LEASE INVESTMENT CORPORATION

June 2, 1980

6-157A019

11874

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

RECORDATION NO. ..... Filed 1425

JUN 5 1980 - 11 15 AM

INTERSTATE COMMERCE COMMISSION

Date JUN 5 1980

Fee $ 50.00

ICC Washington, D. C.

Secretary of Interstate
Commerce Commission
Washington, D.C. 20423

To The Secretary:

Please file this Management Agreement by and between Lease Investment Corporation, 3635 Lemmon Ave., Suite 308, Dallas, Texas 75219 and A.W. Ellington, Jr., 4022 Mooresfield, San Antonio, Texas 78217.

This Management Agreement covers the railroad cars described as:

2,300 cubic feet, 100 ton capacity open top hopper cars manufactured by Ortner Freight Car Company under specification EX 279 bearing the following number TRAX 1109.

Please return the file stamped and dated copy to me.

Sincerely yours,

Joe B. Dorman

Joe B. Dorman

JBD:ch
Enclosure
cc: John Gaddis
David Bridgeforth

RECEIVED
JUN 5 11 09 AM '80
I.C.C.
FEE OPERATION BR.

INTERSTATE
COMMERCE COMMISSION
RECEIVED
JUN 5 1980
4
ADMINISTRATIVE SERVICES
MAIL UNIT

3635 LEMMON AVENUE / SUITE 308 / DALLAS, TEXAS 75219 / 214-521-7710

Interstate Commerce Commission
Washington, D.C. 20423

6/26/80

OFFICE OF THE SECRETARY

Joe B. Dorman
Lease Investment Corporation
3635 Lemmon Avenue, Suite 308
Dallas, Texas 75219

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 6/5/80 at 11:15am, and assigned re-recordation number(s). 11874

Sincerely yours,

Agatha L. Mergenovich

Agatha L. Mergenovich
Secretary

Enclosure(s)

SE-30
(7/79)

MANAGEMENT AGREEMENT

11874
RECORDATION NO. ..... Filed 1425

JUN 5 1980 - 11 15 AM

INTERSTATE COMMERCE COMMISSION

LEGEND--RESTRICTION ON TRANSFER

ALTHOUGH THIS MANAGEMENT AGREEMENT AND THE RAILROAD HOPPER CARS TO BE MANAGED PURSUANT TO THE PROVISIONS HEREOF MAY BE SECURITIES, THEY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (the "ACT"). NO TRANSFER OF AN INTEREST HEREUNDER OR OF ANY RAILRAOD CAR SUBJECT TO THIS AGREEMENT (EXCEPT FOR THE GRANT OF A SECURITY INTEREST) SHALL BE MADE WITHOUT THE CONSENT OF LEASE INVESTMENT CORPORATION AND IN THE ABSENCE OF 1) AN OPINION OF COUNSEL FOR, OR COUNSEL SATISFACTORY TO, LEASE INVESTMENT CORPORATION THAT SUCH TRANSFER WILL NOT REQUIRE COMPLIANCE WITH THE REGISTRATION REQUIREMENTS OF THE ACT AND OF ANY APPLICABLE STATE LAWS OR 2) AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT AND ANY APPLICABLE STATE LAWS COVERING THE RIGHTS PROPOSED TO BE TRANSFERRED.

THIS AGREEMENT is made by and between Lease Investment Corporation, a Texas corporation (hereinafter called "LICO"), and the person executing this Agreement, as owner (hereinafter called "Owner").

WHEREAS, Owner has, pursuant to a Purchase Agreement, purchased the open-top hopper railcars 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, Owner may have financed a portion of the purchase price for the Cars from the proceeds of a borrowing (hereinafter referred to as the "Loan") from an institution or other entity (hereinafter referred to as the "Lender") and repayable in the periodic payments of principal and interest identified in and payable at designated times and in amounts, all as may be referred to in, Schedule 2 attached hereto and incorporated herein by reference, which Owner shall provide to LICO concurrently with the execution of this Agreement (hereinafter referred to as "Debt Service");

WHEREAS, Owner desires to retain LICO 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, LICO intends to manage approximately 30 railcars identical in all material respect to the Cars and to perform for the owners thereof, under management agreements substantially identical to this Agreement, services substantially identical to those which LICO 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 LICO.

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

1. Engagement of LICO. Owner hereby engages LICO to manage the Cars, collect amounts due to 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 LICO accepts such engagement and agrees to perform its duties in accordance with the terms and conditions hereof.

2. Term. The term of this Agreement shall commence with the due date of the first payment of the lease to which the Car(s) are subject, and shall continue for one year and shall be automatically renewable, for a period of ten years thereafter; unless written notice to terminate this agreement is received by LICO at least 60 days prior to the expiration of any 12 month anniversary of this agreement; provided, however, that, except for Sections 10 and 11, which shall, notwithstanding this proviso, remain if effect with respect to any Car if transferred according to 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 not withstanding any termination of this Agreement, whether upon the expiration of ten years after the effective date of this Agreement or upon the withdrawal, sale, loss or total destruction of any Car, LICO shall continue to be obligated to collect all rental payments, mileage allowances and other sums (including insurance benefits or 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 LICO. In consideration of the compensation to be paid to LICO by Owner pursuant to Section 6 hereof, and subject to the agreement of Owner to reimburse LICO pursuant to Section 7 hereof, LICO 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 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, either long or short term, 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) Use its best efforts to collect all rental payments due with respect to the Cars, and account for and remit all sums due to Owner as hereinafter set forth;

(e) Use its best efforts to terminate leases and recover possession of Cars and enforce all rights of Owner with respect thereto, including the payment of all amounts owed under leases or otherwise with respect to the Cars as shall be appropriate or necessary in the judgment of LICO exercised in good faith; Such duties shall not, however, be deemed to include the filing of a suit to collect such lease fees, although it may elect to do so at its option, but at the expense of Owner, and subject to the provisions of this section 3 (e).

(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 1) any standard required or set forth for the Cars or cars of a similar class by the AAR, and 2) any standard set by any 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 or any leases or which in the

discretion of LICO, are otherwise necessary or advisable; provided, however, that no alterations, modifications, improvements or additions of the type referred to in Section 7 (d) shall be made without the consent of Owner, which consent will be deemed to have been granted if Owner shall not have objected to the modifications or cost thereof, in writing within 30 days after notice to Owner by LICO.

(g) Use its best efforts to obtain and maintain in Owner's name naming Owner as additional assured and Lender, if any, loss payee, the following insurance coverages of Cars: a policy of general liability insurance with limits of coverage not less than $4,000,000 and a policy of property insurance with limits of coverage of not less than $37,000 per car, with a 5% deductible (to be paid by Owner) for each occurrence. If at any time the general liability insurance maintained on the Cars shall have limits of less than $4,000,000 for whatever reason LICO shall not less than thirty (30) days after it receives effective notice of the decrease in such insurance coverage, give written notice to Owner of the same. LICO will provide the Owner as promptly as practicable after receipt a certificate setting forth the then existing insurance coverage on the Cars.

(h) Use its best efforts to 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 of nature.

(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 LICO may from time to time approve and place reporting marks or other such 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 or state 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.

(p) Reasonably pursue any and all warranties or other claims against manufacturers, users, lessees, railroads and other parties on Owner's behalf. Such duties shall not, however, be deemed to include the filing of suit although LICO may elect to do so at its option, but at expense of Owner.

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

(a) It is recognized that LICO will manage 30 railcars under this agreement (the "Program") including the Cars, purchased by investors who enter is into a management agreement substantially identical to this Agreement. It is recognized that LICO will receive from owners of other cars compensation comparable to that payable by Owner hereunder. It is recognized and agreed that LICO's services for and obligations to and rights with respect to Owner and the owners of other cars are several. Except as expressly provided in Section 4 (b) hereof, LICO will not act or purport to act for or in the name of the Pool, or the owners of cars collectively or as an entity; it being expressly understood that any actions taken on behalf of the owners of cars will be taken as agent for such owners, severally and individually. The parties hereto expressly recognize and acknowledge that this Agreement, the Program and the Pool are not intended to create a partnership, joint venture or other entity among Owner, other owners of cars in the Program, and/or any affiliate or assignee of LICO. LICO shall not take any action or engage in any course of dealing, or permit any affiliate of LICO to so act, which would suggest or create an inference that there is any understanding or agreement between owners of cars in the Program or that such owners are acting collectively or as an entity, but for the pooling of revenues and LICO 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) LICO shall not have any authority to 1) 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 2) make any alterations, modifications, improvements or additions to the Cars of the type referred to in Section 7 (d) 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 operating 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 Program.

(b)(i) 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, rentals and mileage charges collected under leases and mileage allowances, if any, not payable to a lessee.

(b)(ii) As used in this Agreement, the term "Operating Expenses" shall mean all expenses and costs incurred in connection with the ownership, management, use and/or operation of 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 (f); painting; costs of modifications and improvements which are not alterations, modifications, improvements or additions of the type described in Section 7 (d); legal and accounting fees incurred pursuant to Section 13; insurance (and, if such insurance has been effected under a blaket insurance policy, or insurance policy covering the Cars and other cars of other owners, Owner's pro rata share of such insurance cost, it being understood that LICO will use its best efforts to allocate to Owner's Cars only such portion of such insurance cost as is attributable to such Cars); charges, assessments, or levies imposed upon or against Cars of whatever kind or nature; losses from liabilities which are not the responsibility of Owner under Section 7 (g); Owner's pro rata share of that portion of ad valorem, gross receipts and other property taxes which are levied against all railcars "reporting marks" and determined by LICO to be attributable to the cars (it being understood that it may not be possible to make an exact allocation of such taxes but LICO will use its best efforts to allocate to the cars only such portion of the aggregate of such taxes as are attributable to such cars).

(b) (iii) 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 subsequent quarterly distributions and accounted for as Gross Revenues or Operating Expenses of the quarter in which such revenues were received or expenses paid.

(c) Owner's Gross Revenue and Operating Expenses for any fiscal period shall be the product of 1) Gross Revenues derived from all cars managed under the Program or Operating Expenses incurred by or with respect to all cars managed under the Program, as the case may be, multiplied by 2) a fraction the numerator of which is the product of the number of Cars multiplied by the number of days in such fiscal period that the Car is managed under the Program (or, if the Owner owns more than one Car managed under the Program, the sum of such products computed with respect to each of the Owner's Cars) and the denominator of which is the product of the total number of Cars managed under the Program multiplied by the number of days in such fiscal period that such cars are managed under the Program. The number of cars (or Cars, as the case may be) managed under the Program shall be the number of cars actually managed under the Program from time to time during such Program during such fiscal period, any computation under this Section 5(c) shall reflect such destruction, loss, sale, disposition or withdrawal; provided, however, that the cars managed hereunder shall not be considered managed until such cars shall first have been delivered to and accepted by a lessee thereof and there shall not be any adjustment of computation 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 1) the amount of the Operating Expenses attributable to the Cars; 2) all compensation due and payable to LICO under Section 6 not thereto fore paid; 3) such reserves as LICO 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 4) any storage and transit costs payable by Owner.

6. Compensation. As compensation to LICO for the performance of services hereunder, Owner shall pay to LICO the amounts set forth below, which amounts shall be payable, in the case of Section 6(a), on the first day of each month for which they are due. (all such fees shall be the sole responsibility of Owner.

(a) Base Compensation to LICO. Owner shall pay to LICO a monthly management fee per Car equal to $115.00 per Car per month, which shall be subject to adjustment in accordance with Section 6 (b), hereof. For any partical calendar month during the term of the Agreement, the fee shall be pro-rated on a daily basis.

(b) Adjustement of Base Compensation to LICO. The management fee shall be increased upon the expiration of the first 12 month period of the initial lease and each successive 12 month period by an amount eaual to 5% of the immediately prior 12 month period.

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

(a) Special Dsitributions of Net Earnings. If (1) Owner has financed a portion of the purchase price for the Cars from the Loan and Debt Service is due on either the first or the last day of each month and (2) Owner has requested that LICO assist Owner in providing for timely payment of Debt Service, LICO shall not later than three full business days prior to the time that Debt Service for any month is due and payable, distribute to Owner, as hereinafter provided, the lesser of (A) LICO's then best estimate of the Net Earnings attributable to the Cars for the preceding month, in the case of Debt Service due on the last day of each month, or the second preceding month, in the case of Debt Service due on the first day of each month, and/or (B) the Debt Service then to be due and payable. Such distribution shall be made by transfer to the Lender (which transfer may be made by sending by regular first-class mail a check for the amount transferred), in the name of Owner, of the amount so distributed. If the amount distributed for the benefit of Owner pursuant to the first sentence of this Section 7(a) is less than the full amount of the Debt Service then to be due and payable, LICO shall, not later than five full business days prior to the time Debt Service for such month is due and payble, advise Owner in writing (which advice may be sent by first-class mail) of the existence and amount of such deficiency. Distributions pursuant to this Section 7(a) shall commence for the month during which Owner shall request that such distributions be made (which request may be made by execution of the request form on the signature page of this Agreement or by written notice to LICO, and shall terminate after the distribution for the month during which, by written notice to LICO, Owner shall request that no further such distributions be made.

(b) Regular Distributions of Net Earnings. Within 75 days after the end of

each calendar quarter, LICO shall distribute to Owner the excess of (1) the Net Earnings attributable to the operation of the Cars during each quarter over (2) the amount of Net Earnings, if any, for such quarter distributed for the benefit of Owner by LICO pursuant to Section 7 (a).

(c) Payment of Operating Deficits. With ten (10) days of receipt of notice and demand from LICO, Owner shall pay to LICO the amount of which Net Earnings for a calendar quarter reduced by the Net Earnings, if any, for such quarter distributed for the benefit of Owner by LICO pursuant to Section 7(a), shall be less than zero.

(d) 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 or regulations or any lease or which, in the discretion of LICO, are otherwise necessary or advisable and are consented to by Owner shall be the sole responsibility of Owner. LICO shall have the right to require Owner to pay the approximate cost thereof to LICO, upon ten (10) days prior written notice. Upon completion, LICO shall notify Owner of the exact amount of such costs, and, in the event that Owner has already paid more than such cost, LICO 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 LICO the amount of such difference.

(e) Payment for Additional Insurance. If LICO 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 to the extent obtainable, the cost thereof shall be the sole responsibility of Owner. Within ten (10) days of receipt of notice and demand from LICO, Owner shall pay to LICO the cost of any such insurance placed or purchased by Owner through LICO.

(f) Payment for Certain Property Damage. The cost of repair of damange to any Car (other than the cost of repairs which LICO 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 payment) shall be solely for the account and benefit of Owner, and shall not be included within the term "Gross Revenues". LICO shall have the right to require Owner to pay to LICO, upon ten (10) days prior written notice and demand therefor, the approximate cost of the repairs which are the responsibility of Owner or, at LICO's election, such portion of such cost as LICO believes will not be covered by any such payments which may

be received by LICO to cover the cost of such damage (it being understood that LICO may apply to such cost of such repair any payments so received by LICO to cover the cost of damage to such Car). Upon completion of such repairs and determination of the payments received by LICO and applied to payment of the cost of such damage, LICO may 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 LICO to such repair, LICO shall refund the difference to Owner. If the amount already paid by Owner is less than the amount of such repairs, the Owner shall promptly pay to LICO the amount of such difference. LICO shall promptly remit to Owner any payments to cover such damage to such Car which are received by LICO and not applied to payments of the cost of repair of such damage.

(g) Payment of Uninsured Losses. Lossess from third party liability for bodily injury or property damage caused by any Car (including attorneys' fees) which are not covered by insurance either in excess of coverage or arising from the deductible portion of a policy under any liability insurance for bodily injury and porperty damage on the Cars are the sole responsibility of Owner. Within 10 (10) days of receipt of notice and demand from LICO, Owner shall pay to LICO the amount of such liability.

(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 LICO 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 obligations of Owner to pay Operating Expenses or Debt Service.

8. Indemnification

(a) By LICO and RailTex. The parties hereto acknowledge that LICO has entered into or intends to enter into lease agreements (the "Leases") for the 30 cars which may be included in the Program. If LICO is unable to deliver the 30 cars to the Lessees as a result of the failure of the Program to sell 30 cars which become subject to management agreements substantially identical to this Agreement (the "Indemnifiable Event", then

(1) LICO shall defend, indemnify and hold Owner harmless from and against any and all claims, actions, damages, expenses (including attorneys' fees), losses or liabilities asserted against Owner and arising out of any claim made by the Lessees on account of the Indemnifiable Event, and

(ii) Any expenses incurred by LICO in obtaining substitute cars to meet the requirements under the Leases on account of the Indemnifiable Event shall be borne by LICO such cars shall not be included in the Program; and the Gross Revenues and Operating Expenses of such substitute cars shall not be pooled hereunder with Gross Revenues and Operating Expenses of Owner's Cars.

(b) By Owner. Except as provided in Section 8(a), Owner shall defend (if such defence is tendered to Owner), indemnify and hold LICO and RailTex harmless from and against and does hereby release LICO and RailTex from any and all claims, actions, damages expenses (including reasonable attorneys' fees), losses or liabilities incurred by or asserted against LICO and RailTex arising out of or 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 LICO and RailTex, 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 LICO and RailTex harmless from and against and LICO and RailTex shall not be exculpated from, and claim, action, damage, expense, loss or liability directly or indirectly caused by or arising from bad faith, recklessness, or willful midconduct of LICO and RailTex.

9. Sales Agency; Sublease of Cars

(a) Exclusive Sales Agency. During the term of this Agreement and for a period of four months thereafter, LICO shall have the exclusive right to sell the Cars. Owner shall pay to LICO upon the sale of a Car a sales commission equal to the sum of five percent (5%) of the sale price.

10. Subordination. This Agreement and LICO's authority and rights hereunder are subject to the lien upon, and security interest in, 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 LICO's right to collect Gross Revenues accruing during the term of this Agreement until such time as sums due LICO hereunder as of the later of the date default under the terms of any security agreement or repossession of the Cars pursuant to such security agreement are paid.

11. Dealings with Lessees.

(a) It is intended that Leases of cars managed under the Program will cover several or all of the cars so managed under the 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 Program) shall, until the expiration or termination of such lease, acknowledge LICO as such purchaser's, foreclosing mortgagee's, donee's or other transferee's agent for the purpose of receiving rentals under such lease (which rentals LICO shall remit, forthwith upon receipt, without deduction or charge); provided, however, that any foreclosing mortgagee or transferee of such foreclosing mortgagee and LICO may select a person or entity, other than LICO, as agent of such foreclosing mortgage or transferee of such foreclosing mortgagee for the purpose of receiving rentals under such lease.

(b) In the event that LICO 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 Program is not capable of performing the duties and obligations of a lessor under such leases in accordance with the terms thereof, then LICO may require the transfer to LICO 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, if necessary, substitute thereunder cars identical or substantially similar 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(d) shall be required and Owner refuses to make such improvements, Owner may terminate this Agreement and withdraw from participation in the Program. In the event that Owner refuses to make any such alteration, modification, improvement or addition but does not withdraw or terminate this agreement then from and after (1) the effective date of any law or regulation 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, or (2) the effective date specified by LICO in its written notice to Owner advising Owner of the necessity to make such alteration, modification,

improvement or additions other than those referred to in (1) above, the Cars will be deemed to have been withdrawn from the Mangement 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 75 days after the end of each calendar quarter other than the fourth calendar quarter, on behalf of the Program 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 7(a). (b) Within 75 days after the close of each calendar year, LICO on behalf of the Program will distribute to Owner a report showing for the fourth calendar quarter and such year (stated separately) the same information reported on a quarterly report distributed pursuant to Section 13(a).

14. Use of Cars. LICO shall enforce the obligations of the lessees under the Leases covering the Cars so that the Cars will not be used predominantly outside the United States within the meaning of Section 48(a)(2)(A) of the Internal Revenue Code of 1954, as amended, or any successor provision thereof, and the regulations thereunder. LICO shall cause each lease for the Cars entered into or arrangements for the use of the Cars made, subsequent to the termination of any of the leases to contain provisions regarding the identity of the lessees or sublessees of the Cars and the locations of use of the Cars so as to avoid recapture of any allowable investment tax credit claimed with respect to the Cars.

15. 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 LICO: 3635 Lemmon Avenue
Suite 308
Dallas, Texas 75219

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.

16. Miscellaneous.

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

(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 insure 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 LICO without the prior written consent of LICO. It being expressly understood that LICO will assign portions of its rights, duties and obligations hereunder to RailTex, Inc.

(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 LICO. It is expressly understood and agreed that nothing herein contained shall be construed to prevent or prohibit LICO from providing the same or similar services to any person or organization not a party to this Agreement. In particular, LICO shall be entitled to manage identical cars not managed under the Program under a similar management agreement with another owner; provided, however, that if LICO owns, or manages for another party, railroad cars which are similar to the Cars, and

the total of such cars (including the Cars) available to lease exceeds the demand for such cars, the Cars shall be treated no less favorably than any other cars LICO owns or manages. Owner recognizes and acknowledges that it is LICO'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 of 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.

LEASE INVESTMENT CORPORATION

BY: _____

OWNER:

X A.W. ELLINGTON JR. M.D.

BY A.W. Ellington Jr MD

ADDRESS 4022 MOORESFIELD

SAN ANTONIO TX 78217

Dated: 4/18/80

REQUEST FORM PURSUANT TO SECTION 7 (a):

Owner hereby requests LICO to make special distributions provided for in Section 7(a) of this Agreement

_____

_____

SCHEDULE I

Number of Cars	Delivery Date	Type of Car	Reporting Marks
1	4-18-80	Open Top Hopper	TRAX 1109

(If Owner has executed the above request form pursuant to Section 7(a), complete the "Financing Notice" attached hereto and deliver it to LICO; if all of the information required by the "Financing Notice" is not available at the time of delivery of this Agreement, please complete and transmit such Notice as soon as such information is available.)

FINANCING NOTICE

SCHEDULE II

Owner has financed a portion of the purchase price for the Cars described in that certain Management Agreement under LICO Open-Top Hopper Railcar Program, and pursuant to Section 7(a) of the Management Agreement, hereby requests that LICO assist in providing for payment of Debt Service. LICO is hereby authorized to rely on the following information.

NAME OF LENDER: _____

ADDRESS: _____

_____

PHONE: _____

OFFICER IN CHARGE OF ACCOUNT: _____

ACCOUNT OR LOAN NUMBER: _____

DATE INSTALLMENTS COMMENCE: _____

AMOUNT OF EACH INSTALLMENT: _____

DAY OF MONTH INSTALLMENTS DUE: _____

NUMBER OF INSTALLMENTS: _____

DUE DATE OF FINAL INSTALLMENT: _____

AMOUNT OF "BALLOON PAYMENT": _____

DUE DATE OF ANY "BALLOON PAYMENT": _____

Owner hereby requests that payment be made:

(Please check one)

First day of month: _____

Last day of month: _____

Name _____
(Please print)

Signature _____