

212-350-3500
286-6268



MANUFACTURERS HANOVER LEASING CORPORATION

RECORDATION NO. 13561 Filed 1/25

270 PARK AVENUE, NEW YORK, N.Y. 10017

FEB 22 1982 - 5 25 PM

February 18, 1982

INTERSTATE COMMERCE COMMISSION

2-033-127

No. FEB 22 1982

RECORDATION NO. 13561 Filed 1/25 Date 5.0.0

FEB 22 1982 - 5 25 PM

ICC Washington, D. C.

INTERSTATE COMMERCE COMMISSION

Interstate Commerce Commission
Interstate Commerce Building
12th and Constitution Avenue, N.W.
Washington, D.C. 20423

Dear Sir:

I enclose for recordation, pursuant to Section 20(c) of the Interstate Commerce Act, two executed originals of a Loan and Security Agreement consisting of (i) a typed document bearing such title; and (ii) Schedule A thereto, between Manufacturers Hanover Leasing Corporation, 270 Park Avenue, New York, N.Y. 10017 ("MHLC"), and Race Leasing Company, 3662 Westchase, Houston, Texas 77042, as Debtor, and two certified copies of a Lease Agreement consisting of (i) a typed document bearing such title; (ii) Schedule I thereto; and (iii) Rider A between Race Leasing Company, as Lessor, and LCP Transportation, Inc., Raritan Plaza II, Raritan Center, Edison, New Jersey 08857, as Lessee.

The transaction represented by the foregoing is a loan by MHLC to Race Leasing Company, which loan is secured by the assignment to MHLC of the Lease referred to above, pursuant to which the following items of equipment are being leased by Race Leasing Company to LCP Transportation, Inc.:

Three (3) new caustic soda railroad tank cars with 16,000 gallon capacity, Tank Car Nos. UTLX 66497, UTLX 66498, UTLX 66499, manufactured by Union Tank Car Company.

Please return one copy of each of the Loan and Security Agreement (with Schedule A) and the Lease Agreement (with Schedule I and Rider A) to me showing the ICC's Recordation Date and Recordation Number. For your convenience I have enclosed a self-addressed stamped envelope for return of the documents.

I also enclose the check of MHLC in the amount of \$50.00 in payment of ICC fees.

Very truly yours,

Manufacturers Hanover Leasing Corporation

Peter W. Sturtz
Peter W. Sturtz
Vice President

BY FEDERAL EXPRESS

*Case - Done of Sturtz
Veritas Lippert, B. B. Lippert & Peterson*

Interstate Commerce Commission
Washington, D.C. 20423

OFFICE OF THE SECRETARY

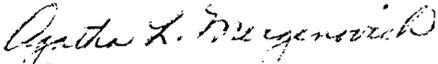
March 4, 1982

Peter W. Sturtz. V. P.
Manufacturers Hanover Leasing Co.
270 Park Avenue
New York, N. Y. 10017

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 2/22/82 at 3:35PM , and assigned re-
recording number (s). 13561, 13561-A, & 13561-B

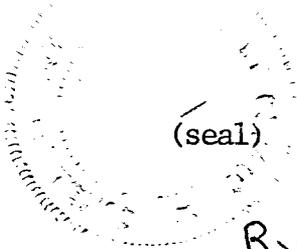
Sincerely yours,


Agatha L. Mergenovich
Secretary

Enclosure (s)

STATE OF TEXAS)
) ss.:
COUNTY OF HARRIS)

On this Twenty-Ninth day of January, 1982, before me personally appeared Donald R. Hurt, to me known to be the person described in and who executed the foregoing instrument and he acknowledged that he executed the same as his free act and deed.



(seal)

Richard E. BROWN

REB

Notary Public

6001 SAVOY suite 201
HOUSTON Texas 77036

My commission expires: 2/9/85

13561

RECORDATION NO. FILED 1425

FEB 22 1982 - 3 25 PM

LOAN AND SECURITY AGREEMENT

INTERSTATE COMMERCE COMMISSION

LOAN AND SECURITY AGREEMENT, dated as of January 28, 1982, between RACE LEASING COMPANY, an Ohio general partnership ("Debtor"), and MANUFACTURERS HANOVER LEASING CORPORATION ("MHLC"), a New York corporation. In consideration of the mutual agreements contained herein, the parties hereto agree as follows:

SECTION 1. DEFINITIONS

1.1 Defined Terms. As used in this Agreement the following terms shall have the following defined meanings, unless the context otherwise requires (and such terms shall be equally applicable to both singular and plural forms of the terms defined):

"Agreement", "hereof", "hereto", "hereunder" and words of similar import shall mean this Loan and Security Agreement, as the same may from time to time be amended, modified or supplemented.

"Business Day" shall mean a day other than a Saturday, Sunday or legal holiday under the laws of the State of New York.

"Casualty Prepayment Percentage" shall mean, on the date of the required prepayment of any Note pursuant to Section 2.3(a) of this Agreement, the product obtained by multiplying 10% by a fraction, the numerator of which will be the number of Installment Payment Dates with respect to such Note remaining after such date of prepayment (including the Installment Payment Date, if any, on which such prepayment is made) and the denominator of which shall be the total number of Installment Payment Dates with respect to such Note.

"Closing Date" shall mean each date on which a Loan is made pursuant hereto.

"Code" shall mean the Uniform Commercial Code as from time to time in effect in any applicable jurisdiction.

"Collateral" shall have the meaning defined in Section 6.1 hereof.

"Commitment" shall mean the obligation of MHLC to make the Loans in the aggregate principal amount specified in Section 2.1 of this Agreement.

"Corporate Guarantor" shall mean individually and collectively each of (a) Linden Chemicals & Plastics, Inc., a

Delaware corporation having an office at Raritan Plaza II, Raritan Center, Edison, New Jersey 08857, (b) LCP Plastics, Inc., a Delaware corporation having an office at Raritan Plaza II, Raritan Center, Edison, New Jersey 08857, (c) Plastic Industries, Inc., a Florida corporation having an office at Raritan Plaza II, Raritan Center, Edison, New Jersey 08857, (d) LCP Chemicals-New Jersey, Inc., a Delaware corporation having an office at Raritan Plaza II, Raritan Center, Edison, New Jersey 08857, (e) LCP Chemicals-New York, Inc., a Delaware corporation having an office at Raritan Plaza II, Raritan Center, Edison, New Jersey 08857, (f) LCP Chemicals-Georgia, Inc., a Delaware corporation having an office at Raritan Plaza II, Raritan Center, Edison, New Jersey 08857, (g) LCP Chemicals-North Carolina, Inc., a Delaware corporation having an office at Raritan Plaza II, Raritan Center, Edison, New Jersey 08857, and (h) LCP Transportation, Inc., a Delaware corporation having an office at Raritan Plaza II, Raritan Center, Edison, New Jersey 08857.

"Corporate Guaranty" shall mean that certain Guaranty Agreement in form and substance acceptable to MHLC, pursuant to which each Corporate Guarantor shall guaranty to MHLC the Obligations outstanding at any time pursuant hereto, and the obligations of Lessee arising pursuant to the Lease.

"Cost" shall mean, with respect to any item or Unit of Equipment, the manufacturer's or supplier's invoiced purchase price therefor (after giving effect to any discount or other reduction) payable by Debtor, which amount shall be set forth in the Supplement pertaining to such item or Unit of Equipment.

"Debtor" shall have the meaning defined in the introductory paragraph to this Agreement.

"Equipment" shall mean three new caustic tank railcars acceptable to MHLC, and specifically listed and described on the Supplements hereto, together with all accessories, parts, repairs, replacements, substitutions, attachments, modifications, renewals, additions, improvements, upgrades and accessions of, to or upon such items of property, now or at any time hereafter acquired.

"Event of Default" shall have the meaning defined in Section 7 of the Agreement.

"Event of Loss" shall mean, with respect to any item of Equipment, the actual or constructive loss of such item of Equipment or the use thereof, due to theft, destruction, damage beyond repair or damage from any reason whatsoever, to an extent which makes repair uneconomical or rendition thereof unfit for normal use or the condemnation, confiscation or seizure of, or requisition of title to or use of, such item of Equipment by any governmental authority or any other person, whether or not acting under color of governmental authority.

"Installment Payment Date" shall mean, with respect to any Note, each date on which a regular installment of principal and interest is due on such Note.

"Lease" shall mean that certain Lease Agreement dated September 1, 1981, between Debtor as lessor and Lessee as lessee, which Lease is attached hereto as Exhibit A, and which Lease has been assigned to MHLC as Collateral pursuant to Section 6.1 hereof.

"Lessee" shall mean LCP Transportation, Inc., a Delaware corporation having a principal place of business at Raritan Plaza II, Raritan Center, Edison, New Jersey 08857.

"Lessee's Acknowledgement and Consent to Assignment" shall mean a document in the form of Exhibit B hereto, executed by Lessee in connection with the assignment of the Lease by Debtor to MHLC.

"Liens" shall mean liens, mortgages, security interests, pledges, title retentions, charges, financing statements or other encumbrances of any kind whatsoever.

"Loan" shall mean each loan made by MHLC pursuant to this Agreement.

"Maintenance and Administrative Agreement" shall mean that certain Agreement dated _____, 1982, between Union Tank Car Company, a Delaware corporation having an office at 111 West Jackson Boulevard, Chicago, Illinois 60604, and Debtor.

"MHLC" shall have the meaning defined in the introductory paragraph to this Agreement.

"Note" shall mean each promissory note of Debtor evidencing a Loan, as described in Section 2.2 of this Agreement.

"Obligations" shall mean (i) the aggregate unpaid principal amount of, and accrued interest on, the Notes; (ii) all other obligations and liabilities of Debtor, now existing or hereafter incurred, under, arising out of or in connection with this Agreement or any Note; and (iii) any and all other indebtedness and obligations of any kind whatsoever of Debtor to MHLC, whether now existing or hereafter incurred or from time to time reduced and thereafter increased, including specifically but not limited to obligations and liabilities of Debtor arising from that certain Loan and Security Agreement dated April 11, 1979, between MHLC as secured party and Debtor as debtor, and all promissory notes executed by Debtor in connection therewith.

"Personal Guarantor" shall mean individually and collectively each of Warren E. Askey, William C. Calvert, Christian A. Hansen, and Donald R. Hurt.

"Personal Guaranty" shall mean that certain Guaranty Agreement in form and substance acceptable to MHLC pursuant to which each of the Personal Guarantors shall guaranty to MHLC twenty-five percent of the Obligations outstanding at any time pursuant hereto.

"Prepaid Principal Amount" shall have the meaning defined in Section 2.3(a) of this Agreement.

"Prepayment Date" shall have the meaning defined in Section 2.3(b) of this Agreement.

"Prepayment Value" shall mean, as of any Installment Payment Date for any Note, an amount determined by multiplying the original principal amount of such Note by the percentage specified opposite such Installment Payment Date on Schedule A attached hereto.

"Proceeds" shall have the meaning assigned to it in the Code, and in any event, shall include, but not be limited to, (i) any and all proceeds of any insurance, indemnity, warranty or guaranty payable to Debtor from time to time with respect to any of the Equipment or any Lease; (ii) any and all payments (in any form whatsoever) made or due and payable to Debtor from time to time in connection with any requisition, confiscation, condemnation, seizure or forfeiture of all or any part of the Equipment or any Lease by any governmental body, authority, bureau or agency or any other person (whether or not acting under color of governmental authority); and (iii) any and all other rents or profits or other amounts from time to time paid or payable under or in connection with any of the Equipment or any Lease.

"Schedule" shall mean any Schedule as defined in and as attached to the Lease, each of which shall list and describe a portion of the Equipment leased by Debtor to Lessee pursuant to the Lease, all of which Equipment shall be Collateral hereto.

"Supplement" shall mean each Supplement executed and delivered by Debtor in substantially the form of Exhibit C attached hereto.

"Union's Acknowledgement and Consent" shall mean a document in form and substance acceptable to MHLC, pursuant to which Union Tank Car Company shall consent to the assignment to MHLC by Debtor of Debtor's rights in and to the Maintenance and Administrative Agreement.

"Unit of Equipment" shall mean those items of Equipment described on a particular Supplement, covered by a Schedule to the Lease, and financed with the same Loan.

1.2 Accounting Terms. All accounting terms not specifically defined herein shall be construed in accordance with generally accepted accounting principles.

SECTION 2. AMOUNT AND TERMS OF LOAN.

2.1 Commitment. Subject to the terms and conditions of this Agreement, MHLC agrees to make Loans, from time to time, to Debtor in an aggregate principal amount not to exceed \$180,000.00. MHLC shall not be obligated to make more than three Loans hereunder. The obligation of MHLC to make Loans hereunder shall terminate on January 31, 1982. Debtor shall give MHLC at least three Business Days' prior written notice of the date and amount of each proposed Loan.

2.2 The Notes.

(a) Each Loan shall be evidenced by a promissory note of Debtor substantially in the form of Exhibit D hereto, with appropriate insertions therein as to amounts and dates. Each Note shall (i) be dated the date on which the Loan evidenced thereby is made; (ii) be for the term of eighty-four (84) months; (iii) be stated to mature in eighty-four (84) consecutive monthly installments, which installments will be payable on the dates and in the amounts set forth in such Note; and (iv) bear interest from the date thereof on the unpaid principal amount thereof at the rate of 19 percent per annum until such amount shall become due and payable (whether at the stated maturity thereof, by acceleration or otherwise). Whenever any unpaid principal amount shall become so due and payable, interest thereon shall thereafter be payable at the rate of 18% per annum, or the highest rate permitted by applicable law, whichever is less, until such amount shall be paid in full.

(b) Each Note shall be identified with the Unit of Equipment covered by a Schedule to the Lease and financed by the Loan it evidences, by reference to the Supplement covering such Unit of Equipment and such Lease. Such identification of the Notes is for convenience of reference only and shall not imply that any Note is secured only by the Unit of Equipment or Schedule to the Lease identified with it or that any Unit of Equipment or Schedule to the Lease shall be Collateral only to any one Note; all Notes shall be equally secured by all Collateral.

(c) Solely as a convenience to the parties, MHLC may accept rent payments from the Lessee as partial or total payments on the Notes, but such acceptance shall not alter or diminish Debtor's absolute and unconditional obligation to make all payments to MHLC required under the terms of this Agreement and the Notes. The Obligations are expressly declared by Debtor and MHLC to be "full-recourse" obligations of Debtor, and MHLC's remedies shall not be limited in any way to the rental payments under the Lease, but shall be the direct obligations of Debtor in accordance with the terms of this Agreement.

2.3 Prepayment.

(a) Mandatory Prepayment in the Event of Loss. In the event that any item of Equipment shall suffer an Event of Loss, Debtor shall upon MHLC's demand, make a prepayment on the applicable Note in an amount determined by adding the following factors A, B, and C together:

A. the amount determined by multiplying the unpaid principal amount of the applicable Note by a fraction the numerator of which shall be the original amount advanced by MHLC (as stated in the applicable Schedule) for the item of Equipment which was the subject of the Loss and the denominator of which shall be the original principal amount of the Note (the "Prepaid Principal Amount.");

B. the amount of interest incurred on the unpaid principal amount of such Note to and including the date of such prepayment; and

C. An amount equal to the result of multiplying the Prepaid Principal Amount by the Casualty Prepayment Percentage on such date.

If any item of Equipment is damaged as the result of an event not constituting a Loss, Debtor shall promptly cause such item to be repaired or replaced in accordance with the provisions of Section 5.11 hereof.

(b) Special Prepayment For Obsolescence. On or after the date on which the forty-second monthly installment of any Note shall have been paid, Debtor shall have the right to make a special prepayment of principal on such Note in accordance with this Section 2.3(b), if no Event of Default shall have occurred and be continuing, and if Debtor shall have made a good faith determination that the Equipment which is identified with such Note is obsolete for Debtor's purposes. In order to exercise the right to prepay granted herein, Debtor shall send written notice to MHLC at least ninety (90) days before the Installment Payment Date on which Debtor wishes to prepay as to any Note (herein called the "Prepayment Date") specifying Debtor's intention to prepay such Note on the Prepayment Date. On the Prepayment Date, Debtor shall pay to MHLC an amount equal to the Prepayment Value of such Note plus any outstanding and unpaid amounts of interest, overdue payments, charges and fees.

(c) Other Prepayments. Except as provided in paragraphs (a) and (b) above, the Notes may not be prepaid in whole or in part.

2.4 Use of Proceeds. The proceeds of each Loan shall be applied by Debtor solely in payment of the Cost of the Unit of Equipment identified therewith.

SECTION 3. CONDITIONS OF BORROWING.

3.1 Conditions of Initial Loan. MHLC shall not be required to make the initial Loan hereunder unless on the Closing Date of such Loan:

(a) Consent of Partners of Debtor. MHLC shall have received a certificate of consent of the partners of Debtor, which certificate shall be satisfactory to MHLC in form and substance, signed by all the partners of Debtor, which certificate shall certify the names of the partners of Debtor authorized to execute any documents hereunder or under any other related document on behalf of Debtor, together with specimen signatures of such partners, and which certificate shall state that MHLC may conclusively rely on such certificate until receipt of a further certificate of all the partners of Debtor cancelling or amending the prior certificate and submitting the signatures of the partners named in such further certificate, and which certificate shall state that all partners have consented to the authorization, execution, delivery, and performance of this Agreement and the Notes and the transactions contemplated hereby, and have stated that such is within the purposes and scope of the partnership.

(b) Partnership Agreement of Debtor. MHLC shall have received a true and complete copy of the duly executed Partnership Agreement of Debtor, which the partners of Debtor shall have certified not to have been amended, modified, or supplemented in any way and to constitute the entire agreement of the partners.

(c) Opinion of Debtor's Counsel. MHLC shall have received the written opinion addressed to it of counsel for Debtor satisfactory to MHLC, as to matters contained in Section 4, Subsection 4.1 through 4.6, inclusive, and as to matters contained in Subsections 4.7 and 4.8 with respect to the Equipment, and which opinion shall also cover such other matters incident to the transactions contemplated by this Agreement as MHLC may reasonably request.

(d) Lease. MHLC shall have received the sole original Lease covering the Equipment, including all amendments exhibits, Schedules, and supplements thereto, which Lease: (i) shall have been duly executed by Debtor as lessor and by Lessee; (ii) shall be in the form of Exhibit A hereto without any changes therein unless such changes shall have been approved in writing by MHLC; (iii) shall have been validly assigned to MHLC pursuant to Section 6.1 hereof; (iv) shall be for a remaining term of at least eighty-four months from the date of the Loan; and (v) shall provide for a monthly rental amount at least as great as the amount of each monthly installment owing on the Note associated with such Loan.

(e) Lessee's Acknowledgement and Consent to Assignment. MHLC shall have received a validly executed Lessee's Acknowledge-

ment and Consent to Assignment with respect to the Lease, containing the Lessee's consent to pay all rentals and other amounts due under the Lease directly to MHLC.

(f) Certificate of Incumbency of Lessee. MHLC shall have received a certificate of incumbency of Lessee signed by the Secretary or Assistant Secretary of Lessee, which certificate shall certify the names of the officers of Lessee authorized to execute any documents in connection with the Lease, or under any other related document on behalf of Lessee, together with specimen signatures of such officers, and which certificate shall state that MHLC may conclusively rely on such certificate until receipt of a further certificate of the Secretary or Assistant Secretary of Lessee cancelling or amending the prior certificate and submitting the signatures of the officers named in such further certificate.

(g) Resolutions of Lessee. MHLC shall have received a certified copy of all corporate proceedings of Lessee evidencing that all action has been duly taken which is required to be taken in connection with the authorization, execution, delivery and performance of the Lease and the Lessee's Acknowledgement and Consent to Assignment being delivered to MHLC in connection therewith, and the transactions contemplated hereby.

(h) Opinion of Lessee's Counsel. MHLC shall have received the written opinion addressed to it of counsel for the Lessee on the Lease being financed with such Loan, which counsel shall be satisfactory to MHLC, as to (i) the valid organization of such Lessee, (ii) such Lessee's power and authority to enter such Lease, (iii) the lack of necessity for consents or permits for such Lessee to enter such Lease, (iv) the absence of any legal bar to such Lessee's entering such Lease, (v) the enforceability of such Lease and (vi) the absence of litigation which could materially affect such Lessee's business or financial condition, and (vii) such other matters incident to the transactions contemplated by such Lease as MHLC may reasonably request.

(i) Personal Guaranty. MHLC shall have received the Personal Guaranty, duly executed by each of the Personal Guarantors.

(j) Corporate Guaranty. MHLC shall have received the Corporate Guaranty, duly executed by each of the Corporate Guarantors.

(k) Certificate of Incumbency of Corporate Guarantors. MHLC shall have received a certificate of incumbency of each of the Corporate Guarantors signed by the Secretary or Assistant Secretary of each Corporator Guarantor, which certificate shall certify the names of the officers of each Corporate Guarantor authorized to execute any documents in connection with the Corporate Guaranty, or under any other related document on behalf of

such Corporate Guarantor, together with specimen signatures of such officers, and which certificate shall state that MHLC may conclusively rely on such certificate until receipt of a further certificate of the Secretary or Assistant Secretary of such Corporate Guarantor cancelling or amending the prior certificate and submitting the signatures of the officers named in such further certificate.

(l) Resolutions of Corporate Guarantors. MHLC shall have received a certified copy of all corporate proceedings of each Corporate Guarantor evidencing that all action has been duly taken which is required to be taken in connection with the authorization, execution, delivery and performance of the Corporate Guaranty.

(m) Opinion of Counsel for Corporate Guarantors. MHLC shall have received the written opinion addressed to it of counsel for each Corporate Guarantor, which counsel shall be satisfactory to MHLC, as to (i) the valid organization of such Corporate Guarantor, (ii) such Corporate Guarantor's power and authority to enter the Corporate Guaranty, (iii) the lack of necessity for consents or permits for Corporate Guarantor to enter such the Corporate Guaranty, (iv) the absence of any legal bar to such Corporate Guarantor's entering, (v) the enforceability of the Corporate Guaranty, (vi) the absence of litigation which could materially affect such Corporate Guarantor's business or financial condition, and (vii) such other matters incident to the transactions contemplated by the Corporate Guaranty as MHLC may reasonably request.

(n) Consent of Corporate Guarantors' Shareholders. MHLC shall have received the written consent of all the shareholders of each Corporate Guarantor (except Linden Chemicals and Plastics, Inc.) to the entering into of the Corporate Guaranty by such Corporate Guarantor, and shall have found such consent to be satisfactory in form and substance, together with a certificate of the secretary or assistant secretary of each Corporate Guarantor (except Linden Chemicals and Plastics, Inc.) stating the name of each shareholder of record of such Corporate Guarantor.

(o) The Maintenance and Administrative Agreement. MHLC shall have received the validly executed Maintenance and Administrative Agreement, in which the rights of Debtor shall have been validly assigned to MHLC.

(p) Union's Acknowledgment and Consent. MHLC shall have received Union's Acknowledgement and Consent, validly executed by Union Tank Car Company.

3.2 Conditions of Each Loan. MHLC shall not be required to make any Loan hereunder (including the initial Loan) unless on the Closing Date of such Loan:

(a) Supplement. Debtor shall have executed and delivered to MHLC a Supplement describing in a manner satisfactory

to MHLC the Unit of Equipment to be financed by such Loan and the Lease covering such Unit of Equipment.

(b) Note. The Note evidencing such Loan shall have been duly executed and delivered to MHLC.

(c) Equipment Delivery. The Unit of Equipment being financed by such Loan shall have been duly delivered to and accepted by Debtor.

(d) Invoice and Title. MHLC shall have received copies of the invoice or invoices covering the acquisition of the items of Equipment constituting the Unit of Equipment being financed with such Loan together with copies of the bills of sale, if any, conveying such items to Debtor.

(e) Payment of Equipment Cost. MHLC shall be satisfied that the Cost of each item of Equipment which is a part of the Unit of Equipment being financed by such Loan has been, or concurrently with the making of such Loan will be, fully paid, and that the Cost of the Unit of Equipment is at least in the amount of such Loan.

(f) Insurance. MHLC shall have received evidence satisfactory to it that the Unit of Equipment being financed by such Loan is insured in accordance with the provisions of this Agreement.

(g) Security Interest. All filings, recordings and other actions that are necessary or desirable in order to establish, protect, preserve and perfect MHLC's security interest in the Unit of Equipment being financed by such Loan and in the Lease covering such Unit of Equipment as a valid perfected first priority security interest shall have been duly effected, including, without limitation, the delivery of the sole executed copy of such Lease, the filing of financing statements and the recordation of this Agreement and the Lease with the Interstate Commerce Commission pursuant to Section 20(c) of the Interstate Commerce Act, all in form and substance satisfactory to MHLC, and all fees, taxes and other charges relating to such filings and recordings shall have been paid by Debtor.

(h) Representations. (i) The representations and warranties contained in this Agreement shall be true and correct in all respects on and as of the date of the making of such Loan with the same effect as if made on and as of such date; (ii) no Event of Default, or event which with notice, with lapse of time and/or with any other condition, event, or act would constitute an Event of Default, shall be in existence on the date of the making of such Loan or shall occur as a result of such Loan; (iii) no default or event which with notice, with lapse of time and/or with any other condition, event or act would constitute a default, shall be in existence with respect to the Lease being assigned to MHLC in connection with such Loan on the date of such

Loan or shall occur as a result of such Loan; and (iv) the acceptance by Debtor of each Loan shall constitute a representation by Debtor that the statements contained in clauses (i), (ii) and (iii) above are true and correct on the date of such Loan.

(i) Legal Matters. All legal matters with respect to the transactions contemplated by this Agreement shall be satisfactory to counsel for MHLIC.

(j) No Adverse Change. MHLIC shall be satisfied that there has been no material adverse change in Debtor's financial condition or business since the date of Debtor's audited financial statements dated December 31, 1980, or in the financial condition or business of the Lessee under the Lease covering the Unit of Equipment being financed by each Loan, since the date of such Lessee's audited financials approved by MHLIC.

SECTION 4. REPRESENTATIONS AND WARRANTIES.

In order to induce MHLIC to enter into this Agreement and to make each Loan, Debtor represents and warrants to MHLIC that:

4.1 Organization. Debtor is a general partnership duly organized, validly existing and in good standing under the laws of the State of Ohio, has the necessary authority and power to own the Equipment and its other assets and to transact the business in which it is engaged, and is duly qualified to do business in the jurisdictions where the Equipment shall be located and in each other jurisdiction in which the conduct of its business or the ownership of its assets requires such qualification.

4.2 Power and Authority. Debtor has full power, authority and legal right to execute and deliver this Agreement and the Notes, to perform its obligations hereunder and thereunder, to borrow hereunder and to grant the security interests created by this Agreement.

4.3 Consents and Permits. No consent of any other party (including any partners, trustees or holders of indebtedness), and no consent, license, approval or authorization of, exemption by, or registration or declaration with, any governmental body, authority, bureau or agency is required in connection with the execution, delivery or performance by Debtor of this Agreement, the Notes, or the Lease, or the validity or enforceability of this Agreement, or the Notes, or the Lease.

4.4 No Legal Bar. The execution, delivery and performance by Debtor of this Agreement, the Notes, and the Lease do not and will not violate any provision of any applicable law or regulation or of any judgment, award, order, writ or decree of any court or governmental instrumentality, will not violate any provision of the partnership agreement of Debtor and will not violate any provision of or cause a default under any mortgage, indenture, contract, agreement or other undertaking to which

Debtor is a party or which purports to be binding upon Debtor or upon any of its assets, and will not result in the creation or imposition of any Lien on any of the assets of Debtor other than the security interests intended to be created hereby.

4.5 Enforceability. This Agreement has been duly authorized, executed and delivered by Debtor and constitutes a legal, valid and binding obligation of Debtor enforceable in accordance with its terms. When executed and delivered, each Note shall have been duly authorized, executed and delivered by Debtor and shall constitute a legal, valid and binding obligation of Debtor enforceable in accordance with its terms.

4.6 No Litigation. There is no action, suit, investigation or proceeding (whether or not purportedly on behalf of Debtor) pending or threatened against or affecting Debtor or any of its assets (a) which involves any of the Equipment or any of the transactions contemplated by this Agreement; or (b) which, if adversely determined, could have an adverse effect upon the transactions contemplated by this Agreement or a material adverse effect on the business, operations or financial condition of Debtor.

4.7 Title to Equipment. On each Closing Date Debtor shall have good and marketable title to the Unit of Equipment being financed on such Closing Date, subject to no Liens except the security interests created hereby in favor of MHLC, and the right of Lessee to use such Unit of Equipment pursuant to the Lease.

4.8 MHLC's Security Interest. On each Closing Date MHLC shall have a legal, valid and continuing first priority security interest in the Unit of Equipment being financed on such Date, and in the Lease and the applicable Schedule thereto prior and superior to all other Liens, and all filings, recordings or other actions necessary or desirable in order to establish, protect and perfect such security interest in favor of MHLC as a perfected first priority security interest in such Unit of Equipment and such Lease will have been duly effected, and all taxes, fees and other charges in connection therewith shall have been duly paid.

4.9 Financial Condition of Corporate Guarantors. The consolidated financial statements of the Corporate Guarantors as at and for the most recent fiscal year of the Corporate Guarantors, copies of which have been heretofore delivered to MHLC, are complete and correct, have been prepared in accordance with generally accepted accounting principles consistently applied, and present fairly the financial position of the Corporate Guarantors as at said date and the results of its operations for the period ended on said date, and there has been no material adverse change in the financial condition, business or operations of the Corporate Guarantors since said date.

4.10 Income Taxes. Debtor has filed all federal, state and local income tax returns that are required to be filed, and has paid all taxes as shown on said returns and all assessments received by it to the extent that such taxes and assessments have become due, and Debtor does not have any knowledge of any actual or proposed deficiency or additional assessment in connection therewith. The charges, accruals and reserves on the books of Debtor in respect of Federal, state and local taxes for all open years, and for the current fiscal year, make adequate provision for all unpaid tax liabilities for such periods.

4.11 Insolvency of Lessee. As of the date of the Loan, Lessee is not insolvent within the meaning of applicable state and federal law.

4.12 Organization and Powers of Lessee. Lessee is a corporation duly organized and validly existing in good standing under the laws of the state of Delaware and Lessee has full power and authority to enter into the Lease and the Lessee's Acknowledgment and Consent to Assignment, and to consummate the transactions contemplated thereby.

4.13 Authorizations of Lessee. The Lease, the Lessee's Acknowledgement and Consent to Assignment, and the assignments and the granting of the security interests provided for therein and herein have been duly authorized by all necessary corporate action, and hereby and thereby constitute the legal, valid and binding obligations of Lessee, enforceable in accordance with their respective terms.

4.14 Lessee's Freedom to Lease. The making and performance by Lessee of the Lease, the Lessee's Acknowledgement and Consent to Assignment, and any related documents and the transactions contemplated hereby and thereby do not contravene any provisions of law applicable to Lessee, and do not conflict or are not inconsistent with, and will not result (with or without the giving of notice or both) in a breach of or constitute a default or require any consent under, or result in the creation of any lien, charge or encumbrance upon the Equipment pursuant to the terms of any credit agreement, indenture, mortgage, purchase agreement, deed of trust, security agreement, lease, guarantee or other instrument to which Lessee is a party or by which Lessee may be bound or to which its properties may be subject.

4.15 Taxes. All sales, use, property, or other taxes, and all license, toll, inspection or other fees, and all bonds, permits or certificates which were or may be required to be paid or obtained in connection with the acquisition by Debtor of the Unit of Equipment being financed by each Loan or its subsequent lease to Lessee, will have been paid in full or obtained or when due will be paid in full or obtained.

4.16 Execution of the Lease. The Lease has been duly executed by Debtor and Lessee and has been duly assigned and

delivered by Debtor to MHLC, and constitutes the valid and binding obligations of Debtor as lessor (except as altered by this Agreement), and of Lessee in accordance with its terms, and that all amounts, statements, covenants and conditions of fact stated therein are true and correct.

4.17 Non-Default of Lease. Debtor and Lessee have performed and observed each term, provision, covenant, and condition contained in the Lease to be required to be performed or observed to the date of the Loan being made in connection therewith, and thereafter Debtor and Lessee will continue to perform and observe, or cause to be performed and observed, each term, provision, covenant, and condition contained in the Lease. On such date, Lessee is not in default of any provision of the Lease, and Debtor is not aware of any defense, claim or set-off which Lessee has, or may have, in connection with the Lease, or, any such defense, claim or set-off on the part of any entity in connection with any of the obligations set forth in the Lease, or of any event which would constitute a default with respect to any of the foregoing.

4.18 Entirety of the Lease. Neither Debtor nor Lessee has entered into any understanding or agreement, (oral or in writing), other than this Agreement, which relates to the Lease, the transactions contemplated thereby, or any other transactions contemplated or permitted by this Agreement, with any person or entity, which understanding, agreement or other writing would, in the determination of MHLC, affect the Collateral in any manner whatsoever or any of the rights or interests of MHLC with respect thereto.

4.19 Assignment of Rights, but not of Obligations. THE ASSIGNMENT TO MHLC OF THE LEASE IS NOT AN ASSIGNMENT OF ANY OF THE DEBTOR'S OBLIGATIONS OR LIABILITIES UNDER THE LEASE AND MHLC SHALL HAVE NO OBLIGATION AS LESSOR UNDER THE LEASE.

4.20 Sole Original Lease. The Lease delivered to MHLC represents the sole original Lease between Debtor and the Lessee as to the Equipment and such sole original Lease shall have been delivered to MHLC at the time the first Loan, and any other copy of such Lease has been marked with the word "DUPLICATE" across the face thereof.

4.21 Validity of Facts. All signatures, names, addresses, amounts, statements of fact, and descriptions of Lessee contained in the Lease are true and correct in all respects.

4.22 Acceptance of Unit of Equipment. The Unit of Equipment covered by each Schedule to the Lease has been delivered to the Lessee thereunder in satisfactory condition, and has been accepted by such Lessee, and Debtor will comply with all of its warranties and other obligations with respect to the Equipment.

4.23 Lease as Reservation of Title. Each Lease constitutes and will continue to constitute a valid reservation of unencumbered title to the Equipment, effective against all persons.

4.24 Filings. All necessary filing, recording, or other action or procedure permitted or required by statute or regulation to perfect Debtor's reservation of title upon the Equipment shall have been taken at the time of the marking of the Loan identified therewith, including the recording of this Agreement and the Lease with the Interstate Commerce Commission. All necessary filing, recording, or other action or procedure permitted or required by statute or regulation to perfect MHLIC's lien upon and security interest in the Equipment and the Lease shall have been taken at the time of the making of the Loan identified therewith, including the recording of this Agreement and the Lease with the Interstate Commerce Commission.

4.25 Lessee's Unconditional Obligation. The obligation of Lessee pursuant to the Lease, to pay rent payments and all other sums due pursuant to such Lease is absolute and unconditional and is not subject to any abatement, reduction, set-off, counterclaim, or recoupment against Debtor for any reason whatsoever.

4.26 Execution of the Maintenance and Administrative Agreement. The Maintenance and Administrative Agreement has been duly executed by Debtor and Union Tank Car Company and has been duly assigned and delivered by Debtor to MHLIC, and constitutes the valid and binding obligations of Debtor and of Union Tank Car Company in accordance with its terms, and that all amounts, statements, covenants and conditions of fact stated therein are true and correct.

4.27 Non-Default of Maintenance and Administrative Agreement. Debtor and Union Tank Car Company have performed and observed each term, provision, covenant, and condition contained in the Maintenance and Administrative Agreement to be required to be performed or observed to the date of the Loan being made in connection therewith, and thereafter Debtor and Union Tank Car Company will continue to perform and observe, or cause to be performed and observed, each term, provision, covenant and condition contained in the Maintenance and Administrative Agreement. On such date, Union Tank Car Company is not in default of any provision of the Maintenance and Administrative Agreement, and Debtor is not aware of any defense, claim or set-off which Union Tank Car Company has, or may have, in connection with the Maintenance and Administrative Agreement, or, any such defense, claim or set-off on the part of any entity in connection with any of the obligations set forth in the Maintenance and Administrative Agreement, or of any event which would constitute a default with respect to any of the foregoing.

4.28 Entirety of the Maintenance and Administrative Agreement. Neither Debtor nor Union Tank Car Company has entered into any understanding or agreement, (oral or in writing), other than this Agreement, which relates to the Maintenance and Administrative Agreement, the transactions contemplated thereby, or any other transactions contemplated or permitted by this Agreement, with any person or entity, which understanding, agreement or other writing would, in the determination of MHLC, affect the Collateral in any manner whatsoever or any of the rights or interests of MHLC with respect thereto.

4.29 ASSIGNMENT OF RIGHTS, BUT NOT OF OBLIGATIONS. THE ASSIGNMENT TO MHLC OF THE RIGHTS UNDER THE MAINTENANCE AND ADMINISTRATIVE AGREEMENT IS NOT AN ASSIGNMENT OF ANY OF THE DEBTOR'S OBLIGATIONS OR LIABILITIES UNDER THE MAINTENANCE AND ADMINISTRATIVE AGREEMENT AND MHLC SHALL HAVE NO OBLIGATION UNDER THE MAINTENANCE AND ADMINISTRATIVE AGREEMENT.

4.30 Sole Original Maintenance and Administrative Agreement. The Maintenance and Administrative Agreement delivered to MHLC represents the sole original Maintenance and Administrative Agreement between Debtor and Union Tank Car Company as to the Equipment and such sole original Maintenance and Administrative Agreement shall have been delivered to MHLC at the time the first Loan, and any other copy of such Maintenance and Administrative Agreement has been marked with the word "DUPLICATE" across the face thereof.

4.31 Validity of Facts. All signatures, names, addresses, amounts, statements of fact, and descriptions of Union Tank Car Company contained in the Maintenance and Administrative Agreement are true and correct in all respects.

4.32 Not Common Carriers. Neither Debtor nor Lessee is a common carrier within the meaning of any applicable federal or state law, statute, or regulation.

SECTION 5. COVENANTS.

Debtor covenants and agrees that from and after the date hereof and so long as the Commitment or any of the Notes is outstanding:

5.1 Notices. Debtor will promptly give written notice to MHLC of (i) the occurrence of any Event of Default or any event which with notice, with lapse of time and/or with any further condition, event or act would constitute an Event of Default; (ii) the occurrence of any Event of Loss; (iii) the commencement or threat of any material litigation or proceedings affecting Debtor, Lessee or the Equipment; and (iv) any dispute between Debtor or Lessee and any governmental regulatory body or other party that involves any of the Equipment or that might materially interfere with the normal business operations of Debtor or of Lessee.

5.2 Laws; Obligations; Operations. Debtor will (i) duly observe and conform to all requirements of any governmental authorities relating to the conduct of its business or to its properties or assets; (ii) maintain its existence as a legal entity and obtain and keep in full force and effect all rights, franchises, licenses and permits which are necessary to the proper conduct of its business; (iii) obtain or cause to be obtained as promptly as possible any governmental, administrative or agency approval and make any filing or registration therewith which at the time shall be required with respect to the performance of its obligations under this Agreement or the operation of its business; and (iv) pay and perform all of its obligations and liabilities when due, including, without limitation, all fees, taxes, assessments and governmental charges or levies imposed upon it or upon its income or profits or upon any of the Equipment or any other property belonging to it.

5.3 Inspection. MHLC or its authorized representative may at any reasonable time or times inspect the Equipment and the books and records of Debtor relating to the Equipment and any Lease.

5.4 Books. Debtor will keep proper books of record and account in which full, true and correct entries in accordance with generally accepted accounting principles will be made of all dealings or transactions in relation to its business and activities.

5.5 Financial Information. Debtor will furnish to MHLC (a) as soon as available, but in any event not later than 120 days after the end of each fiscal year of Debtor, a balance sheet of Debtor as at the end of such fiscal year, a statement of sources and uses of funds for such fiscal year, and statements of income and changes in financial position of Debtor for such fiscal year, all in reasonable detail, prepared in accordance with generally accepted accounting principles applied on a basis consistently maintained throughout the period involved ~~and certified by certified public accountants acceptable to MHLC;~~ (b) as soon as available, but in any event not later than 60 days after the end of each of the first three quarterly periods of each fiscal year of Debtor, a balance sheet of Debtor as at the end of such quarterly period, a statement of sources and uses of funds for such quarterly period, and a statement of income of Debtor for such quarterly period and for the portion of the fiscal year then ended, all in reasonable detail, prepared in accordance with generally accepted accounting principles applied on a basis consistently maintained throughout the period involved and certified by the chief financial officer of Debtor; (c) as soon as available, but in any event not later than 120 days after the end of each fiscal year of each Corporate Guarantor, consolidated and consolidating balance sheets of the Corporate Guarantors (including Lessee) as at the end of such fiscal year, consolidated and consolidating statements of sources and uses of funds for such fiscal year, and consolidated and consolidating state-

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ments of income and changes in financial position of Corporate Guarantors (including Lessee) for such fiscal year, all in reasonable detail, prepared in accordance with generally accepted accounting principles applied on a basis consistently maintained throughout the period involved and certified by certified public accountants acceptable to MHLC; (d) as soon as available, but in any event not later than 60 days after the end of each of the first three quarterly periods of each fiscal year of the Corporate Guarantors (including Lessee), consolidated and consolidating balance sheets of the Corporate Guarantors (including Lessee) as at the end of such quarterly period, consolidated and consolidating statements of sources and uses of funds for such quarterly period, and consolidated and consolidating statements of income of the Corporate Guarantors (including Lessee) for such quarterly period and for the portion of the fiscal year then ended, all in reasonable detail, prepared in accordance with generally accepted accounting principles applied on a basis consistently maintained throughout the period involved and certified by the chief financial officers of the Corporate Guarantors; (e) as soon as possible, but in any event not later than 90 days after the end of each calendar year, the signed personal financial statements of each Personal Guarantor in a form acceptable to MHLC containing such information as MHLC shall require from time to time; and (f) promptly, such additional financial and other information as MHLC may from time to time reasonably request.

5.6 Further Assurances. Debtor will promptly, at any time and from time to time, at its sole expense, execute and deliver to MHLC such further instruments and documents, and take such further action, as MHLC may from time to time reasonably request in order to further carry out the intent and purpose of this Agreement and to establish and protect the rights, interests and remedies created, or intended to be created, in favor of MHLC hereby, including, without limitation, the execution, delivery, recordation and filing of financing statements and continuation statements. Debtor hereby authorizes MHLC, in such jurisdictions where such action is authorized by law, to effect any such recordation or filing without the signature of Debtor thereto. Debtor will pay, or reimburse MHLC for, any and all fees, costs and expenses of whatever kind or nature incurred in connection with the creation, preservation and protection of MHLC's security interest in the Equipment, including, without limitation, all fees and taxes in connection with the recording or filing of instruments and documents in public offices, payments or discharge of any taxes or Liens upon or in respect of the Equipment, premiums for insurance with respect to the Equipment and all other fees, costs and expenses in connection with protecting, maintaining or preserving the Equipment and MHLC's interests therein, whether through judicial proceedings or otherwise, or in connection with defending or prosecuting any actions, suits or proceedings arising out of or related to the Equipment; and all such amounts that are paid by MHLC shall, until reimbursed by Debtor, constitute Obligations of Debtor secured by the Equipment.

5.7 No Disposition of Collateral. Debtor will not sell, convey, transfer, exchange, lease or otherwise relinquish possession or dispose of any of the Collateral or attempt or offer to do any of the foregoing; provided, however, that the lease of each Unit of Equipment pursuant to the Lease shall not constitute a breach of this Section 5.7.

5.8 No Liens. Debtor will not create, assume or suffer to exist any Lien of any kind upon the Collateral except for the security interests created hereby, and except for the right of Lessee to use the Equipment pursuant to the Lease.

5.9 Debtor's Title; MHLC's Security Interest; Personal Property. Debtor will warrant and defend its good and marketable title to the Equipment, and MHLC's perfected first priority security interest in the Collateral, against all claims and demands whatsoever. Debtor agrees that the Equipment shall be and at all times remain separately identifiable personal property. Debtor shall, at its expense, take such action (including the obtaining and recording of waivers) as may be necessary to prevent any third party from acquiring any right to or interest in the Equipment by virtue of the Equipment being deemed to be real property or a part of real property or a part of other personal property, and if at any time any person shall claim any such right or interest, Debtor shall, at its expense, cause such claim to be waived in writing or otherwise eliminated to MHLC's satisfaction within 30 days after such claim shall have first become known to Debtor.

5.10 No Changes in Debtor. Debtor will not (a) amend its partnership agreement without the prior written consent of MHLC; or (b) liquidate or dissolve; or (c) change its name or the form of organization of its business; or (d) without thirty (30) days prior written notice to MHLC change its chief place of business.

5.11 Use of Equipment; Maintenance; Identification.

(a) Debtor will not permit Lessee to move any of the Equipment outside the United States of America or to base the Equipment at any other location than the location specified on the Supplement relating thereto, without the prior written consent of MHLC.

(b) Debtor will cause Lessee to use the Equipment in a careful and proper manner, will comply with and conform to all governmental laws, rules and regulations relating thereto, and will cause the Equipment to be operated in accordance with the manufacturer's or supplier's instructions or manuals and only by competent and duly qualified personnel.

(c) Debtor will, at its own expense, or will cause Lessee to agree that Lessee shall, at Lessee's expense, keep and maintain the Equipment in good repair, condition and working

order and furnish all parts, replacements, mechanisms, devices and servicing required therefor so that the value, condition and operating efficiency thereof will at all times be maintained and preserved, fair wear and tear excepted. All such repairs, parts, mechanisms, devices and replacements shall immediately, without further act, become part of the Equipment and subject to the security interest created by this Agreement. Debtor will not make or authorize any improvement, change, addition or alteration to the Equipment if such improvement, change, addition or alteration will impair the originally intended function or use of the Equipment or impair the value of the Equipment as it existed immediately prior to such improvement, change, addition or alteration. Any part added to the Equipment in connection with any improvement, change, addition or alteration shall immediately, without further act become part of the Equipment and subject to the security interest created by this Agreement.

(d) If requested by MHLC in writing, Debtor shall, at its expense, attach to each item of Equipment a notice satisfactory to MHLC disclosing MHLC's security interest in such item of Equipment.

5.12 Insurance.

Debtor shall obtain and maintain at all times on the Collateral, at its expense, or shall cause Lessee to so obtain and maintain, at its expense, property damage, direct damage and liability insurance in such amounts, against such risks, in such form and with such insurers as shall be satisfactory to MHLC; provided, however, that the amount of direct damage insurance shall not be less than the greater of the full replacement value of the Collateral or 110% of the then aggregate outstanding principal amount of the Notes. All insurance policies shall be made payable to MHLC as its interest may appear and the policy for liability insurance, if liability insurance is required by MHLC, such insurance will be in form and substance acceptable to MHLC. Debtor shall assign and deliver the policies of insurance or certificates thereof to MHLC upon MHLC's request but MHLC shall bear no duty or liability to ascertain as to the existence or adequacy of such insurance. Each insurance policy shall, among other things, require that the insurer give MHLC at least 30 days' prior written notice of any alteration in the terms of such policy or of the cancellation thereof and that the interests of MHLC be continued insured regardless of any breach of or violation by Debtor or of any Lessee of any warranties, declarations or conditions contained in such insurance policy.

5.13 No Lease Modifications. Without the consent of MHLC, Debtor will not execute any instrument in connection with the Lease or the Equipment in derogation, amendment, or modification of any obligations contained in the Lease or contained herein.

5.14 Debtor's Cooperation. Debtor will cause Lessee to maintain the Unit of Equipment in the manner required by the Lease and will cause Lessee to observe its obligations under the Lease. Debtor will cause Lessee to maintain the insurance required by the Lease, and will otherwise cause Lessee to observe all the terms, conditions, warranties, and covenants of the Lease.

SECTION 6. ASSIGNMENT AND SECURITY INTEREST.

6.1 Assignment and Grant of Security Interest. As collateral security for the payment of all the Obligations, Debtor (a) hereby sells, assigns, and transfers to MHLC, its successors and assigns, and grants to MHLC, a continuing first priority security interest in and to all its present and future right, title, and interest in and to the Lease and all rentals, all other sums due, all chattel paper, and all Proceeds, cash or non-cash (including proceeds of insurance), arising from or under the Lease and all Schedules thereto, and all rights, powers, and remedies (BUT NONE OF THE DUTIES OR OBLIGATIONS, IF ANY) of Debtor, as Lessor, to give and receive any notice, consent, waiver, demand or approval under or in respect of the Lease and all Schedules thereto, to exercise any election or option thereunder or in respect thereof, to accept a surrender of any of the Equipment and to do all other things which Debtor is entitled to do as Lessor under the Lease and all Schedules thereto; (b) hereby grants and conveys to MHLC a continuing first priority security interest in and to all of its present and future right, title, and interest in and to the Equipment and all increases, parts, fittings, accessories, equipment, special tools, renewals, substitutions, additions, and replacement of all or any part thereof, to include condemnation awards and Proceeds; and (c) hereby sells, assigns, and transfers to MHLC, its successors and assigns, and grants to MHLC, a continuing first priority security interest in and to all its present and future right, title, and interest in and to the Maintenance and Administrative Agreement and any rentals, all other sums due, all chattel paper, and all Proceeds, cash or non-cash (including proceeds of insurance), arising from or under the Maintenance and Administrative Agreement and all rights, powers, and remedies (BUT NONE OF THE DUTIES OR OBLIGATIONS, IF ANY) of Debtor to give and receive any notice, consent, waiver, demand or approval under or in respect of the Maintenance and Administrative Agreement to exercise any election or option thereunder or in respect thereof, to accept a surrender of any of the Equipment and to do all other things which Debtor is entitled to do under the Maintenance and Administrative Agreement; (d) hereby grants and conveys to MHLC a continuing security interest in and to all of its present and future right, title, and interest in and to all tangible and intangible property which is collateral security to that certain Loan and Security Agreement dated April 11, 1979, between MHLC as secured party and Debtor as debtor, and all increases, parts, fittings, accessories, equipment, special tools, renewals, substitutions, additions, and replacement of all or any part thereof, to include

condemnation and Proceeds (all of such items referred to in clauses (a), (b), (c), and (d) of this Section 6.1 are referred to collectively herein as the "Collateral").

6.2 MHLC Appointed as Attorney-in-Fact.

(a) Debtor hereby irrevocably constitutes and appoints MHLC and any other officer or agent thereof, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of Debtor and in the name of Debtor or in its own name, from time to time in MHLC's discretion, for the purpose of carrying out the terms of this Agreement, to take any and all appropriate action and to execute any and all documents and instruments which may be necessary or desirable to accomplish the purposes of this Agreement, including the right with full power of substitution and revocation, to demand, enforce, collect, receive, receipt, and give release for any monies due or to become due under or arising out of or with respect to, any of the Collateral and to endorse all checks and other instruments, and to do and take all such other actions relating to any of the Collateral, to file any claims or institute any proceedings with respect to any of the foregoing which MHLC deems necessary or advisable, including the right to substitute a new Lessee, and to compromise any such demand, claim or action. Debtor consents and agrees that any of the liabilities of the Lessee under the Lease may be extended or modified by MHLC in whole or in part, without notice to Debtor and without affecting the liability of Debtor hereunder. Debtor represents, warrants, and covenants to MHLC that it will not grant any consent under the Lease or agree to any release of any obligations of the Lessee or any modification or termination thereof, or without MHLC's prior written consent, accept the payment of any rents or other sums due under the Lease or repossess or consent to the return of the Equipment. Debtor hereby ratifies all that said attorney shall lawfully do or cause to be done by virtue hereof. This power of attorney is a power coupled with an interest and shall be irrevocable.

(b) The powers conferred on MHLC hereunder are solely to protect its interest in the Collateral and shall not impose any duty upon it to exercise any such powers. MHLC shall be accountable only for amounts that it actually receives as a result of the exercise of such powers and neither it nor any of its officers, directors, employees or agents shall be responsible to Debtor for any act or failure to act.

SECTION 7. EVENTS OF DEFAULT.

The following events shall each constitute an event of default (herein called "Event of Default") under this Agreement:

(a) Debtor shall fail to pay any Obligation within 10 days after the same becomes due (whether at the stated maturity, by acceleration or otherwise), or Lessee shall fail to pay any amount due pursuant to the Lease; or

(b) Any representation or warranty made by Debtor in this Agreement or in connection with any Loan, or by Lessee in the Lease, in any document, certificate or financial or other statement now or hereafter furnished by Debtor or by Lessee in connection with this Agreement or the Lease shall at any time prove to be untrue or misleading in any material respect as of the time when made; or

(c) Debtor shall fail to observe any covenant, condition or agreement contained in Sections 2.4, 5.7, 5.10, 5.11(a) or 5.12 hereof, or Lessee shall default on the insurance provisions of the Lease or shall attempt to dispose of any Equipment or shall permit a lien to arise on any Equipment; or

(d) Debtor shall fail to observe or perform any other covenant, condition or agreement contained in this Agreement, or Lessee shall fail to observe or perform any other covenant, condition, or agreement contained in the Lease, and any such failure shall continue unremedied for a period of 30 days after the earlier of (i) the date on which Debtor obtains, or should have obtained, knowledge of such failure; or (ii) the date on which notice thereof shall be given by MHLC to Debtor; or

(e) Debtor, Lessee, any Personal Guarantor, or any Corporate Guarantor shall (i) default in the payment of any obligation for borrowed money, under any capitalized lease or for the deferred purchase price of property including interest thereon, beyond the period of grace, if any, provided with respect thereto, or (ii) default in the performance or observance of any other term, condition or agreement contained in any such obligation or in any agreement relating thereto, if the effect of such default is to cause, or permit the holder or holders of such obligation (or a trustee on behalf of such holder or holders) to cause such obligation to become due prior to its stated maturity or to realize upon any collateral given as security therefor; or

(f) The institution by Debtor, by Lessee, by any Personal Guarantor, or by any Corporate Guarantor of proceedings to be adjudicated a bankrupt or insolvent, or the consent by any of them to the institution of bankruptcy or insolvency proceedings against any of them, or the commencement by Debtor, by Lessee, by any Personal Guarantor, or by any Corporate Guarantor of a voluntary proceeding or case under the federal bankruptcy laws, as now or hereafter constituted, or any other applicable federal or state bankruptcy, insolvency or other similar law, or the consent by Debtor, by Lessee, by any Personal Guarantor, or by any Corporate Guarantor to the filing of any such petition or to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian or sequestrator (or other similar official) of Debtor, of Lessee, by any Personal Guarantor, or by any Corporate Guarantor or of any substantial part of any of their property, or the making by any of them of any assignment for the benefit of creditors or the admission by any of them of its inability to pay its debts generally as they

become due or its willingness to be adjudicated a bankrupt or the failure of Debtor, of Lessee, by any Personal Guarantor, or by any Corporate Guarantor generally to pay any of their respective debts as they become due or the taking of partnership action by Debtor or corporate action by Lessee, or by any Corporate Guarantor or personal action by any Personal Guarantor in furtherance of any of the foregoing; or

(g) The entry of a decree or order for relief by a court having jurisdiction in respect of Debtor, Lessee, any Personal Guarantor, or by any Corporate Guarantor adjudging any of them a bankrupt or insolvent, or approving as properly filed a petition seeking a reorganization, arrangement, adjustment or composition of or in respect of Debtor, Lessee, any Personal Guarantor, or any Corporate Guarantor in an involuntary proceeding or case under the federal bankruptcy laws, as now or hereafter constituted, or any other applicable federal or state bankruptcy, insolvency or other similar law, or appointing a receiver, liquidator, or assignee, custodian, trustee or sequestrator (or similar official) of Debtor, Lessee, any Personal Guarantor, or any Corporate Guarantor or of any substantial part of any of their property, or ordering the winding-up or liquidation of any of their affairs, and the continuance of any such decree or order unstayed and in effect for a period of 30 days; or

(h) The occurrence of any default or event of default under or in connection with that certain Loan and Security Agreement dated April 11, 1979, between Debtor and MHLC, or under any lease or guaranty executed in connection with such Loan and Security Agreement, or under any other agreement between MHLC and any of Debtor, Lessee, any Personal Guarantor, or any Corporate Guarantor.

SECTION 8. REMEDIES.

8.1 If an Event of Default shall occur and be continuing, then, and in any such event, MHLC may, by notice of default given to Debtor, (x) terminate forthwith the Commitment and/or (y) declare the Notes to be forthwith due and payable, whereupon the principal amount of the Notes, together with accrued interest thereon, shall become immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived, anything contained herein or in the Notes to the contrary notwithstanding. During the continuance of any Event of Default hereunder, MHLC shall have the right to pursue and enforce any of its rights and remedies under Section 8, Subsection 8.2 through 8.4, inclusive, hereof.

8.2 If an Event of Default shall occur and be continuing, MHLC may exercise in addition to all other rights and remedies granted to it in this Agreement and in any other instrument or agreement securing, evidencing or relating to the Obligations, all rights and remedies of secured parties under the Code

or under any other applicable law. Without limiting the generality of the foregoing, Debtor agrees that in any such event, MHLC, without demand of performance or other demand, advertisement or notice of any kind (except the notice specified below of time and place of public or private sale) to or upon Debtor or any other person (all and each of which demands, advertisements and/or notices are hereby expressly waived), may forthwith collect, receive, appropriate and realize upon the Collateral, or any part thereof, and/or may forthwith sell, lease, assign, give option or options to purchase or otherwise dispose of and deliver the Collateral (or contract to do so), or any part thereof, in one or more parcels at public or private sale or sales, at any exchange or broker's board or at any of MHLC's offices or elsewhere at such prices as it may deem best, for cash or on credit or for future delivery without assumption of any credit risk. MHLC shall have the right upon any such public sale or sales, and, to the extent permitted by law, upon any such private sale or sales, to purchase the whole or any part of the Collateral so sold, free of any right or equity of redemption in Debtor, which right or equity is hereby expressly released. Debtor further agrees, at MHLC's request, to assemble the Collateral, make it available to MHLC at places which MHLC shall reasonably select, whether at Debtor's premises or elsewhere. MHLC shall apply the net proceeds of any such collection, recovery, receipt, appropriation, realization or sale (after deducting all reasonable costs and expenses of every kind incurred therein or incidental to the care, safekeeping or otherwise of any or all of the Collateral or in any way relating to the rights of MHLC hereunder, including attorneys' fees and legal expenses) to the payment in whole or in part of the Obligations, in such order as MHLC may elect and only after so applying such net proceeds and after the payment by MHLC of any other amount required by any provision of law (including Section 9-504(1)(c) of the Code), need MHLC account for the surplus, if any, to Debtor. To the extent permitted by applicable law, Debtor waives all claims, damages, and demands against MHLC arising out of the repossession, retention or sale of the Collateral. Debtor agrees that MHLC need not give more than 10 days' notice (which notification shall be deemed given when mailed, postage prepaid, addressed to Debtor at its address set forth in Section 9.2 hereof) of the time and place of any public sale or of the time after which a private sale may take place and that such notice is reasonable notification of such matters. Debtor shall be liable for any deficiency if the proceeds of any sale or disposition of the Collateral are insufficient to pay all amounts to which MHLC is entitled. MHLC shall have all rights of Debtor as lessor under each Lease.

8.3 Debtor agrees to pay all costs of MHLC, including attorneys' fees, incurred with respect to the collection of any of the Obligations and the enforcement of any of its respective rights hereunder.

8.4 Debtor hereby waives presentment, demand, protest or any notice, except as hereinabove provided in Section 8 (to

the extent permitted by applicable law) of any kind in connection with this Agreement or any Collateral.

SECTION 9. MISCELLANEOUS.

9.1 No Waiver; Cumulative Remedies. No failure or delay on the part of MHLC in exercising any right, power or privilege hereunder or under any Note shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege hereunder or thereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege. No right or remedy in this Agreement is intended to be exclusive but each shall be cumulative and in addition to any other remedy referred to herein or otherwise available to MHLC at law or in equity; and the exercise by MHLC of any one or more of such remedies shall not preclude the simultaneous or later exercise by MHLC of any or all such other remedies. No express or implied waiver by MHLC of an Event of Default shall in any way be, or be construed to be, a waiver of any future or subsequent Event of Default. After the occurrence of any Event of Default, the subsequent acceptance by MHLC of any installment of principal and interest or of any other sum owing hereunder shall not constitute a waiver of any Event of Default, regardless of MHLC's knowledge or lack of knowledge of any such Event of Default at the time of acceptance of any such payment. To the extent permitted by law, Debtor waives any rights now or hereafter conferred by statute or otherwise which limit or modify any of MHLC's rights or remedies under this Agreement.

9.2 Notices. All notices, requests and demands to or upon any party hereto shall be deemed to have been duly given or made when deposited in the United States mail, first class postage prepaid, addressed to such party as follows, or to such other address as may be hereafter designated in writing by such party to the other party hereto:

DEBTOR: Race Leasing Company
 3662 Westchase
 Houston, Texas 77042

MHLC: Manufacturers Hanover Leasing Corporation
 270 Park Avenue
 New York, New York 10017

9.3 Payment of Expenses and Taxes; Performance by MHLC of Debtor's Obligations.

(a) Debtor agrees, whether or not the transactions contemplated by this Agreement shall be consummated, to pay (i) all costs and expenses of MHLC in connection with the negotiation, preparation, execution and delivery of this Agreement, and the Lease and the other documents relating hereto, including, without limitation, the reasonable fees and disbursements of counsel to MHLC; (ii) all fees and taxes in connection with the recording of this Agreement or any other document or instrument required hereby; and (iii) all costs and expenses of MHLC in

connection with the enforcement of this Agreement, the Lease, and the Notes, including all legal fees and disbursements arising in connection therewith. Debtor also agrees to pay, and to indemnify and save MHLC harmless from any delay in paying, all taxes, including without limitation, sales, use, stamp and personal property taxes (other than any corporate income, capital, franchise or similar taxes payable by MHLC with respect to the payments made to MHLC hereunder or thereunder) and all license, filing, and registration fees and assessments and other charges, if any, which may be payable or determined to be payable in connection with the execution, delivery and performance of this Agreement, the Lease, or the Notes or any modification thereof.

(b) If Debtor fails to perform or comply with any of its agreements contained herein and MHLC shall itself perform or comply, or otherwise cause performance or compliance, with such agreement, the expenses of MHLC incurred in connection with such performance or compliance, together with interest thereon at the rate provided for in the Notes shall be payable by Debtor to MHLC on demand and until such payment shall constitute Obligations secured hereby.

9.4 Survival of Representations and Warranties. All representations and warranties made in this Agreement and any certificates delivered pursuant hereto or thereto shall survive the execution and delivery of this Agreement and the making of the Loans hereunder, and the agreements contained in Section 9.3 hereof shall survive payment of the Notes.

9.5 Amendments. Neither this Agreement, nor any terms hereof, may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against which enforcement of a change, waiver, discharge or termination is sought.

9.6 Counterparts. This Agreement may be executed by the parties hereto on any number of separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

9.7 Headings. The headings of the Sections and paragraphs are for convenience only, are not part of this Agreement and shall not be deemed to effect the meaning or construction of any of the provisions hereof.

9.8 Successors or Assigns. This Agreement shall be binding upon and inure to the benefit of Debtor and MHLC and their respective successors and assigns, except that Debtor may not assign or transfer its rights hereunder or any interest herein without the prior written consent of MHLC.

9.9 Construction. This Agreement and the Notes shall be governed by, and construed and interpreted in accordance with, the laws of the State of New York.

9.10 Jurisdiction. Debtor hereby irrevocably consents and agrees that any legal action, suit, or proceeding arising out of or in any way in connection with this Agreement may be instituted or brought in the courts of the State of New York, in the County of New York, or the United States Courts for the Southern District of New York, as MHLC may elect, and by execution and delivery of this Agreement, Debtor hereby irrevocably accepts and submits to, for itself and in respect of its property, generally and unconditionally, the non-exclusive jurisdiction of any such court, and to all proceedings in such courts. Debtor irrevocably consents to service of any summons and/or legal process by registered or certified United States air mail, postage prepaid, to Debtor at the address set forth in Section 9.2 hereof, such method of service to constitute, in every respect, sufficient and effective service of process in any such legal action or proceeding. Nothing in this Agreement shall affect the right to service of process in any other manner permitted by law or limit the right of MHLC to bring actions, suits or proceedings in the courts of any other jurisdiction. Debtor further agrees that final judgment against it in any such legal action, suit or proceeding shall be conclusive and may be enforced in any other jurisdiction, within or outside the United States of America, by suit on the judgment, a certified or exemplified copy of which shall be conclusive evidence of the fact and the amount of the liability.

9.11 Commitment Fee. MHLC acknowledges receipt of a commitment fee in the amount of \$1,800.00. After making the last Loan hereunder, MHLC will refund said commitment fee or a portion thereof in accordance with the following formula, to a limit of \$1,800.00:

$$\begin{array}{rcl} \text{Amount} & & \text{Aggregate Principal Amount} \\ \text{of Refund} = \$1,800.00 & \times & \text{of all Loans Made Hereunder} \\ & & \underline{\$180,000.00} \end{array}$$

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed and delivered by their proper and duly authorized officers as of the day and year first above written.

MANUFACTURERS HANOVER
LEASING CORPORATION

By: [Signature]
Title: Vice President

RACE LEASING COMPANY, an Ohio
partnership

By: Warren E. Askey
Warren E. Askey, general partner
By: William C. Calvert
William C. Calvert, general partner
By: Christian A. Hansen
Christian A. Hansen, general partner
By: Ronald R. Hurt
Ronald R. Hurt, general partner

SCHEDULE A

Schedule A to that certain Loan and Security Agreement ("Agreement"), dated as of January 28, 1982, between MANUFACTURERS HANOVER LEASING CORPORATION ("MHLC") and RACE LEASING COMPANY ("Debtor").

MONTHLY INSTALLMENT
PAYMENT DATE NUMBER

PREPAYMENT
VALUE PERCENTAGE

43	105
44	104.9
45	104.8
46	104.6
47	104.5
48	104.4
49	104.3
50	104.2
51	104.0
52	103.9
53	103.8
54	103.7
55	103.6
56	103.5
57	103.3
58	103.2
59	103.1
60	103.0
61	102.9
62	102.7
63	102.6
64	102.5
65	102.4
66	102.3
67	102.1
68	102.0
69	101.9
70	101.8
71	101.7
72	101.5
73	101.4
74	101.3
75	101.2
76	101.1
77	101.0
78	100.8
79	100.7
80	100.6
81	100.4
82	100.3
83	100.2
84	100.1

RACE LEASING COMPANY, an Ohio
partnership

By: W. Waskey

Title: Partner

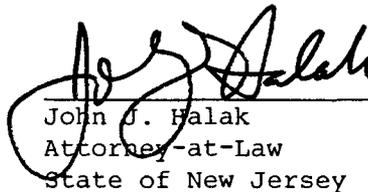
MANUFACTURERS HANOVER LEASING
CORPORATION

By: [Signature]

Title: Vice President

State of New Jersey
County of Middlesex

On the 11th day of February, 1982, before me personally appeared W. E. Askey to me known to be the person described in and who executed the foregoing instrument and he acknowledged that he executed the same as his free act and deed.



John J. Halak
Attorney-at-Law
State of New Jersey

State of New Jersey
County of Middlesex

On the 11th day of February, 1982, before me personally appeared
C. A. Hansen, Jr. to me known to be the person described
in and who executed the foregoing instrument and he acknowledged
that he executed the same as his free act and deed.



John J. Halak
Attorney-at-Law
State of New Jersey

State of New Jersey
County of Middlesex

On the 11th day of February, 1982, before me personally appeared W. C. Calvert, Jr. to me known to be the person described in and who executed the foregoing instrument and he acknowledged that he executed the same as his free act and deed.



John J. Halak
Attorney-at-Law
State of New Jersey