

COPY

GUARANTEE AGREEMENT

Dated as of September 28, 1985

Between

CAPITAL ASSOCIATES

INTERNATIONAL, INC.

("Capital Associates")

and

IRVING TRUST COMPANY

("Lender")

WHEREAS, Whitewood Credit Corporation ("Lessor") is a wholly owned subsidiary of Capital Associates, and

WHEREAS, Lessor desires to enter into the Lease dated as of the date hereof with the Dow Chemical Company ("Lessee") such Lease to involve certain railcars more particularly described therein, and

WHEREAS, the execution of this Guarantee Agreement by the parties hereto is a condition precedent to the obligation of the Lender, under Section 3(a) of a certain Participation Agreement dated as of the date hereof among Lender, Lessor, and Lessee and to which the form of this Guaranty Agreement is attached as Exhibit D (the "Participation Agreement"), to make the Loan (as defined in

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the Participation Agreement) in exchange for Lessor's issuance of the Note (as defined in the Participation Agreement), and

WHEREAS, Capital Associates hereby acknowledges that Lender's extension of the Loan to Lessor will be made in express reliance upon the guarantee given by Capital Associates in this Guarantee Agreement, and

WHEREAS, the Loan proceeds will be used by Lessor to purchase the railcars to be leased to Lessee, and

WHEREAS, Capital Associates wishes Lessor to obtain the benefits incident to such purchase and lease of the railcars.

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants and agreements hereinafter contained, the parties hereto agree as follows:

Section 1. Guarantee of Payment and Performance of Lessor's Obligations. In consideration of the Lender's entering into a certain Loan and Security Agreement dated as of the date hereof between Lender and Lessor the form of which is attached as Exhibit C to the Participation Agreement (the "Loan and Security Agreement"), and in order to induce the Lender to do so, Capital Associates hereby severally and unconditionally guarantees to the Lender the due and punctual payment and performance by Lessor of all recourse obligations and

liabilities of Lessor to the Lender under Sections C.2(a), C.3, C.7, C.8(c), C.10, C.11, C.14 and E.1(b)(v) of the Loan and Security Agreement (such obligations and liabilities hereinafter collectively called the "Obligations" and individually called the "Obligation"). This guarantee is an absolute, unconditional and continuing guarantee of punctual payment and performance and is not a mere guarantee of collectibility, and is in no way conditional or contingent upon any attempt to collect from Lessor or any guarantor other than Capital Associates. Payment by Capital Associates hereunder may be required by the Lender on any number of occasions. Upon any failure by Lessor to make due and punctual payment with respect to, or otherwise to perform punctually, any of the Obligations, Capital Associates shall, without demand or notice of any nature, all of which are expressly waived by Capital Associates, reimburse and indemnify the Lender for and against any and all losses, claims, damages, costs, charges and expenses whatsoever resulting from such failure by Lessor for which Lessor would be liable under the Loan and Security Agreement (such losses, claims, damages, costs, charges and expenses for which Lessor would be liable under the Loan and Security Agreement hereinafter collectively referred to as "Lessor's Liabilities").

Section 2. Capital Associates' Further Agreements to Pay. Capital Associates further agrees, as the principal

obligor and not as guarantor only, to pay to the Lender forthwith upon demand in funds immediately available to the Lender all reasonable legal and other reasonable fees, costs and expenses, incurred or expended by the Lender in connection with the enforcement of this Guarantee Agreement.

Section 3. Duration of Guarantee. Subject to Section 9, the obligations of Capital Associates under this Guarantee Agreement shall continue in full force and effect so long as there are any Obligations outstanding of Lessor to the Lender.

Section 4. Subrogation. Capital Associates agrees (i) that, after any payment or performance by it pursuant to the provisions of this guarantee, any and all rights of subrogation which it may have against Lessor, any other person or any security for any of Lessor's Liabilities, whether by operation of law or otherwise, shall be subordinate in all respects to any and all rights which the Lender may then have against Lessor, any such other person or any such security pursuant to the Loan and Security Agreement, or any other guarantee, and (ii) that Capital Associates will not enforce any such rights of subrogation or similar rights until Lessor's Liabilities and the Obligations have been paid in full.

Section 5. Freedom to Deal with Lessor and Other Parties. The Lender shall be at liberty, without giving

notice to or obtaining the assent of Capital Associates and without relieving Capital Associates of any liability hereunder, and notwithstanding that at such time Capital Association may have subrogation or similar rights, to deal with Lessor and with each other party who now is or after the date hereof becomes liable in any manner for any of Lessor's Liabilities, in such manner as the Lender, in its sole discretion, deems fit, and to this end Capital Associates gives to the Lender full authority in its sole discretion to do any or all of the following things: (a) extend credit and afford other financial accommodations to Lessor at such times, in such amounts and on such terms as the Lender may approve in its sole and absolute discretion; (b) vary the terms and grant extension or renewals of any present or future indebtedness or obligation to the Lender of Lessor or of any such other party; (c) grant time, waivers and other indulgences in respect thereto; (d) vary, exchange, release or discharge, wholly or partially, or delay in or abstain from perfecting and enforcing any security for or guarantee of Lessor's liabilities which the Lender now has or acquires after the date hereof; (e) accept partial payments from Lessor or any such other party; (f) release or discharge, wholly or partially, any endorser or guarantor; (g) compromise or make any settlement or other arrangement with

Lessor or any such other party; and (h) amend the terms of or otherwise modify, change or depart from the terms of any of the agreements providing for Lessor's Liabilities.

Section 6. Enforceability of Obligations Against Lessor; Invalidity of Other Guarantees. If for any reason Lessor has no legal existence or is under no legal obligation to discharge any of the Obligations undertaken or purported to be undertaken by it or on its behalf, or if any of Lessor's Liabilities have become irrecoverable from Lessor for any reason, this Guarantee Agreement shall, nevertheless, be binding on Capital Associates to the same extent as if Capital Associates had at all times been the principal obligor in respect of all such Obligations. This Guarantee Agreement shall be in addition to any other guarantee for the Obligations and any other guarantee for any other obligations or liabilities of Lessor, and shall not be prejudiced or rendered unenforceable by the invalidity of any such other guarantee.

Section 7. Waivers by Capital Associates. Capital Associates waives notice of acceptance hereof, notice of the existence or creation of all or any of the Obligations, notice of any action taken or omitted by the Lender in reliance hereon, and any requirement that the Lender be diligent or prompt in connection herewith. Capital

Associates also irrevocably waives, to the fullest extent permitted by law, all defenses which at any time may be available in respect of Capital Associates' obligations hereunder by virtue of any statute of limitation, moratorium law, or other similar law now or hereafter in effect.

Section 8. No Contest with the Lender. So long as any of Lessor's Liabilities remain unpaid or undischarged, Capital Associates will not in proceedings under the Bankruptcy Code or insolvency proceedings of any nature, prove in competition with the Lender any claim it may have against Lessor or be entitled to have the benefit of any proof of claim or dividend or payment by or on behalf of Lessor or the benefit of any other security for any of Lessor's Liabilities which, now or hereafter, the Lender may hold or in which it may have any share.

Section 9. Guarantee of Recovered Amounts. Capital Associates further agrees that, if any payment made by Lessor with respect to any of the Obligations or Lessor's Liabilities guaranteed pursuant to this Guarantee Agreement are subsequently recovered from or repaid by the Lender, in whole or in part, in any bankruptcy, reorganization, insolvency or similar proceeding instituted by or against Lessor, or otherwise, the guarantee set forth herein shall continue to be fully applicable to such guaranteed

Obligations and Lessor's Liabilities, or be reinstated, to the same extent as though the payment so recovered or repaid had not originally been made.

Section 10. Acknowledgement of Benefit. Capital Associates expressly represents and acknowledges that the financial accommodations for Lessor contemplated hereunder are and will be to the direct interest and advantage of Capital Associates.

Section 11. Representations and Warranties. Capital Associates represents and warrants that:

(a) Capital Associates is a corporation duly organized, validly existing and in good standing under the laws of the State of Colorado.

(b) Capital Associates has the corporate power and authority to enter into and perform the Guarantee Agreement.

(c) The Guarantee Agreement has been duly authorized by all necessary action on the part of Capital Associates, has been duly executed and delivered by Capital Associates and constitutes the legal, valid and binding obligation, contract and agreement of Capital Associates enforceable in accordance with its respective terms, subject as to enforceability of remedies, to limitations imposed by bankruptcy, insolvency, reorganization, moratorium or other similar laws relating to or affecting the enforcement of

creditors' rights generally and to general principles of equity.

(d) No consent, approval or authorization of any governmental authority is required on the part of Capital Associates in connection with the execution, delivery, and performance of the Guarantee Agreement.

(e) The execution, delivery and performance by Capital Associates of the Guarantee Agreement and compliance by Capital Associates with such Agreement will not conflict with, or result in a breach or violation of any law, governmental rule or regulation, nor conflict with or result in any breach of any of the provisions of, or constitute a default under, or result in or require the creation of any lien upon any property of, Capital Associates or any subsidiary of Capital Associates under the provisions of, the certificate of incorporation or by-laws of Capital Associates or of any indenture, mortgage, conditional sale, loan or credit agreement or other instrument to which Capital Associates is a party or by which it may be bound.

(f) There are no suits or proceedings pending or threatened in any court or before any regulatory commission, agency, board or other administrative governmental agency against Capital Associates or with respect to its assets which will have a materially adverse effect on Capital Associates or its ability to fulfill its obligations under the Guarantee Agreement.

(g) Capital Associates is the sole shareholder of Lessor.

Section 12. Definitions. Capitalized terms not defined herein shall have the meaning assigned to them in the Participation Agreement.

Section 13. Governing Law. Capital Associates and the Lender hereby agree that this Guarantee Agreement is made in the State of New York and is to be construed in accordance with and governed by the laws of the State of New York.

Section 14. Entire Agreement. This Guarantee Agreement embodies the entire agreement between the Lender and Capital Associates and supersedes all prior agreements and understandings, if any, relating to the subject matter hereof. Such terms, rights and obligations may not be changed orally or by conduct or any course of dealing, but may be changed only by an agreement in writing signed by the party against whom enforcement of such change is sought.

Section 15. Counterparts. This Guarantee Agreement may be executed in any number of counterparts and by the parties hereto on separate counterparts, each of which when so executed and delivered shall be an original, but all of such counterparts shall together constitute a single instrument.

Section 16. Captions. The captions in this Guarantee Agreement are for the convenience of reference only, and shall neither define nor limit any of the terms or provisions herein.

Section 17. Judicial Proceedings. Any judicial proceeding brought against the Lessor with respect to this Guarantee Agreement may be brought in any Federal or State court of competent jurisdiction located in the Borough of Manhattan in the State of New York and, by execution and delivery of this Guarantee Agreement, Capital Associates accepts the nonexclusive jurisdiction of the aforesaid courts, and irrevocably agrees to be bound by any judgment rendered thereby in connection with this Guarantee Agreement. Capital Associates irrevocably designates and appoints CT Corporation System, 1633 Broadway, New York, New York, as its agent to receive on its behalf service of all process in any such proceeding in any such court, such service being hereby acknowledged by Capital Associates to be effective and binding service in each and every respect. A copy of any such process so served shall be mailed by registered airmail to Capital Associates at 2995 Baseline Road Boulder, Colorado 80302 Attention: Joseph A. Newcomb, Esq. except that any failure to mail such copy shall not affect the validity of service of process. Capital

Associates shall at all times maintain an agent for service of process pursuant to this Section. If Capital Associates fails to appoint such an agent, or if such agent refuses to accept service, Capital Associates hereby agrees that service upon it by mail shall constitute sufficient notice. Nothing herein shall affect the right to serve process in any other manner permitted by law or shall limit the right of the Lender to bring proceedings against Capital Associates in the courts of any other jurisdiction. Any judicial proceeding by Capital Associates against the Lender involving, directly or indirectly, any matter in any way arising out of, related to, or connected with this Guarantee Agreement shall be brought only in a Federal or State court located in the Borough of Manhattan, State of New York.

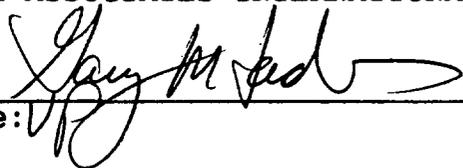
Section 18. WAIVER OF JURY TRIAL. CAPITAL ASSOCIATES AND LENDER IN CONSIDERATION OF THE WAIVER BY THE OTHER HEREBY MUTUALLY WAIVE TRIAL BY JURY IN ANY JUDICIAL PROCEEDING BROUGHT BY IT OR THE LENDER INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH THIS GUARANTEE AGREEMENT, THE NOTE, THE LEASE, THE COLLATERAL, OR THE INDEBTEDNESS, EXCEPT THAT CAPITAL ASSOCIATES MAY DEMAND A TRIAL BY JURY IF LENDER DEMANDS A TRIAL BY JURY.

CAPITAL ASSOCIATES, BY ITS EXECUTION AND DELIVERY OF THIS GUARANTEE AGREEMENT, HEREBY REPRESENTS AND WARRANTS THAT THIS WAIVER OF JURY TRIAL IS KNOWING AND WILLING AND HAS BEEN GIVEN AFTER CONSULTATION WITH COUNSEL.

Section 19. Severability; Unenforceability of Particular Provisions. Any provision of this Guarantee Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or thereof or affecting the validity or enforceability of such provision in any other jurisdiction.

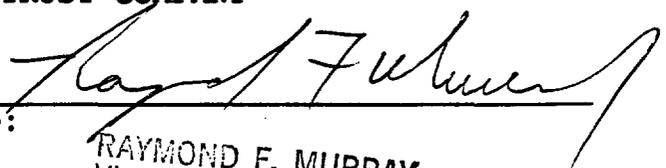
IN WITNESS WHEREOF, Capital Associates and the Lender have caused this Guarantee Agreement to be executed by their duly authorized officers as of the date and year first above written.

CAPITAL ASSOCIATES INTERNATIONAL, INC.

By /s/ 

Title: _____

IRVING TRUST COMPANY

By /s/ 

Title: _____

RAYMOND F. MURRAY
Vice President

Annex I to Guarantee
Agreement (Acknowledgements of Capital Associates and Lender)

Corporate Form of Acknowledgement

State of *Colorado*)
County of *Boulder*) ; ss.:

On this 26th day of September, 1985
before me personally appeared, Gary M. Jacobs, to me
personally known, who being by me duly sworn, says that (s)he
is the Vice President of Capital Associates International,
Inc., 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 (s)he acknowledged
that the execution of the foregoing instrument was the free
act and deed of said corporation.

Sandra L. Coebel
Signature of Notary Public

My commission expires 7/29/87

[Seal]

Corporate Form of Acknowledgement

State of New York)
 : ss.:
County of New York)

On this 30th day of September, 1985
before me personally appeared, Raymond F. Meehan, to me
personally known, who being by me duly sworn, says that (s)he
is the Vice President of Irving Trust Company, 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 (s)he acknowledged that the execution
of the foregoing instrument was the free act and deed of said
corporation.

Sylvia Cohen

Signature of Notary Public
My commission expires 3/30/86

[Seal]

SYLVIA COHEN
Notary Public, State of New York
No. 31-5747930
Qualified in New York County
Commission Expires March 30, 1986