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RECORDATION NO. 12647 - C  
FILED 1428

JAN 28 1981 - 3 15 PM 1-C28A108

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No. JAN 28 1981  
Date  
Fee \$ 50.00  
ICC Washington, D. C.

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January 27, 1981

Mrs. Agatha L. Mergenovich  
Secretary  
Interstate Commerce Commission  
Washington, D. C. 20423

Dear Madam:

Pursuant to 49 U.S.C. §11303(a) I enclose herewith for recordation copies of each of the following original executed duly acknowledged documents:

1. Security Agreement dated January 26, 1981 between American Leasing Investors II, as debtor, and CreditLeasing International Corporation, as secured party.

The equipment covered by the document described above consists of 50 100-Ton box cars bearing the road numbers WLO 531200 - 531249 inclusive, filings relating to which have been made under recordation numbers 12647, 12647A and 12647B.

-continued-

Mrs. Agatha L. Mergenovich  
January 27, 1981  
Page -two-

The addresses of the parties to the aforementioned agreements are:

American Leasing Investors II  
666 Third Avenue  
New York, New York 10017

CreditLeasing International Corporation  
95 Wall Street  
New York, New York 10005

Enclosed is our check for \$50.00 for the required recordation fee. Please accept for recordation one counterpart of each of the enclosed agreements, stamp the remaining counterparts with your recordation number and return them along with your fee receipt, addressed to Ronald M. Feiman, Esq., Gordon Hurwitz Butowsky Baker Weitzen & Shalov, 299 Park Avenue, New York, New York 10171.

Very truly yours,



Ronald M. Feiman

RMF/gpb  
Enc.

JAN 28 1981 -3 15 PM

INTERSTATE COMMERCE COMMISSION  
SECURITY AGREEMENT dated 1/20/81, 1981

(hereinafter called the "Agreement") between AMERICAN LEASING INVESTORS II, a California limited partnership (hereinafter called the "Debtor"), and CREDITLEASING INTERNATIONAL CORPORATION, a Delaware corporation (hereinafter called the "Secured Party").

The Debtor has requested that the Secured Party make a loan to the Debtor (hereinafter called the "Loan"), evidenced by a promissory note to be issued by the Debtor in the form attached as Exhibit A hereto (hereinafter called the "Note") payable to the order of the Secured Party. The proceeds of the Loan will be used by the Debtor to finance a portion of the purchase price of the units of railroad equipment described in Schedule A attached hereto, which will be utilized by the Debtor subject to the terms of this Agreement. In order to induce the Secured Party to make the Loan, the Debtor has agreed to secure to the extent hereinafter set forth (a) the payment in full of principal of and interest on the Note when and as the same shall become due and payable whether at the stated date for the payment or otherwise and (b) the due and punctual payment of all other monetary obligations of the Debtor to the Secured Party pursuant to the Note and this Agreement (such principal, interest and obligations being hereinafter called the "Obligations").

Accordingly, the Debtor and the Secured Party hereby agree as follows:

ARTICLE ONE  
Grant of Security

SECTION 1.01. Grant of Security. The Debtor in consideration of the premises and of the sum of Ten Dollars (\$10) received by the Debtor from the Secured Party and other good and valuable consideration, the receipt and adequacy whereof is hereby acknowledged, and in order to secure the payment of the Obligations and the performance and observance of all covenants and conditions in the Note and in this Security Agreement contained, does hereby transfer, assign, grant, bargain, sell, convey, hypothecate, and pledge to the Secured Party, its successors and assigns, a security interest in all right, title, interest, claims and demands of the Debtor which presently exist or which may hereafter arise, in, to and under the following (all of the properties in which the Secured Party is hereby granted a security interest being hereinafter called collectively the "Collateral"):

(a) the units of railroad equipment described in Schedule A attached hereto, together with (i) any and all accessories, equipment, parts and improvements now or at any time hereinafter attached or appertaining to such units,

except such thereof as remain the property of the Lessee under the Lease (as hereinafter defined); (ii) any and all substitutions, renewals and replacements for, and any additions, accessions and accumulations to, any and all of such units; and (iii) to the extent not included in the preceding clauses (i) and (ii), all rental, issues, income and profit from such units (such units of railroad equipment, together with such accessories, equipment, parts, improvements, substitutions, replacements, additions, accessions and accumulations being hereinafter called collectively the "Equipment" and severally a "Unit of Equipment");

(b)(i) the Assignment of Lease Agreement dated December 30, 1980 by and between Brae Corporation, a Delaware corporation (hereinafter called "Brae"), and the Debtor, (ii) the Railroad Lease Agreement (hereinafter called the "Lease") dated December 1, 1980 by and between Brae and Waterloo Railroad Company, a Delaware corporation, (hereinafter called the "Lessee"), and (iii) the Management Agreement (hereinafter called the "Management Agreement") dated December 30, 1980 by and between Brae Railcar Management Inc., a California corporation ("BRM"), and the Debtor, including all extensions of the terms thereof, together with all rights, powers, privileges, options and other

benefits of the Debtor under the Lease and Management Agreement, including without limitation:

(A) the immediate and continuing right to receive and collect all rentals, insurance proceeds, condemnation awards and other payments, tenders and security now or hereafter payable or receivable by the Debtor under the Lease or the Management Agreement;

(B) the right to make all waivers and agreements and to enter into any amendments relating to the Lease or the Management Agreement or any provision thereof; and

(C) the right to take such action upon the occurrence of an Event of Default under the Lease or the Management Agreement, including the commencement, conduct and consummation of legal, administrative or other proceedings, as shall be permitted by the Lease and the Management Agreement or by law, and to do any and all other things whatsoever which the Debtor or any lessor or owner, as the case may be, is or may be entitled to do under the Lease or the Management Agreement;

it being the intent and purpose hereof that the assignment and transfer to the Secured Party of said rights, powers, privileges, options and other benefits shall be effective and operative immediately and shall continue in full force and effect; provided, however, that the Secured Party shall have the right to collect and receive all such rental and other sums for application only in accordance with the provisions of SECTIONS 3.02, 4.03 and 5.01 hereof at all times during the period from and after the date of this Agreement until the Obligations have been fully paid and discharged.

SECTION 1.02. Limitations to Security Interest.

The security interest granted by this ARTICLE ONE is subject to any lien of current taxes and assessments not in default (but only if such taxes are entitled to priority as a matter of law), or, if delinquent, the validity of which is contested in good faith. The Secured Party acknowledges the existence of the Lease. As used herein the term "Permitted Encumbrances" shall include such lien of current taxes and assessments and the rights of the Lessee under the Lease.

SECTION 1.03. Duration of Security Interest.

The security interest granted by the Debtor in and to the Collateral shall remain in effect at all times until the Debtor shall pay or cause to be paid all the Obligations and

shall observe and perform all the terms, conditions and agreements contained in this Agreement and the Note.

ARTICLE TWO  
Representations, Warranties and Covenants

SECTION 2.01. Representations and Warranties.

The Debtor represents and warrants to the Secured Party that (a) the Debtor is the record and beneficial owner of all right, title and interest in the Collateral free and clear of all liens, charges and encumbrances placed thereon by the Debtor (excepting only the Permitted Encumbrances), (b) to the best of Debtor's knowledge, there are no liens for current taxes currently outstanding, whether or not in default or delinquent, and (c) the Debtor has full right and power to grant a security interest in the Collateral to the Secured Party free of any contractual provision binding on the Debtor or its assets.

SECTION 2.02. Covenants. The Debtor unconditionally covenants and agrees with the Secured Party as follows:

(a) the Debtor will promptly cause this Security Agreement and each supplement or amendment hereto to be duly filed and recorded with the Interstate Commerce Commission in accordance with Section 11303(a) of The Interstate Commerce Act. The Debtor will do, execute, acknowledge, deliver, file, register and record all and every further acts, deeds,

conveyances, transfers and assurances reasonably necessary or proper for the better assuring, conveying, assigning and confirming unto the Secured Party all of the Collateral or property intended so to be, whether now owned or hereafter acquired;

(b) the Debtor shall not encumber or grant a security interest in or file a financing statement covering the Collateral, or permit any of the foregoing, without the prior written consent of the Secured Party except as required hereunder;

(c) the Debtor will, at no expense to the Secured Party, do, execute, acknowledge and deliver all and every further acts, deeds, conveyances, transfers and assurances reasonably necessary or proper for the perfection of the security interest in the Collateral herein provided for;

(d) the Debtor will cause the Equipment and each and every part thereof to be maintained, preserved and kept in safe and good repair, working order and condition, and will from time to time make or cause to be made all necessary and proper repairs, renewals, and replacements so that the value and efficiency of such property shall not be impaired, ordinary wear and tear excepted;

(e) the Debtor will from time to time duly pay and discharge or cause to be paid and discharged all taxes,

assessments and governmental charges lawfully imposed upon or against the Collateral or any part thereof, and will not suffer to exist any mechanics', laborers', statutory or other lien on the Collateral or any part thereof; provided, however, that nothing herein contained shall be deemed to require the Debtor to pay any tax, assessment, charge or lien, or any claim or demand of mechanics, laborers or others, prior to the due date thereof, or to require the Debtor to pay or discharge any tax, assessment, lien, claim or charge (whether or not due or delinquent), the validity or amount of which is being contested in good faith by appropriate proceedings and which has been adequately reserved against; provided, however, that the Debtor will pay or discharge such tax, assessment, lien, claim or charge if seizure of the Collateral is imminent;

(f) the Debtor will give the Secured Party prompt written notice of any event or condition constituting an Event of Default under the Lease or the Management Agreement if the Debtor has actual knowledge of such event or condition;

(g) the Debtor will at its own expense duly comply with and perform all covenants and obligations of the Debtor under the Lease and the Management Agreement and will at its own expense seek to cause (i) the Lessee to comply with and

observe all the terms and conditions of the Lease and (ii) BRM to comply with and observe all the terms and conditions of the Management Agreement and, without limiting the foregoing, at the request of the Secured Party, the Debtor will at its own expense take such reasonable action with respect to the enforcement of the Lease, and the duties and obligations of the Lessee thereunder or the Management Agreement, and the duties and obligations of BRM thereunder, as the Secured Party may from time to time reasonably direct;

(h) the Debtor will permit the Secured Party to examine its books and records with respect to the Collateral during regular business hours upon reasonable notice to the Debtor;

(i) the Debtor shall not change, or permit to be changed, the identifying letters and numbers of the Equipment from such identifying letters and numbers set forth in Schedule A hereto, except in accordance with a statement of new numbers to be substituted therefor which previously shall have been delivered to the Secured Party and which shall be filed and recorded by the Debtor in like manner as this Agreement; and

(j) the Debtor will at all times prior to the return of the Equipment to the Secured Party, at its own

expense, cause to be carried and maintained public liability insurance with respect to third party personal injury and property damage and property insurance in respect of the Equipment at the time subject hereto. The Debtor will carry such insurance in such amounts (in the case of public liability insurance, not less than \$15,000,000 for any one occurrence), for such risks, with such deductibles and with such insurance companies, satisfactory to the Secured Party and, in any event, consistent with prudent industry practice and at least comparable in amounts and against risks customarily insured against by the Debtor in respect of equipment owned or leased by it similar in nature to the Equipment. The proceeds of any such insurance shall be payable to the Secured Party so long as the Obligations, if any, shall not have been paid in full. Any policies of insurance carried in accordance with this paragraph shall require thirty (30) days' prior written notice of cancellation or material change in coverage to the Secured Party, and not be a part of an umbrella policy containing any aggregate coverage limitations. On the date hereof the Debtor has delivered to the Secured Party certificates issued by the insurer(s) for the insurance required to be maintained pursuant to this SUBSECTION (j), the receipt and sufficiency of which are hereby acknowledged by the Secured Party. The Debtor shall

promptly deliver to the Secured Party certificates issued by the insurer(s) for any insurance hereafter obtained in renewal of or in substitution for the insurance policies referred to in such certificates.

ARTICLE THREE  
Possession of Equipment; Application of Proceeds

SECTION 3.01. Possession. So long as an Event of Default (as hereinafter defined) has not occurred hereunder, the Debtor shall be suffered and permitted to remain in full possession, enjoyment and control of the Equipment and to manage, operate and use the same and each part thereof, and so long as an Event of Default (as defined in the Lease) has not occurred under the Lease, the Lessee shall be entitled to full possession, use and quiet enjoyment of the Equipment; provided, however, that such possession, enjoyment, control and use of the Equipment shall at all times be subject to the observance and performance of the terms hereof.

SECTION 3.02. Application of Proceeds. So long as no Event of Default (or event which, with the passage of time, the giving of notice or both, would constitute an Event of Default) has occurred, the Debtor shall be entitled to collect, receive and retain, when due, all rental proceeds from the Collateral. If an Event of Default (or event which,

with the passage of time, the giving of notice or both, would constitute an Event of Default) has occurred and is continuing, all such rental proceeds from the Collateral shall be paid, by the Lessee, BRM or any other person, as the case may be, owing the same, directly to the Secured Party and in the event the Debtor shall receive any such proceeds the Debtor shall forthwith remit the same to the Secured Party in the exact form as received.

ARTICLE FOUR  
Events of Default; Remedies

SECTION 4.01. Events of Default. The happening of any of the following events (hereinafter called "Events of Default") shall constitute default hereunder:

(a) if any amount due under the Note (whether at the stated date for the payment thereof, by acceleration or by notice of prepayment or otherwise) shall remain unpaid for fifteen (15) days after the due date thereof;

(b) any representation or warranty made herein or in any certificate delivered in connection herewith shall prove to be materially false or misleading;

(c) default shall be made in the due observance or performance of any covenant or agreement to be observed or performed by the Debtor pursuant to the terms hereof and such default shall not be cured within thirty (30) days after the Debtor's receipt of notice thereof in writing from the Secured Party;

(d) the Debtor or the Lessee shall (i) apply for or consent to the appointment of a receiver, trustee or liquidator of any of its property, (ii) admit in writing its inability to pay his debts as they mature, (iii) make a general assignment for the benefit of creditors, (iv) be adjudicated a bankrupt or insolvent or (v) file a voluntary petition in bankruptcy, or a petition or an answer seeking an arrangement with creditors or to take advantage of any bankruptcy, reorganization, insolvency, readjustment of debt, dissolution or liquidation law or statute, or an answer admitting the material allegations of a petition filed against it in any proceeding under any such law or if action shall be taken by the Debtor or the Lessee, as the case may be, for the purpose of effecting any of the foregoing;

(e) an order, judgment or decree shall be entered, without the application, approval or consent of the Debtor by any court of competent jurisdiction, appointing a receiver,

trustee or liquidator of the Debtor and such order, judgment or decree shall continue unstayed and in effect for any period of ninety (90) days; or

(f) the Lessee shall fail to satisfy, perform or observe any of its liabilities, obligations or undertakings under the Lease and such failure shall continue for thirty (30) days after receipt by the Lessee of written notice thereof sent by the Debtor to the Lessee or by the Secured Party to the Debtor and the Lessee.

If an Event of Default shall occur, the Secured Party may, by notice in writing delivered to the Debtor, declare the unpaid principal of the Note to be due and payable, and thereupon the same, together with accrued interest thereon, shall become and be immediately due and payable.

SECTION 4.02. Remedies. In case of the happening of any Event of Default, the Secured Party may, subject always to the then existing rights, if any, of the Lessee under the Lease, personally or by its agent enter upon the premises of the Debtor (or other party having or acquiring the possession or use of the Equipment) where any of the Equipment may be and take possession of all or any part of the Equipment and withdraw the same from said premises,

retaining all payments which up to that time may have been made on account of rental for the Equipment and otherwise, and shall be entitled to collect, receive and retain all unpaid rental and other charges of any kind earned by the Equipment, and may lease or otherwise contract for use of any of the Equipment; or the Secured Party may, subject always to the then existing rights, if any, of the Lessee under the Lease, with or without retaking possession, sell any of the Equipment, by Bill of Sale executed pursuant to SECTION 6.01 hereof, free from any and all claims of the Debtor at law or in equity, in one lot and as an entirety or in separate lots, at public or private sale for cash or upon credit in the discretion of the Secured Party, and may proceed otherwise to enforce its rights, all subject to any mandatory requirements of law applicable thereto. Upon any such sale, the Secured Party may itself bid for the property offered for sale or any part thereof. Any such sale may be held or conducted at such place and at such time as the Secured Party may specify, or as may be required by law, and without gathering at the place of sale the Equipment to be sold, and in general in such manner as the Secured Party may determine.

In case of the happening of an Event of Default, the Secured Party also may, subject always to the then

existing rights, if any, of the Lessee under the Lease, proceed to exercise in respect of the Lease and the property covered thereby and the duties, obligations and liabilities of the Lessee thereunder all rights, privileges and remedies in the said Lease or by applicable law permitted or provided to be exercised by the Debtor, including, but not limited to, the right to receive and collect all rent and other moneys due or to become due thereunder and may exercise all such rights and remedies either in the name of the Secured Party or in the name of the Debtor for the use and benefit of the Secured Party. The Secured Party may sell the rentals reserved under the Lease, and all right, title and interest of the Secured Party with respect thereto, at public auction to the highest bidder and either for cash or on credit, the Secured Party to give the Debtor prior written notice of the time and place of holding any such sale, and provided always that the Secured Party shall also comply with any applicable mandatory legal requirements in connection with such sale.

Any sale or sales pursuant to the provisions hereof, whether under the power of sale granted hereby or pursuant to any legal proceedings, shall operate to divest the Debtor of all right, title, interest, claim and demand whatsoever, either at law or in equity, of, in and to the Collateral so sold, and shall be free and clear of any and

all rights of redemption by, through or under the Debtor (subject always to the then existing rights, if any, of the Lessee under the Lease), the Debtor hereby covenanting and agreeing that it will not at any time insist upon or plead, or take the benefit or advantage of or from, any law now or hereafter in force providing for a valuation or appraisalment of the Collateral prior to any sale or sales thereof or providing for any right to redeem the Collateral or any part thereof. The receipt by the Secured Party, or by any person authorized under any judicial proceeding to make any such sale, shall be a sufficient discharge to any purchaser of the Collateral, or of any part thereof, sold as aforesaid; and no such purchaser shall be bound to inquire as to the authorization, necessity or propriety of any such sale. In the event at any such sale the holder of the Note is the successful purchaser, such holder of said Note shall be entitled, for the purpose of making settlement or payment, to use and apply said Note by crediting thereon the amount apportionable and applicable thereto out of the net proceeds of such sale.

SECTION 4.03. Application of Proceeds. If the Secured Party shall exercise any of the powers conferred upon it by SECTIONS 4.01 and 4.02 hereof, all payments made by the Debtor to the Secured Party, and the proceeds of

every sale or lease by the Secured Party of all or any of the Collateral, together with any other sums which may then be held by the Secured Party under any of the provisions hereof, shall be applied by the Secured Party to the payment in the following order of priority: (a) of all proper charges, expenses or advances made or incurred by the Secured Party in accordance with the provisions of this Agreement, and (b) of the interest then due and of the principal of the Note, whether or not the Note shall have matured by its terms, all such payments to be in full if such proceeds shall be sufficient, and if not sufficient, then pro rata without preference between principal and interest. In the event that, after applying all such sums of money realized by the Secured Party as aforesaid, there shall remain a surplus in the possession of the Secured Party, such surplus shall be paid to the Debtor.

SECTION 4.04. Obligations Not Affected by Remedies.

No retaking of possession of the Equipment by the Secured Party, or any withdrawal, lease or sale thereof, nor any action or failure or omission to act against the Debtor or in respect of the Collateral or any part thereof on the part of the Secured Party, nor any delay or indulgence granted to the Debtor by the Secured Party, shall affect the obligations of the Debtor hereunder or under the Note.

SECTION 4.05. Remedies Cumulative; Subject to Mandatory Requirements of Law. The remedies in this Agreement provided in favor of the Secured Party shall not be deemed exclusive, but shall be cumulative, and shall be in addition to all other remedies in its favor existing at law or in equity; and such remedies so provided in this Agreement shall be subject in all respects to any mandatory requirements of law at the time applicable thereto, to the extent such requirements may not be waived on the part of the Debtor.

ARTICLE FIVE  
Application of Insurance Proceeds

SECTION 5.01. Insurance Proceeds. Any amounts received by the Secured Party from time to time which constitute proceeds of casualty insurance maintained in respect of the Equipment shall be held by the Secured Party as part of the Collateral and shall be applied by the Secured Party from time to time to any one or more of the following purposes:

(a) so long as no Event of Default has occurred and is continuing, the proceeds of such insurance (other than proceeds in respect of an actual or constructive total loss of one or more Units of Equipment) shall, if the Unit of Equipment is to be repaired, be released to the Debtor in

reimbursement for expenditures made for such repair, upon receipt by the Secured Party of a certificate of an authorized officer of the Debtor to the effect that any damage to such Unit of Equipment in respect of which such proceeds were paid has been fully repaired; and

(b) if the insurance proceeds subject to application under paragraph (a) above shall not have been released pursuant to the preceding subsection (a) within 180 days from the receipt thereof by the Secured Party, then so long as no Event of Default has occurred and is continuing to the knowledge of the Secured Party, such insurance proceeds shall be applied by the Secured Party as follows:

(i) first, to the prepayment of the Note, together with accrued interest on the principal amount so prepaid. Each of the remaining installments, if any, of the Note shall be reduced in the proportion that the principal amount of the prepayment bears to the unpaid principal amount of the Note immediately prior to the prepayment; and

(ii) second, the balance, if any, after making the application provided for by the preceding clause (i) shall be released to or upon the order of the Debtor on the date of such prepayment of the Note.

(c) Without regard to whether or not an Event of Default has occurred and is continuing, the proceeds of such insurance in respect of an actual or constructive total loss of any Unit of Equipment shall be applied by the Secured Party as follows:

(i) first, to the payment of an amount equal to the accrued and unpaid interest on that portion of the Note to be prepaid pursuant to the next succeeding clause;

(ii) second, with respect to each Unit of Equipment, an amount equal to the Loan Value (as hereinafter defined) of such Unit of Equipment for which settlement is then being made shall be applied to the prepayment of the Note so that each of the remaining installments of the Note shall be reduced in the proportion that the principal amount of the prepayment bears to the unpaid principal amount of the Note immediately prior to the prepayment; and

(iii) third, the balance, if any, of such amounts held by the Secured Party after making the applications provided for by the preceding clauses (i) and (ii) shall be released to or upon the order of the Debtor on the date of payment of the amounts provided for in the preceding clauses (i) and (ii).

The term "Loan Value" in respect of any Unit of Equipment shall mean an amount equal to a fraction, the numerator of which is the unpaid principal amount of the Note immediately prior to the prepayment provided for in this SECTION 5.01(c) (after giving effect to the payment of any installment of principal made or to be made on the date of prepayment provided for in this SECTION 5.01(c)); and the denominator of which is the the number of Units of Equipment then subject to this Agreement (including such Unit(s) of Equipment for which settlement is then being made).

**ARTICLE SIX**  
**Miscellaneous**

SECTION 6.01. Power of Attorney. The Debtor hereby constitutes and appoints the Secured Party the attorney-in-fact of the Debtor with full power of substitution for the purposes of carrying out the provisions of this Agreement and in its name, place and stead to ask, demand, collect, receive, sue for and give acquittance for any and all rents, income and other sums which are assigned hereunder with full power to settle, adjust or compromise any claim thereunder as fully as the Debtor could itself do, and in the discretion of the Secured Party to file any claim or take any other action, either in its own name or in the name of the Debtor or otherwise, which the Secured Party may deem

necessary or appropriate to protect and preserve the right, title and interest of the Secured Party in and to such rents and other sums of the security intended to be afforded hereby including, without limitation, in the Event of Default by the Debtor and the exercise by the Secured Party of its remedies pursuant to ARTICLE FOUR hereof, to execute a Bill of Sale with respect to any or all of the Equipment on behalf and in the name of the Debtor.

SECTION 6.02. Successors and Assigns. Whenever in this Agreement the Secured Party is referred to, such reference shall be deemed to include the successors and assigns of the Secured Party. All warranties, covenants and agreements by or on behalf of the Debtor which are contained in this Agreement and the Note shall inure to the benefit of the successors and assigns of the Secured Party.

SECTION 6.03. Modification, Amendment or Waiver. No modification, amendment or waiver of any provision of this Agreement, or consent to any departure by the Debtor therefrom, shall in any event be effective unless the same shall be in writing and signed by the Secured Party. No notice to or demand on the Debtor in any case shall entitle it to any other or further notice or demand in the same, similar or other circumstances. Neither any failure nor any

delay on the part of the Secured Party in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall a single or partial exercise thereof preclude any other or further exercise or the exercise of any other right, power or privilege.

SECTION 6.04. Severability. In the event any one or more of the provisions contained in this Agreement should be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby.

SECTION 6.05. Notices. All demands, notices and communications hereunder shall be in writing and shall conclusively be deemed to have been received by a party hereto and to be effective on the day on which delivered to such party at its address set forth below (or at such other address as such party specifies to the other party by a notice in accordance with the terms hereof), or, if sent by registered mail, on the third business day after the date on which mailed, addressed to such party at such address:

(a) If to the Debtor, at its address at c/o Integrated Resources, Inc., 666 Third Avenue, New York, New York 10017; and

(b) If to the Secured Party, at its address at 95 Wall Street, New York, New York 10005.

SECTION 6.06. Effect of Headings. The ARTICLE and SECTION headings herein are for convenience only and shall not affect the construction hereof.

SECTION 6.07. Applicable Law. This Security Agreement shall be construed in accordance with and be governed by the laws of the State of New York.

SECTION 6.08. Limitations of Liability. Notwithstanding anything to the contrary contained in this Agreement or the Note, or any certificate, opinion or document of any nature whatsoever executed in connection herewith or therewith, the obligations of the Debtor hereunder and under the Note are limited recourse obligations; neither the Secured Party, nor the holder of the Note, nor the successor or assigns of any of said persons, shall have any claim, remedy or right to proceed (at law or in equity) against the Debtor in its individual capacity, or against any assets of the Debtor other than the Collateral, or against any partner (general or limited), officer, director, shareholder, agent or employee of the Debtor or of any partner (general or limited) of the Debtor for the payment of any deficiency or any other sum owing on account of the Obligations or any

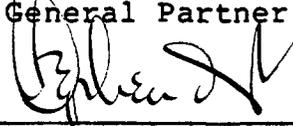
part thereof or for the payment of any liability resulting from the breach of any representation, agreement or warranty of any nature whatsoever, from any source other than the Collateral; and the Secured Party by the execution of this Agreement and the holder(s) of the Note by acceptance thereof waive and release any personal liability of the Debtor in its individual capacity and any partner (general or limited), officer, director, shareholder, agent or employee of the Debtor or of any partner (general or limited) of the Debtor for and on account of such Obligations, and the Secured Party and the holder(s) of the Note agree to look solely to the Collateral, including the sums due and to become due under the Lease which are the subject thereof, for the payment or satisfaction of said Obligations; provided, however, nothing herein contained shall limit, restrict or impair the rights of the Secured Party to accelerate the maturity of the Note upon a default under this Agreement; to bring suit and obtain a judgment against the Debtor on the Note (provided, that neither the Debtor in its individual capacity nor any partner [general or limited], officer, director, shareholder, agent or employee of the Debtor or of any partner [general or limited], of the Debtor shall have any personal liability on any such judgment and the satisfaction thereof shall be limited to the Collateral and

the sums due and to become due under the Lease which are the subject thereof, including any interest therein of the Debtor, but not to any other assets of the Debtor); or to foreclose the lien of this Agreement or otherwise realize upon the Collateral, including the right to proceed against the Lessee under the Lease upon the occurrence of an Event of Default thereunder. e

IN WITNESS WHEREOF, the Debtor and the Secured Party have duly executed this Security Agreement, on the day and year first above written.

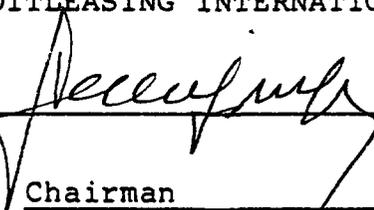
AMERICAN LEASING INVESTORS II

By: ALI Second Management  
Services Corp.,  
General Partner

By:  \_\_\_\_\_

Its:       PAC      

CREDITLEASING INTERNATIONAL CORPORATION

By:  \_\_\_\_\_

Its:       Chairman

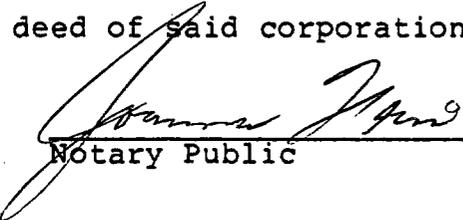
SCHEDULE A

<u>Number of Units of Equipment</u>	<u>Road Numbers</u>	<u>Equipment Description</u>
50	WLO 531200- 531249	50' 100 Ton, Boxcars



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

On this 26<sup>th</sup> day of JANUARY, 1981, before me personally appeared GEORGES VIBON, to me personally known, who, being by me duly sworn, says that he the Chairman of CREDITLEASING INTERNATIONAL 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 was the free act and deed of said corporation.

  
\_\_\_\_\_  
Notary Public

My Commission expires:

3/30/82  
[ Notary JOANNE FERRI  
Notary Public, State of New York  
No. 6278660  
Qualified in Richmond County  
Cert. Filed in New York City.  
Commission Expires Mar. 30, 1982

011981/2951/B03

EXHIBIT A

PROMISSORY NOTE

\$572,300.85

January 27, 1981

FOR VALUE RECEIVED, American Leasing Investors II, a California limited partnership (the "Payor"), hereby promises to pay to the order of CREDITLEASING INTERNATIONAL CORPORATION, a New York corporation (the "Payee"), at its office at 95 Wall Street, New York, New York 10005, in lawful money of the United States of America, the principal amount of five hundred seventy two thousand three hundred dollars and 85 cents and to pay interest (computed on the basis of 12 equal months of 30 days each) from the date hereof on the unpaid principal balance hereof at a rate per annum equal to 16%, such payment of principal and interest to be made as follows: (i) interest accrued from the date hereof to February 1, 1981 in the amount of \$1,271.78 shall be payable on February 1, 1981, and (ii) thirty-six (36) equal monthly installments of principal and interest, in arrears, each in the amount of twenty thousand one hundred twenty dollars and 40 cents (\$20,120.40) shall be payable on March 1, 1981 and on the first day of each month thereafter to and including February 1, 1984. This Note is the Note referred to in a certain security agreement, dated the date hereof, between the Payor and the Payee (the "Security Agreement") and is subject to prepayment and the maturity hereof may be accelerated and is otherwise subject to the terms and conditions provided therein.

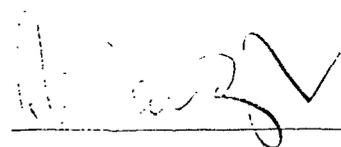
As provided in the Security Agreement, the obligations of the Payor under this Note are limited recourse obligations; neither the Payee nor any holder of this Note, nor their successors or assigns, shall have any claim, remedy or right to proceed (at law or in equity) against the Payor in its individual capacity, or against any assets of the Payor other than the Collateral, or against any partner (general or limited), officer, director, shareholder, agent or employee of the Payor or of any partner (general or limited) of the Payor for the payment of any amount due under this Note or any part thereof from any source other than the Collateral, as such term is defined in the Security Agreement; and the Payee and any other holder of this Note by acceptance hereof each waives and releases any personal liability of the Payor in its individual capacity and any partner (general or limited), officer, director, shareholder, agent or employee of the Payor or of any partner (general or limited) of the Payor for and on account of this Note, and the Payee and all holders of this Note agree to look solely to the Collateral for the payment or satisfaction of this Note; provided, however, nothing herein contained shall limit, restrict or impair the rights of the Payee or any holder of this Note to accelerate the maturity of this Note in accordance with the terms and conditions of the Security Agreement; to bring suit and obtain a judgment against the Payor on this Note (provided, that neither the Payor in its individual capacity nor any partner (general or limited), officer, director, shareholder, agent or employee

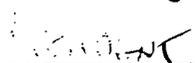
of the Payor or of any partner (general or limited) of the Payor shall have any personal liability on any such judgment and the satisfaction thereof shall be limited to the Collateral, including any interest therein of the Payor, but not to any other assets of the Payor); or to otherwise realize upon the Collateral.

Should any payment hereunder become due and payable on other than a business day, the maturity thereof shall be extended to the next succeeding business day. For purposes hereof, "business day" shall mean any day which is not a Saturday, Sunday or legal holiday in the State of New York.

This Note has been executed and delivered in the State of New York and the validity and enforceability hereof shall be governed by the laws of such state.

AMERICAN LEASING INVESTORS II  
BY: ALI SECOND MANAGEMENT  
SERVICES CORP.,  
General Partner

By:   
\_\_\_\_\_

Its:   
\_\_\_\_\_