9946);

(d) the Subcontractor Agreement (Recordation Number: 9946A); and

(e) the Second Schedule (Recordation Number: 9946B).

A check in the amount of One Hundred Dollars ($100.00) has been enclosed with this letter of transmittal to cover the recordation fees prescribed by Section 1116.3(d) of Title 49 of the Code of Federal Regulations.

Kindly stamp the enclosed copy of this letter of transmittal and return such copy and the original documents enclosed herewith to Louis J. Duval, Esq., Bingham, Dana & Gould, 100 Federal Street, Boston, Massachusetts 02110.

If there are any questions with respect to the Note, the Management Agreement, the GWRR Use Agreement, the Subcontractor Agreement, the Second Schedule or the transactions described therein please feel free to telephone Louis J. Duval, Esq., collect, at (617) 357-9300.

The undersigned hereby declares that he is an Assistant Vice President of The First National Bank of Boston, and that he has knowledge of the matters set forth in the documents enclosed herewith.

Very truly yours,

James F. Notman, Jr.

James F. Notman, Jr.
Assistant Vice President

Enclosures

RECORDATION NO. 10079-A Filed 1425

JAN 24 1979 - 1 15 PM

INTERSTATE COMMERCE COMMISSION

COMMONWEALTH OF MASSACHUSETTS)
) ss.
COUNTY OF SUFFOLK)

I, the undersigned, do hereby certify that I have compared the document attached hereto with an executed original of the Management Agreement between States Marine Corporation and DOUGLAS D. MERCER, and that the document attached hereto is a true, correct and complete copy of such Management Agreement.

Date: 1/23/79

[Notarial Seal]

Notary Public

My commission expires:
ARTHUR J. POTTIE, Notary Public
My Commission Expires: June 2, 1983

MANAGEMENT AGREEMENT

THIS AGREEMENT made by and between States Marine Corporation doing business through its division STATES RAIL SERVICES, with offices at 280 Park Avenue, New York, New York 10017 ("Manager"), and Mr. Douglas D. Mercer, Chairman of the Board of Manager (hereinafter called "Owner").

WHEREAS, Manager has contracted to purchase 500 covered hopper railroad cars from National Steel Car Corporation, Ltd., and

WHEREAS, Manager has offered an assignment of its rights to purchase 290 of such railroad cars to certain qualified investors; and

WHEREAS, Owner, pursuant to a Covered Hopper Car Purchase Contract (the "Assignment and Purchase Contract") with Manager, is acquiring an assignment of the right to purchase the covered hopper railroad cars to be identified when delivered in Exhibit "A" attached hereto (such car or cars purchased by Owner being hereinafter referred to as the "Cars"); and

WHEREAS, Manager has assigned its right to purchase 100 railroad cars to GWI Leasing Corp. ("GWILC") and GWILC has also agreed to purchase certain of those of the 290 cars offered to but not purchased by investors; and

WHEREAS, GWILC has with respect to all 100 or more cars executed with Manager a management agreement substantially similar to this Agreement, except that the term is fifteen years; and

WHEREAS, another officer of Manager has taken an assignment of the right to purchase 10 covered hopper railroad cars and has executed a management agreement substantially similar to this Agreement; and

WHEREAS, Manager has agreed to have managed under the Management Program as hereinafter defined 100 of its cars, together with certain cars offered hereby but not purchased by investors; and

WHEREAS, all investors who purchase part of the 290 cars shall be offered the opportunity to have Manager manage such cars under a management agreement substantially identical to this Agreement; and

WHEREAS, Owner desires to retain Manager as agent for the purpose of managing the Cars on Owner's behalf on the terms and conditions set forth herein; and

WHEREAS, as a result of the above, Manager may manage up to 500 covered hopper railroad cars identical in all material respects to the Cars (sometimes hereinafter referred to as the "Car Fleet") and to perform for the owners thereof services substantially identical to those which Manager 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 of all cars managed by Manager under the 1978-1983 Covered Hopper Car Management Program (the "Management Program"), all on the terms and conditions set forth herein;

NOW, THEREFORE, in consideration of the mutual covenants hereinafter contained, Owner and Manager hereby agree as follows:

1. ENGAGEMENT OF MANAGER.

Owner hereby engages Manager 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, and Manager 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 terminate on December 31, 1983, provided, however, that except for Sections 11 and 12, which shall, notwithstanding this proviso, remain in effect with respect to any Car transferred as described in Section 12(a), this Agreement shall terminate with respect to any Car withdrawn pursuant to Section 13 hereof, lost, sold or destroyed; provided further, however, that notwithstanding any termination of this Agreement, whether upon the expiration of the term of this Agreement on December 31, 1983 or otherwise Manager shall continue to collect all rental payments, car hire payments as defined in Section 7(b) hereof and other sums (including insurance benefits 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 and Owner shall continue to be obligated to indemnify Manager pursuant to Section 9 hereof. Upon termination of this Agreement, Owner shall at its own expense cause the marks on the Cars to be changed, take control of the Cars and arrange for removal of the Cars from Genesee and Wyoming Railroad Company ("GWRR") tracks or any other railroad tracks, transport to a location designated by Owner and assume responsibility for any and all storage and transportation charges with regard to the Cars.

3. DUTIES OF MANAGER.

In consideration of the compensation to be paid to Manager by Owner pursuant to Section 7 hereof, and subject to the agreement of Owner to reimburse Manager pursuant to Section 8 and indemnify Manager pursuant to Section 9 hereof, Manager 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, Manager shall take possession of the Cars as agent for Owner at the National Steel Car Corporation, Ltd. plant in Hamilton, Ontario for the purpose of managing and operating the Cars, as herein provided.

(b) After completion of the UMLER registration set forth in Section 3(e) below, Manager shall arrange for the Cars to be delivered to the Genesee and Wyoming Railroad Company ("GWRR") which shall cause the Cars to be moved to its track at Retsof, New York as soon after such delivery as may be practicable and consistent with mutual convenience and economy; it being understood that due to the nature of railroad operations in the United States and Canada, Manager can neither control nor determine when the Cars will actually arrive at Retsof, New York. Upon arrival at Retsof, it is understood that the Cars shall be placed in salt service pursuant to a certain Agreement between Manager, as agent for certain owners, and GWRR dated as of November 7, 1978 (the "GWRR Agreement"), a copy of which is attached hereto as Exhibit B.

(c) Provided it does not conflict with the interests or requirements of GWRR, Manager, after consultation with GWRR, is obligated to use its best efforts to maximize utilization of the Cars under the GWRR Agreement, including the placement of Cars in general per diem service, assignment to other railroads, or lease to shippers. If Manager shall determine to

place Cars other than in salt service, Manager may, in its sole discretion, reject any opportunities in other service, regardless of the potential income from such service, if Manager reasonably believes that the commodity or commodities to be carried would cause unreasonable damage or maintenance expenses. Furthermore, Manager may otherwise restrict the use of the Cars if Manager believes such restrictions to be in the best interests of the Owner.

(d) In the event the GWRR Agreement is terminated for any reason, Manager shall use its best efforts to keep the Cars in use for the term of this Agreement by entering into, as agent for Owner, agreements which provide for the use of the Cars by shippers, railroads, or other financially responsible parties on conditions which are customary in the industry and by taking such steps as may be required to insure that all obligations and duties arising under such agreements, whether of lessor or lessees, are performed or complied with in an orderly and timely fashion; provided, however, Manager shall not enter into any such agreement which has a term extending beyond December 31, 1983.

Manager agrees that it will not enter into any net lease (or into any amendment, variation, supplement, extension or renewal thereof), relating to any of the Cars in which rentals net of all Operating Expenses of the Cars other than Management Fees are less than $1,044.00 per Car per quarter. Manager agrees that it will not enter into any other lease (or into any amendment, variation, supplement, extension or renewal thereof), including a "service lease," of the Cars with any shipper or other party unless (a) the lease is for a term of not more than 5 years and (b) the gross revenue per Car per month is not less than 1/12 of the product of the then annual per diem (based on per diem at the date of the lease) for a Car times 85% and (c) the expected earnings, net of all Operating Expenses of the Cars other than Management Fees based on the Manager's historic maintenance costs, adjusted for anticipated special service costs, if any, are not less than $1,044.00 per Car per quarter. Excluded from this paragraph is any lease (including any amendment, variation, supplement, extension or renewal thereof) relating to any of the Cars made by Manager if such lease by its terms expressly provides (i) that the Owner or his designee shall have the right to terminate such lease upon the termination of this Agreement pursuant to Section 13 or 14 hereof and (ii) that neither Manager nor owner shall be liable under such lease for any damages in the event of such termination.

(e) Manager will 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, including but not limited to entering the Cars in the Universal Machine Language Equipment Register ("UMLER").

(f) Manager will collect all revenues and other sums (including insurance benefits or railroad indemnity payments payable in connection with any damage to or loss or total destruction of a Car as provided under Subsection (o) hereof) 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. Manager shall deposit, or cause to be deposited, such sums and revenues with respect to the Cars in an agency account in its name at The First National Bank of Boston (the "Bank"). Such sums and revenues will be so deposited promptly after the Manager or its designee, agent or representatives shall receive the same and in the identical form received except for the addition of any endorsement or assignment necessary to effect transfer of such sums and revenues due with respect to the Cars into the Manager's agency account; provided, however, that failure to so deposit because of inadvertance, mistake or omission of Manager, its designee, agent or representative shall not be deemed a breach of the foregoing covenant. Manager may, at its sole discretion, invest on a short term basis, all or any part of the income received with respect to the Cars and any interest earned thereby shall be a component of Gross Revenues as defined in Section 5(b) below. Manager will take all action necessary to cause such investments to be safe kept at the Bank.

(g) Manager will terminate leases and recover possession of Cars and enforce all rights of Owner with respect thereto, including the payment of all amounts owed under any lease or otherwise with respect to the Cars as shall be appropriate or necessary in the sole judgment of Manager exercised in good faith after prior written notice to Owner; and may in its sole discretion at the Owner's expense, after prior written notice to Owner, institute and prosecute legal proceedings in the name of Owner as permitted by applicable laws in order to terminate such agreements and/or recover possession of the Cars; and, when Manager deems it expedient in its sole judgment, after prior written notice to Owner, settle, compromise and/or release such actions or suits or reinstate such agreements.

(h) Manager will establish and supervise a preventive maintenance program for the Cars and arrange for such program, as well as running repairs, to be performed in accordance with standards generally accepted in the railroad industry, at the Owner's expense in the GWRR's repair shop whenever practicable, provided performance of repairs in the GWRR's repair shop is consistent with maximizing Net Earnings as hereinafter defined. In order to facilitate the continued and immediate use of the Cars, Manager shall have the right, by this Agreement, to authorize any maintenance either by GWRR or such other facility as Manager might select at Owner's expense provided that the costs of such repairs do not exceed the cost of repairs as specified from time to time in the Association of American Railroads Rules for Interchange when applicable. Manager shall use its best efforts to assure that such maintenance shall be performed with the end of maintaining the Cars in good condition, and shall be of a quality 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, or (ii) any standard set by a lessee, whether by terms of a lease or by other understanding or agreement between lessee and Manager, as agent for Owner. The Manager shall 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 8(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.

(i) Manager will use its best efforts to obtain for the Owner in his name, or that of his designee, such insurance as shall be reasonably available to protect the interest of Owner in the Cars (with Manager, in its capacity as agent for Owner, and its agents and subcontractors, being named in each such policy of insurance as additional insureds and as loss payees), 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 Manager determines that the cost of insurance described above is unreasonably high, or cannot be obtained, Manager need not place or acquire such insurance and shall so notify Owner. Owner agrees that any policy he acquires shall name the Manager, its agents and subcontractors as additional insureds and loss payees. The Owner shall be required to take such insurance as Manager shall make available and designate as necessary.

(j) Manager will pay in Owner's name and at his sole expense all personal property taxes, sales and use taxes, and other taxes, charges, assessments, or levies imposed upon or against the Cars of whatever kind or nature (excepting only sales or use tax based on the revenues of the cars and charges assessments and levies of the type included as an Operating Expense as provided in Section 5(b), and, in Manager's sole discretion, defend against any such charges and seek revision or appeal from any assessment or charge deemed improper, all such actions to be in the name of Owner and at such Owner's sole expense.

(k) Manager will monitor and record movement of the Cars. It is understood that the inter-railroad system of monitoring such Cars is dependent on the use of equipment marks registered with the AAR and that for so long as the Cars are subject to this Agreement they shall carry no marks other than those specifically approved by the Manager subject only to the limitations imposed by Subsection (m) of this Section.

(l) Manager will maintain 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.

(m) Manager will paint the Cars such colors and with such designs as Manager may from time to time approve and place such 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 or as shall be necessary to achieve high utilization of the Cars. It is understood that when the Cars are subject to the GWRR Agreement or any subsequent agreement with GWRR, they shall carry the "GNWR" marks; when the Cars are leased as shipper cars, they will carry the marks "GWIX;" and when the Cars are subject to a railroad other than GWRR (other than by assignment from GWRR), they may carry such railroad marks. Manager will cause such identification of the holder or assignee as may be required in accordance with Section 20c of the Interstate Commerce Act or such other governmental regulations as may be applicable. It is understood that when marks are first placed on the Cars, and when the marks are changed at any time, SRS shall give prior written notice to Owner, and Owner's designee, of the marks then placed on the Cars.

(n) Manager will provide advice and recommendations reasonably requested by Owner concerning the sale of the Cars.

(o) Manager will use its best efforts to collect all sums due from any railroad as the result 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.

(p) Manager will furnish at Owner's sole expense factual information reasonably requested by Owner for use by Owner in connection with his preparation of his Federal, State and local tax returns.

(q) If Owner has elected to finance a portion of the purchase price for the Cars from borrowings and any refinancing is needed and Owner shall have requested that Manager assist in arranging such refinancing, then Manager shall use its best efforts to arrange such refinancing. Neither Manager nor any of its affiliates shall have any obligation to provide, guarantee or undertake any other liability with respect to such refinancing.

(r) Manager will perform for Owner such other services incidental to the foregoing as may from time to time be requested by Owner and considered reasonably necessary by Manager in connection with the leasing and operation of the Cars.

(s) Manager shall at the expiration of this Management Agreement use its best efforts to assist Owner in obtaining suitable management for Cars; provided, however, any costs incurred by Manager in connection with such assistance shall be at Owner's sole expense.

(t) In the event the Manager or his agent shall, directly or indirectly, provide any service which is not among those specifically enumerated above, such additional service shall not create any actual or implied right in the Owner to obtain such additional service from the Manager or his agent; Manager or his agent shall not have any liability respecting such additional service as is rendered; and the Manager or his agent may, at any time, discontinue such additional service without notice to the Owner and without liability of any kind.

4. AUTHORITY AND POWERS OF MANAGER.

(a) It is understood that Manager will manage under the Management Program a Car Fleet of a maximum of 500 covered hopper railroad cars. This Car Fleet will be comprised of railroad cars from the following three sources:

(i) Manager shall offer an assignment of its rights to purchase 290 covered hopper railroad cars to private investors. Each such purchasing investor may elect to subject his cars to the Management Program for a term expiring on December 31, 1983 by entering into a management agreement in the same form as this Agreement.

(ii) Manager intends to purchase 100 railroad cars and shall purchase certain of those of the 290 cars offered to but not purchased by private investors as described in (i) above. GWILC has been assigned by Manager the right to purchase 100 covered hopper railroad cars and, in addition, has agreed with Manager to purchase certain of those of the 290 cars offered to but not purchased by private investors. All of these railroad cars purchased by GWILC shall be put into the Management Program under a management agreement substantially identical to this Agreement, except that the term is fifteen years. Manager agrees to place all of the 100 or more railroad cars purchased by it into the Management Program and manage its cars on a combined basis as though subject to a management agreement identical to that of GWILC.

(iii) Another officer of the Manager intends to purchase 10 covered hopper railroad cars and shall place his 10 cars into the Management Program under a management agreement substantially identical to this Agreement.

[This space intentionally left blank]

The road numbers assigned to the cars managed under the Management Program are set forth in Exhibit "A" attached hereto. It is recognized and agreed that Manager's obligations and rights with respect to Owner and the owners of other cars in the Management Program are several obligations and rights. Manager will not act or purport to act for or in the name of

the Car Fleet, the Management Program or the owners of cars in the Management 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 Manager as agent for undisclosed several and individual principals. The parties hereto expressly recognize and acknowledge that this Agreement, the Management Program, the Car Fleet and the combined revenues are not intended to create a partnership, joint venture or other entity among Owner, other owners of cars in the Management Program and/or Manager.

Manager shall not be required to enforce any management agreement against any owner for the benefit of any other owner whose cars are in the Car Fleet and the parties hereto expressly agree and understand that the Manager shall have no obligation to substitute additional cars for any which might be withdrawn from the Car Fleet for any reason.

(b) Manager 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 8(c) without the consent (either express or inferred, as provided in Section 3(h)) of Owner.

(c) Manager shall have the authority that is necessary to perform its duties under Section 3 hereof without the need for obtaining Owner's further consent.

(d) Manager shall have the authority to retain the services of attorneys at Owner's expense in order to enforce or defend any claim resulting from the deployment or recovery of or damage to the Cars, to contest any taxes with respect thereto, to defend itself under any claim covered by Section 9 hereof and to treat the expense thereof as Operating Expenses (as hereinafter defined). Whenever Manager takes any action or makes any payment at Owner's sole expense pursuant to this Management Agreement, then Manager shall have the authority to retain such attorneys as it deems necessary, in connection with such action or payment and the cost of such attorneys' services shall be at the sole expense of the Owner, prior written notice of retention of any such attorneys to be given to Owner.

(e) In the event a Car is damaged or destroyed, Manager shall notify Owner in writing of the occurence of such event and have the authority to settle on the Owner's behalf (after

prior written notice to the Owner), in accordance with AAR Code of Rules or any applicable insurance policy and notice of such action shall be given to Owner.

5. OWNER'S REVENUES, EXPENSES AND NET EARNINGS.

(a) To the extent that such income is included under the definition of "Gross Revenues" and such expense is included under the definition of "Operating Expenses" in subparagraph (b) hereof, Owner hereby authorizes and directs that the income from his Cars and the expense in respect of those Cars shall be accounted for and combined together with all income and expense in respect of all other cars subject to this Management Program. All calculations and computations based on any such combination shall be accounted for on a cash basis.

(b) As used in this Agreement, the term "Gross Revenues" shall mean all revenues in respect of all cars subject to the Management Program (unreduced by any expenses or costs) obtained by Manager from any source in connection with the ownership, use, lease and/or operation of the cars or from investment of excess funds. "Operating Expenses" shall mean all expenses and costs incurred in connection with the ownership, management, use, lease and/or operation of all cars subject to the Management Program, including but not limited to maintenance; repairs, except to the extent that the cost of such repairs is in Manager's opinion the responsibility of Owner under Section 8(e); painting; costs of modifications and improvements which in Manager's opinion are not alterations, modifications, improvements or additions of the type described in Section 8(c); accounting fees incurred pursuant to Section 17(c); legal fees incurred in connection with enforcing lease rights or repossessing or other contractual arrangements in connection with the operation of the Cars; insurance; charges, assessments, or levies imposed upon or against Cars of whatever kind or nature as are levied by a railroad or governmental agency or are incurred on a basis arising out of the operation of the Car Fleet; sales and/or use taxes based upon revenues of the Cars; losses from liabilities which are not the sole responsibility of Owner under Section 8(f); and Owners' pro rata shares of that portion of ad valorem, gross receipts and other property taxes which are levied against all railroad cars bearing reporting marks then being used by cars in the Management Program and determined by Manager 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 Manager 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).

(c) As used in this Agreement "Owner's Gross Revenues" and "Owner's Operating Expenses" for any fiscal period shall be the product of (i) Gross Revenues or Operating Expenses as the case may be, multiplied by (ii) a fraction the numerator of which is the sum of the number of days that each of his Cars is managed under the Management Program in such fiscal period and the denominator of which is the sum of the number of days that each car in the Car Fleet is managed under the Management Program in such fiscal period. 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 car is 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 there shall not be any adjustment of computations under this Section 5(c) on account of the withdrawal from service of any car for repairs, maintenance or reconstruction.

(d) As used in this Agreement, the term "Net Earnings" shall mean the Owner's Gross Revenues less the sum of (i) the amount of the Owner's Operating Expenses, (ii) the amounts attributable to the Cars transferred to the maintenance fund or the working capital fund pursuant to Section 6(a) and (b), (iii) all compensation attributable to the Cars due and payable to Manager under Section 7 not theretofore paid and (iv) any storage and transit costs or excess duties payable by Owner under Paragraph 7 of the Assignment and Purchase Contract.

6. MAINTENANCE AND WORKING CAPITAL FUNDS; PRIORITY OF EXPENSES.

(a) Maintenance Fund. Manager shall maintain in an account with the Bank an escrow fund in such amounts as it deems advisable in its sole business judgment to cover anticipated costs for maintenance and repair of the cars in the Car Fleet. Such fund may in the Manager's discretion be used to pay any current maintenance or repair expenses in respect of the cars in the Car Fleet.

(b) Working Capital Fund. Manager shall maintain an escrow fund in an account with the Bank in such amounts as it deems advisable in its sole business judgment to cover anticipated working capital requirements, including without limitation any operating deficit and expenses arising or payable after any termination of this Agreement. Such fund may be utilized by the Manager from time to time in its discretion to pay any unanticipated cost, to make transfers to the maintenance escrow fund provided for in Section 6(a), or to

make payment for any other expense whether or not otherwise specifically provided for herein. At the signing of this agreement the Owner has deposited the sum of $200 per Car to establish and create such fund for the uses provided for herein. Owner shall have no right to any funds in the Working Capital Fund, or the Maintenance Fund in Section 6(a), except on termination of this Agreement as set forth in Section 16.

(c) Manager may, in its discretion, invest amounts in the Maintenance Fund and Working Capital Fund and any interest earned by such investments shall be added to the respective funds. All investments will be safekept in the Bank.

(d) Priority of Expenses. In the event that the Gross Revenues are insufficient to pay the Operating Expenses and to fund either the maintenance fund or the working capital fund provided for hereinabove, then the Manager shall apply such revenues to all such expenses in the following priorities: (i) applicable sales or use taxes; (ii) insurance; (iii) maintenance fund; (iv) miscellaneous operating expenses payable to third parties; (v) management fees provided for under Section 7(a); (vi) working capital fund.

7. COMPENSATION

As compensation to Manager for the performance of services hereunder, Manager shall be entitled, on the last day of each calendar month, to the following fees:

(a) Base Management Fee. Manager shall be entitled to a Base Management Fee per calendar month equal to 8% of Owner's Gross Revenues collected during that month exclusive of any interest.

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8. DISTRIBUTION TO OWNER OF NET EARNINGS; PAYMENT OF COSTS AND EXPENSES.

(a) Regular Distributions of Net Earnings. Within twenty (20) days after the end of each calendar quarter, Manager shall distribute to Owner his Net Earnings attributable to each quarter.

(b) Payment of Operating Deficits. Within twenty (20) days after notice and demand from Manager, Owner shall pay to Manager the amount by which Net Earnings for a calendar quarter shall be or are anticipated to 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; provided, however, that any such alterations, modifications, improvements or additions costing less than $200 per Car shall not require the Owner's consent. Manager shall have the right to require Owner to pay the approximate cost thereof to Manager, upon twenty (20) days prior written notice. Upon completion, Manager shall notify Owner of the exact amount of such costs, and in the event that Owner has already paid more than such cost, Manager 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 Manager the amount of such difference.

(d) Payment for Additional Insurance. If Manager determines, as provided in Section 3(i) 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 twenty (20) days of notice and demand from Manager, Owner shall pay to Manager the cost of any such insurance placed or purchased by Owner through Manager.

(e) Payment For Certain Property Damage. The cost of repair of damage to any Car, excluding the cost of repairs which Manager 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, unless his car has been withdrawn from the Car Fleet) shall be solely for the account and benefit of Owner (and shall not be included within the term "Gross Revenues"). Manager shall have the right to require Owner to pay to Manager, upon ten (10) days prior written notice and demand therefor, the approximate cost of the repairs which are the responsibility of Owner or, at Manager's election, such portion of such cost as Manager believes will not be covered by any such payments which may be received by Manager, as provided in Section 3(i), to cover the cost of such damage; it being understood that Manager may apply to such cost of such repair any payments so received by Manager to cover the cost of damage to such Car. Upon completion of such repairs and determination of the payments received by Manager and applied to payment of the cost of such damage, Manager 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 costs not paid from such payments received and applied by Manager to such repair, Manager shall refund the difference to Owner. If the amount already paid by Owner is less than the amount of such costs not paid from such payments received and applied by Manager to such repairs, the Owner shall promptly pay to Manager the amount of such difference. Manager shall promptly remit to Owner any payments to cover such damage to such Car which are received by Manager and not applied to payment of the cost of repair of such damage.

(f) Payment of Uninsured Losses. Owner shall have sole responsibility for losses from liability to a third party for bodily injury or property damage caused by any Car which is not covered by insurance if such loss results from (i) a deductible provision in an insurance policy, (ii) any final judgment rendered by a court in an action in which the Owner has been given notice of the pendency of such action and the opportunity to defend or (iii) a settlement to which the Owner has agreed in writing. Within twenty (20) days of notice and demand from Manager, Owner shall pay to Manager the amount of such liability.

(g) Additional Payments at Owner's Sole Expense. In addition, if Manager, in its sole discretion, exercises its authority under this agreement to make any payment or incur any additional cost at Owner's sole expense, then the Owner agrees

within twenty (20) days of notice and demand from Manager to pay Manager the amount of such costs or expenditures.

(h) 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, Manager 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.

9. INDEMNIFICATION.

Owner shall defend (if such defense is tendered to Owner), indemnify and hold Manager harmless from and against any and all claims, actions, judgments, settlements, damages, expenses (including reasonable attorneys' fees), losses or liabilities incurred by or asserted against Manager (either alone or jointly or severally) 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 active negligence of Manager, claims for 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 Manager harmless from and against, and Manager shall not be exculpated from any breach by the Manager of its covenant not to enter into certain leases as provided in Section 3(d) and from any claim, action, judgment, settlement, damage, expense, loss or liability caused by or arising from bad faith, recklessness, or willful misconduct of Manager. Anything to the contrary herein notwithstanding, Owner shall not be obligated to indemnify Manager against any liability of the Manager to any person arising out of the termination of this Agreement pursuant to Section 14.

10. RIGHT OF FIRST REFUSAL; EXCLUSIVE SALES AGENCY.

(a) During the period when this Agreement is in effect 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 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 Manager. Manager shall, in such cases (but no others), thereupon have the first option for a period not to exceed thirty (30) days after receipt of a copy of the Offer

from Owner, to purchase the Cars upon the same terms and conditions as set forth in the Offer by written notice posted or delivered not later than the last day of the option period, with the closing to occur within sixty (60) days thereafter.

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11. SUBORDINATION.

This Agreement and Manager's authority and rights hereunder are subject to the lien and security interest of any lender to whom Owner has granted a security interest upon the Cars and revenues generated by the Cars; provided, however, that all such liens and security interests are subject to (x) any agreement (including any right of the parties thereunder referred to in Section 12) entered into during the term of this Agreement and (y) Manager's right to collect Gross Revenues and apply them in accordance with Section 6(d)(i), (ii), (iii), (iv), and (v) until such time as all sums due under such Section 6 as of the date of the repossession of the Cars pursuant to such security agreement are paid.

12. 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. If after the termination of this Agreement as to any Car, any lessee of such Car shall be unwilling to pay rental to several lessors (assuming such lessee may decline, in its sole discretion, to pay rental to more than a single lessor), any Owner of such Car subject to such lease shall, until the expiration or termination of such lease, acknowledge Manager or its agent as

his agent for the purpose of receiving rentals under such lease (which rentals Manager shall remit, forthwith upon receipt, without deduction or charge).

(b) In the event that Manager or its agent determines, in its sole discretion, that the Owner of a Car which is subject to the leases referred to in Section 12(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 Manager may require the transfer to Manager of all the right, title and interest under such leases of such Owner without recourse, withdraw the cars of such person from such leases and substitute thereunder cars identical to the cars so withdrawn.

13. WITHDRAWAL IN CASE OF SPECIAL IMPROVEMENTS.

In the event that any alterations, modifications, improvements or additions of the type referred to in Section 8(c) shall be required and Owner shall have objected to the making thereof, Owner shall be deemed to have terminated this Agreement and withdrawn from participation in the Management Program effective the date of the receipt by the Manager of Owner's written notice that consent is withheld.

14. TERMINATION BY OWNER.

The Owner may terminate this Agreement by written notice in the event that:

(a) After December 31, 1979, the Gross Revenues are less than the amount equal to the car hire payments the cars in the Car Fleet would have achieved with an off-line utilization of 70% either (i) during each of any two consecutive calendar quarters or (ii) on the average over any four consecutive calendar quarters.

(b) After December 31, 1979, the distributed Net Earnings with respect to the Cars is below (x) $887.00 per Car during each of two consecutive quarters or (y) an average of $887.00 per Car during any six consecutive quarters.

(c) The Manager breaches its (i) covenant not to enter into certain leases as provided in Section 3(d) or (ii) any of its obligations under 3(f). In the event of termination under this Subsection 14(c), Owner may proceed by any lawful means to recover its actual damages.

Such election under Section 14(a) or (b) shall be effective only if received by Manager within 30 days of the date of the report given pursuant to Section 17(a) or (b), as the case may be, for the last such consecutive quarter. If any notice of termination is given by the Owner pursuant to this Section 14, then the termination date shall be the date such notice is received.

15. TERMINATION BY MANAGER

(a) The breach by Owner of any term, covenant or condition of this Agreement or the failure of Owner to pay any sum required herein to be paid Manager within ten days after the date due shall be an event of default of Owner.

(b) In the event of default by Owner, Manager may at its option (i) terminate this Agreement; or (ii) proceed by any lawful means to enforce performance of this Agreement; and/or (iii) recover its actual damages.

16. RIGHTS ON TERMINATION.

In the event of termination of this Management Agreement for any reason, all costs associated with such termination and the withdrawal of the Cars from the Management Program (including maintenance and storage costs) will be the sole responsibility of Owner. After the date of any termination, Owner shall receive only accrued Net Earnings due through such termination date together with his pro rata share of the maintenance fund and working capital fund to the extent not offset by Owner's Operating Expenses, accrued management fees and any other costs attributable to the Cars.

17. REPORTS.

(a) Not later than 45 days after the end of each calendar quarter other than the fourth calendar quarter, Manager will distribute to Owner an unaudited report showing, in reasonable detail, the Gross Revenues, Operating Expenses 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. Such reports shall also show the amount of Net Earnings, if any, for such quarter distributed for the benefit of Owner pursuant to Section 8(a) and set forth the amount of insurance which the Manager has been able to obtain for the Cars.

(b) Within 60 days after the close of each calendar year, Manager 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 17(a).

(c) Within 90 days after the close of each calendar year Manager will deliver to Owner a report of such independent certified public accountants as are then acting as accountants to Manager as to review (which review will not constitute, and is not intended to be equivalent to, an audit of the operation of the Cars or the Management Program) of the operations of the Management Program, the mathematical correctness of the computations made by Manager in the allocation of Gross Revenues, Operating Expenses and Net Earnings and the conformity of the accounting procedures followed by Manager to the obligations and duties of Manager under this Agreement.

18. FOREIGN USE OF CARS.

Manager shall enforce the obligations of GWRR under the GWRR Agreement presently covering the Cars so that the Cars will not be used predominantly outside the United States during 1978 or any subsequent calendar year within the meaning of Section 48(a)(2)(A) of the Internal Revenue Code, as amended, or any successor provision thereof, and the regulations thereunder. Manager shall cause each lease for the Cars entered into, or arrangements for the use of the Cars made, subsequent to the termination of the GWRR Agreement to contain provisions similar to that contained in the GWRR Agreement regarding predominant use outside the United States within the meaning of Section 48(a)(2)(A)

19. 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 Manager: States Rail Services
280 Park Avenue
New York, New York 10017

If to Owner: To the address set forth on the signature page to this Agreement;

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

20. ASSIGNMENT OF MANAGER'S INTEREST AND DELEGATION OF DUTIES.

It is understood and agreed that Manager may assign all or any part of its rights, and/or subcontract for the performance of any responsibilities and obligations hereunder, including but not limited to any discretionary or judgmental powers it may possess hereunder, to another party who, in Manager's sole discretion is capable of performing those assigned responsibilities and obligations. It is also specifically acknowledged, but not by way of limitation, that Manager may assign all of its right and title to the right of first refusal granted pursuant to Section 10(a). Manager shall perform or cause to be performed its obligations under this Management Agreement in good faith. Manager does not possess the experience or capability to perform all such obligations and intends to subcontract with others for the performance of such obligations as it believes can best be performed by others. Such subcontract will involve the delegation by the Manager to others of performance of obligations which involve judgment and discretion. Manager shall not be responsible to the Owner (except as provided in Section 14(c) hereof) for any work or acts of any such subcontractor but may be required by Owner to proceed against a subcontractor in accordance with the terms of any applicable subcontractor agreement. Owner shall have no contractual relationship with any such subcontractor and hereby waives his right to proceed directly against such subcontractors.

21. MISCELLANEOUS.

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

(b) Counterparts. This Agreement may be executed in two counterparts, each of which shall be deemed an original, but both 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 Manager without the prior written consent of Manager.

(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 provided, however, that nothing contained in this Section 21(f) shall affect the right of the Owner to terminate pursuant to Section 14 hereof.

(g) Other Customers of Manager. It is expressly understood and agreed that nothing herein contained shall be construed to prevent or prohibit Manager from providing the same or similar services to any person or organization not a party to this Agreement. In particular, Manager 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 Manager owns, or manages for any other party, railroad cars which are similar to or competitive with the Cars, and the total of such cars (including the Cars) available for lease exceeds the demand for such cars, the Cars shall, subject to factors beyond Manager's control, be treated no less favorably than any other cars Manager owns or manages. Owner recognizes and acknowledges that it is Manager'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.

States Marine Corporation,
doing business through its
division, STATES RAIL SERVICES

By _____

OWNER:

_____

By _____

Address 280 Park Avenue,

New York, New York 10017

_____

Dated: 12/21, 1978

EXHIBIT A

IDENTIFICATION OF THE CARS

NUMBER OF CARS	IDENTIFYING MARKS	SERIAL NUMBERS	A.A.R. MECH. DESIG.
15	GWIX	20035 to and including 20049	LO

For Owner who is an individual:

STATE OF NEW YORK)
COUNTY OF NEW YORK) SS:

On this 21ST day of DECEMBER , 1978, before me personally appeared DOUGLAS D. MERCER (name of signer of foregoing instrument), to me known to be the person described in and who executed the foregoing instrument and he acknowledged that he executed the same as his free act and deed.

WILLIAM A. CRAIG JR.
Notary Public, State of New York
No. 30-0791264
Qualified in Nassau County
Commission expires March 30, 1979

For Owner which is a corporation:

STATE OF)
COUNTY OF) SS:

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.

STATE OF NEW YORK)
COUNTY OF NEW YORK) SS:

On this 21ST day of ~~November~~ DECEMBER, 1978, before me personally appeared ARTHUR J. KIRIACOU , to me personally known, who being by me duly sworn, says that he is the EXEC. VICE PRES. of STATES MARINE 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.

WILLIAM A. CRAIG JR.
Notary Public, State of New York
No. 30-0791264
Qualified in Nassau County
Commission expires March 30, 1979