

**PLM INVESTMENT MANAGEMENT, INC.**

A Subsidiary of PLM, Inc.  
50 California Street, Suite 3300  
San Francisco, California 94111  
415/989-1860  
Telex 34430  
TWX 910-372-7306

REGISTRATION NO. 12840  
RECORDATION NO. 12840

JAN 29 1981 10 09 AM  
INTERSTATE COMMERCE COMMISSION

REGISTRATION NO. 12840  
FILED 1981  
JAN 29 1981 10 30 AM  
INTERSTATE COMMERCE COMMISSION  
October 8, 1980

Interstate Commerce Commission  
Interstate Commerce Building  
Washington, D.C. 20044

12840  
NOV 02 9 10 58  
Date JAN 29 1981  
Fee \$ 50.00  
ICC Washington, D. C.

RE: PLM Investment Management, Inc.

Ladies and Gentlemen:

You are hereby requested to record the original and two certified copies of the enclosed Management Agreement. Enclosed is a check in the amount of \$50.00 in payment of your recordation fee.

Under the Management Agreement, Kenneth H. Flitz residing at N5 W31021 Thunderhead Trail, Waukesha, Wisconsin 53186, as owner grants to PLM Railcar Management, Inc., a California corporation, whose principal business address is at 50 California Street, San Francisco, California 94111, the right to manage the equipment hereinafter described to collect amounts due to or on behalf of owners with respect to such equipment and to disburse funds of owner to pay costs, expenses and obligations of owner with respect to such equipment, all as set forth therein.

The above-described agreement relates to railway equipment consisting of one (1) 100-ton , 4,700 cu.ft. Covered Hopper Car. 12363

When recorded, the documents should be returned to:

Marine National Exchange Bank  
111 East Wisconsin Avenue  
P.O. Box 2033  
Milwaukee, WI 55201

Attn.: ~~Mr. John Squire~~ FRANK E. BREBER III

Very truly yours,

*[Signature]*  
Charles J. Scarcello  
Vice President - Operations

RECEIVED  
JAN 29 10 25 AM '81  
FEE OPERATION BR.  
T. CO.



## 6. ADDITIONAL PROVISIONS

(a) **Maintenance of Collateral.** Debtor shall: maintain the Collateral in good condition and repair and not permit its value to be impaired; keep it free from all liens, encumbrances and security interests (other than those created or expressly permitted by this Agreement); defend it against all claims and legal proceedings by persons other than Secured Party; pay and discharge when due all taxes, license fees, levies and other charges upon it; not sell, lease or otherwise dispose of it or permit it to become a fixture or an accession to other goods except as specifically authorized in this Agreement or in writing by the Secured Party; not permit it to be used in violation of any applicable law, regulation or policy of insurance. Loss of or damage to the Collateral shall not release Debtor from any of the Obligations.

(b) **Insurance.** Debtor shall keep the Collateral and Secured Party's interest in it insured under policies with such provisions, for such amounts and by such insurers as shall be satisfactory to Secured Party from time to time, and shall furnish evidence of such insurance satisfactory to Secured Party. Debtor assigns (and directs any insurer to pay) to Secured Party the proceeds of all such insurance and any premium refund and authorizes Secured Party to endorse in the name of Debtor any instrument for such proceeds or refunds and, at the option of Secured Party, to apply such proceeds and refunds to any unpaid balance of the Obligations, whether or not due, and/or to restoration of the Collateral, returning any excess to Debtor. Secured Party is authorized, in the name of Debtor or otherwise, to make, adjust and/or settle claims under any credit insurance financed by Secured Party or any insurance on the Collateral, or cancel the same after the occurrence of an event of default.

(c) **Inspection of Collateral.** Secured Party is authorized to examine the Collateral wherever located at any reasonable time or times; and Debtor shall assist Secured Party in making any such inspection.

(d) **Maintenance of Security Interest.** Debtor shall pay all expenses and, upon request, take any action reasonably deemed advisable by Secured Party to preserve the Collateral or to establish, determine priority of, perfect, continue perfected, terminate and/or enforce Secured Party's interest in it or rights under this Agreement.

(e) **Authority of Secured Party to Perform for Debtor.** If Debtor fails to perform any of Debtor's duties set forth in this Agreement or in any evidence of or document relating to the Obligations, Secured Party is authorized, in Debtor's name or otherwise, to take any such action including without limitation signing Debtor's name or paying any amount so required, and the cost shall be one of the Obligations secured by this Agreement and shall be payable by Debtor upon demand with interest from the date of payment by Secured Party at the highest rate stated in any evidence of any Obligation but not in excess of the maximum rate permitted by law.

(f) **Default.** Upon the occurrence of one or more of the following events of default/ 9 hereof

(1) **Nonperformance.** Debtor fails to pay when due any of the Obligations, or to perform, or rectify breach of, any warranty or other undertaking by Debtor in this Agreement or in any evidence of or document relating to the Obligations;

(2) **Inability to Perform.** Debtor or a surety for any of the Obligations dies, ceases to exist, becomes insolvent or the subject of bankruptcy or insolvency proceedings;

(3) **Misrepresentation.** Any warranty or representation made to induce Secured Party to extend credit to Debtor, under this Agreement or otherwise, is false in any material respect when made; or

(4) **Insecurity.** Any other event which causes Secured Party, in good faith, to deem itself insecure;

all of the Obligations shall, at the option of Secured Party and without any notice or demand, become immediately payable; and Secured Party shall have all rights and remedies for default provided by the Wisconsin Uniform Commercial Code, as well as any other applicable law and any evidence of or document relating to the Obligations. With respect to such rights and remedies,

(5) **Repossession.** Secured Party may take possession of the Collateral without notice or hearing, which Debtor waives.

(6) **Assembling Collateral.** Secured Party may require Debtor to assemble the Collateral and to make it available to Secured Party at any convenient place designated by Secured Party.

(7) **Notice of Disposition.** Written notice, when required by law, sent to any address of Debtor in this Agreement at least 10 calendar days (counting the day of sending) before the date of a proposed disposition of the Collateral is reasonable notice.

(8) **Expenses and Application of Proceeds.** Debtor shall reimburse Secured Party for any expense incurred by Secured Party in protecting or enforcing its rights under this Agreement, including without limitation reasonable attorneys' fees and legal expenses and all expenses of taking possession, holding, preparing for disposition, and disposing of the Collateral. After deduction of such expenses, Secured Party may apply the proceeds of disposition to the Obligations in such order and amounts as it elects.

(9) **Waiver.** Secured Party may waive any default without waiving any other subsequent or prior default by Debtor.

(g) **Consumer Debt.** Even though the Collateral may at any time secure a consumer credit transaction as defined in the Wisconsin Consumer Act ("Consumer Debt") by reason of this or any other agreement, Secured Party may exercise the rights and remedies in the Collateral provided by this agreement and the Uniform Commercial Code while any Obligations which is not Consumer Debt remains outstanding. If Secured Party disposes of Collateral pursuant to such rights, Secured Party shall hold, as possessory Collateral to secure any unpaid Consumer Debt, subject to the terms of the Wisconsin Consumer Act and any separate consumer security agreement relating to the Collateral, any proceeds in excess of the amount required to satisfy the non-Consumer Debt and the expenses referred to in section 6(f)(8) above.

(h) **Non-Liability of Secured Party.** Secured Party has no duty to protect, insure or realize upon the Collateral. Debtor releases Secured Party from any liability for any act or omission relating to the Obligations, the Collateral or this Agreement, except Secured Party's willful misconduct.

(i) **Waiver of Defenses Against Assignee.** Debtor shall not assert against any assignee of Secured Party's rights under this Agreement or any evidence of the Obligations any claim or defense Debtor may have against Secured Party.

(j) **Charging Debtor's Credit Balance.** Debtor grants Secured Party, as further security for the Obligations, a security interest and lien in any credit balance and other money now or hereafter owed Debtor by Secured Party or any assignee of Secured Party and, in addition, agrees that Secured Party may, at any time after the occurrence of an event of default, without prior notice or demand, setoff against any such credit balance or other money all or any part of the unpaid balance of the Obligations.

(k) **Interpretation.** The validity, construction and enforcement of this Agreement are governed by the internal laws of Wisconsin. All terms not otherwise defined have the meanings assigned to them by the Wisconsin Uniform Commercial Code. Invalidity of any provision of this Agreement shall not affect the validity of any other provision.

EXHIBIT A TO CHATTEL SECURITY AGREEMENT

Description of Collateral

All Debtor's right, title and interest in and to the following:

1. The 4,700 cubic foot capacity, 100 ton, Covered Railroad Hopper Car No. PLMX012363 (the "Car").
2. That certain Management Agreement between PLM Investment Management, Inc. and Debtor (the "Management Agreement") pursuant to which PLM Investment Management, Inc. will lease the Car to third parties on behalf of Debtor.
3. The lease of the Car between PLM Investment Management, Inc., as agent for Debtor, and the lessee.

CHattel Security Agreement

Stock No. 11128

Business equipment and fixtures (and consumable goods and fixtures, and farm equipment and fixtures, if amount financed exceeds \$25,000), but NOT farm products

(Use only for loans (1) to organizations, or (2) primarily for a business purpose, or (3) when the amount financed exceeds \$25,000)

1. CREATION OF SECURITY INTEREST

The undersigned ("Debtor", whether one or more), grants to Marine National Exchange Bank of Milwaukee ("Secured Party") a security interest in the property, wherever located, described in Section 2 ("Collateral") to secure all debts, obligations and liabilities of any Debtor to Secured Party arising out of credit previously granted, credit contemporaneously granted and credit granted in the future by Secured Party to any Debtor, to any Debtor and another, or to another guaranteed or endorsed by any Debtor ("Obligations").

2. DESCRIPTION OF COLLATERAL

Table with columns: Make, Model, Year, Serial No. or Identification No., Other Reasonable Identification. Includes checkbox: If checked here, description continues on attached sheet.

The Collateral is described on Exhibit A attached hereto.

and all accessions to, and spare and repair parts, special tools and equipment and replacements for, and all proceeds of the foregoing, and if checked here, all equipment of the same type or kind hereafter acquired by Debtor, and its proceeds.

3. WARRANTIES

Debtor warrants:

- (a) OWNERSHIP — Debtor is the owner of the Collateral.
(b) PURCHASE MONEY — If checked here, the Collateral is being acquired by Debtor with the proceeds of a loan from Secured Party which proceeds will be used for no other purpose.
(c) USE AND ADDRESS — The Collateral is used or bought for use primarily for the purpose checked below:
(d) LOCATION OF COLLATERAL —

Form for location of collateral with fields: (NO. AND STREET), (CITY OR TOWN), (COUNTY), (STATE). Includes text: the parties intend that the Collateral, wherever located, is covered by this Agreement.

(e) FIXTURES — If the Collateral is to be attached to real estate, the legal description of such real estate is:

(f) CHANGE OF NAME OR ADDRESS — Debtor shall immediately advise Secured Party in writing of any change in name or address.

4. PERSONS BOUND

The obligations of all Debtors under this Agreement are joint and several. This Agreement benefits the Secured Party, its successors and assigns, and binds the Debtor(s) and their respective heirs, personal representatives, successors and assigns.

5. OTHER PROVISIONS

set forth on the Addendum attached hereto

State of Wisconsin
County of Milwaukee

Personally came before me this 29th day of January, 1981 the below named Kenneth H. Flitz to me known to be the person who executed the foregoing instrument. Notary Public Milwaukee County, Wisconsin. My Commission Expires December 31, 1981. THIS AGREEMENT INCLUDES ALL THE PROVISIONS ON THE REVERSE SIDE.

Signed and Sealed on January 16, 1981

Handwritten signature of Kenneth H. Flitz

Address: N5, W31, 026, Waukesha, Wis. Kenneth H. Flitz (SEAL)
DEBTOR

County: \* Type or print name signed above.

6. ADDITIONAL PROVISIONS

(a) Maintenance of Collateral. Debtor shall maintain the Collateral in good condition and repair and not permit its value to be impaired; keep it free from all liens, encumbrances and security interests (other than those created or expressly permitted by this Agreement); defend it against all claims and legal proceedings by persons other than Secured Party; pay and discharge when due all taxes, license fees, levies and other charges upon it; not sell, lease or otherwise dispose of it or permit it to become a fixture or an accession to other goods except as specifically authorized in this Agreement or in writing by the Secured Party; not permit it to be used in violation of any applicable law, regulation or policy of insurance. Loss of or damage to the Collateral shall not release Debtor from any of the Obligations.

(b) Insurance. Debtor shall keep the Collateral and Secured Party's interest in it insured under policies with such coverages, for such amounts and by such insurers as shall be satisfactory to Secured Party from time to time, and shall furnish evidence of such insurance satisfactory to Secured Party. Debtor assigns (and directs any insurer to pay) to Secured Party the proceeds of all such insurance and any premium refund and authorizes Secured Party to endorse in the name of Debtor any instrument for such proceeds or refunds and, at the option of Secured Party, to apply such proceeds and refunds to any unpaid balance of the Obligations, whether or not due, and/or to restoration of the Collateral, returning any excess to Debtor. Secured Party is authorized, in the name of Debtor or otherwise, to make, adjust and/or settle claims under any credit insurance financed by Secured Party or any insurance on the Collateral, or cancel the same after the occurrence of an event of default.

(c) Inspection of Collateral. Secured Party is authorized to examine the Collateral wherever located at any reasonable time or times; and Debtor shall assist Secured Party in making any such inspection.

(d) Maintenance of Security Interest. Debtor shall pay all expenses and, upon request, take any action reasonably deemed advisable by Secured Party to preserve the Collateral or to establish, determine priority of, perfect, continue perfected, subordinate and/or enforce Secured Party's interest in it or rights under this Agreement.

(e) Authority of Secured Party to Perform for Debtor. If Debtor fails to perform any of Debtor's duties set forth in this Agreement or in any evidence of or document relating to the Obligations, Secured Party is authorized, in Debtor's name or otherwise, to take any such action including without limitation signing Debtor's name or paying any amount so required, and the cost shall be one of the Obligations secured by this Agreement and shall be payable by Debtor upon demand with interest from the date of payment by Secured Party at the highest rate set in any applicable law or regulation of any jurisdiction but not in excess of the maximum rate permitted by law.

or the events of default set forth in section 9 hereof

(f) Default. Upon the occurrence of one or more of the following events of default/ 9 hereof

(1) Nonperformance. Debtor fails to pay when due any of the Obligations, or to perform, or rectify breach of, any warranty or other undertaking by Debtor in this Agreement or in any evidence of or document relating to the Obligations;

(2) Inability to Perform. Debtor or a surety for any of the Obligations dies, ceases to exist, becomes insolvent or the subject of bankruptcy or insolvency proceedings;

(3) Misrepresentation. Any warranty or representation made to induce Secured Party to extend credit to Debtor, under this Agreement or otherwise, is false in any material respect when made;

(4) Intimidation. Any other act which causes Secured Party, in good faith, to deem itself in jeopardy;

(5) Breach of Obligations. Debtor shall, at the option of Secured Party and without any notice or demand, become immediately payable; and Secured Party shall have all rights and remedies for default provided by the Wisconsin Uniform Commercial Code, as well as any other applicable law and any evidence of or document relating to the Obligations. With respect to such rights and remedies, Secured Party shall be deemed to be a secured creditor.

(6) Removal of Collateral. Secured Party may take possession of the Collateral at any time or from time to time, which Debtor shall assist.

(7) Access to Collateral. If at any time Secured Party may require Debtor to assemble the Collateral and make it available to Secured Party at any agreed upon place designated by Secured Party.

(8) Notice of Disposition. Debtor shall, when required by law, give notice of disposition of Debtor in this Agreement at least 10 calendar days (counting the day of sending) before the date of a proposed disposition of the Collateral is made, by reasonable notice.

(9) Release and Application of Proceeds. Debtor shall reimburse Secured Party for any expenses incurred by Secured Party to protect or enforce its rights under this Agreement, including but not limited to the costs of reasonable attorneys' fees and disbursements, and the costs of filing, recording, holding, perfecting, maintaining, and defending any lien, mortgage, security interest, or other interest in the Collateral, and any other costs or expenses incurred by Secured Party in connection with the Obligations, and any other costs or expenses.

(10) Release of Collateral. Debtor may waive any of the Obligations for any reason, but the release shall be in writing by Debtor.

(11) Contingent Debt. If at any time the Collateral is sold, disposed of, or otherwise disposed of, the Obligations shall be as defined in the Wisconsin Commercial Code (Chapter 409) and shall be secured by the Collateral. Any other agreement, however, shall be void and unenforceable to the extent it purports to limit the rights of Secured Party under this Agreement. If the Collateral is sold, disposed of, or otherwise disposed of, the Obligations shall be as defined in the Wisconsin Commercial Code (Chapter 409) and shall be secured by the Collateral. Any other agreement, however, shall be void and unenforceable to the extent it purports to limit the rights of Secured Party under this Agreement.

(12) Non-Dischargeability of Secured Party. Secured Party shall not be discharged, released or realize upon the Collateral. Debtor releases Secured Party from any liability for exercising its rights under this Agreement, including its rights under the Collateral or this Agreement, except Secured Party's willful misconduct.

(13) Waiver of Defenses. Debtor waives any defense, including but not limited to the defense of discharge, that it may have against Secured Party's rights under this Agreement, including its rights under the Collateral or this Agreement.

(14) Character of Debt. This Agreement is a secured loan. Debtor agrees that the Obligations are secured by the Collateral, a security interest and lien in any credit balance and other proceeds of any account of Debtor or other person or entity or any assignee of Secured Party and, in addition, agrees that Secured Party may, at its option, exercise its rights under the Collateral or this Agreement, without notice or demand, to satisfy any such credit balance or other proceeds of any account of Debtor or other person or entity or any assignee of Secured Party.

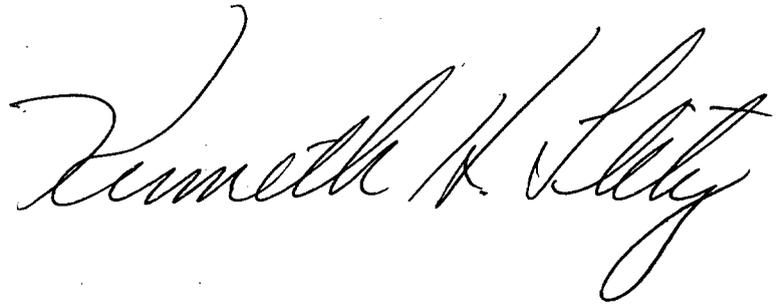
(15) Interpretation. The validity, construction and enforcement of this Agreement shall be governed by the internal law of Wisconsin. All terms not otherwise defined have the meanings assigned to them by the Wisconsin Uniform Commercial Code. Validity of any provision of this Agreement shall not affect the validity of any other provision.

EXHIBIT A TO CHATTEL SECURITY AGREEMENT

Description of Collateral

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1. The 4,700 cubic foot capacity, 100 ton, Covered Railroad Hopper Car No. PLMX012363 (the "Car").
2. That certain Management Agreement between PLM Investment Management, Inc. and Debtor (the "Management Agreement") pursuant to which PLM Investment Management, Inc. will lease the Car to third parties on behalf of Debtor.
3. The lease of the Car between PLM Investment Management, Inc., as agent for Debtor, and the lessee.



State of Wisconsin  
County of Milwaukee

Personally came before me the 29th day of January, 1981 the above named Kenneth H. Flitz to me known to be the person who executed the foregoing instrument. Paul E. Rubin  
Notary Public Milwaukee County, Wisconsin. My Commission Expires December 31, 1981.

ADDENDUM TO CHATTEL SECURITY AGREEMENT

Other Provisions

7. Debtor has entered into a Management Agreement with PLM Investment Management, Inc. ("PLM") pursuant to which PLM, as agent for Debtor, has leased the Car (as defined on Exhibit A attached hereto) to a lessee. Secured Party consents to the execution of the Management Agreement by Debtor and the lease of the Car by PLM and agrees that Secured Party's security interest in the Car is subordinate to the rights of PLM and said lessee so long as the Management Agreement and said lease are not in default and have not otherwise been terminated.

8. Debtor agrees not to permit or consent to any amendment to or assignment or modification of the Management Agreement or said lease without the prior written consent of Secured Party.

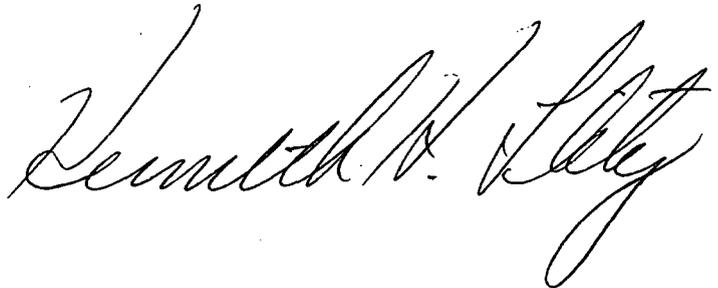
9. In addition to the events of default listed in section 6(f) hereof, the occurrence of any one of the following shall be an event of default:

(a) Termination of or any default under the Management Agreement.

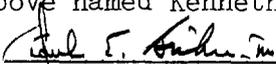
(b) Loss or destruction of the Car.

(c) PLM becomes insolvent or the subject of bankruptcy proceedings or otherwise becomes unable to perform its duties under the Management Agreement.

10. Debtor agrees to take all steps necessary so that PLM delivers all distributions to which Debtor is entitled under the Management Agreement to the Secured Party. Secured Party agrees that all such distributions received shall be applied against the unpaid balance of the loan from Secured Party to Debtor.



State of Wisconsin  
County of Milwaukee

Personally came before me this 29th day of January, 1981 the above named Kenneth H. Flitz to me known to be the person who executed the foregoing instrument.   
Notary Public Milwaukee County, Wisconsin. My Commission Expires December 31, 1981.