

OBER, KALER, GRIMES & SHRIVER

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DEBORAH M. MULLIGAN

RECORDED NO 16428-B FILED 148

OCT 12 1989 -3 45 PM

INTERSTATE COMMERCE COMMISSION

OFFICES IN MARYLAND NEW YORK NEW JERSEY

October 12, 1989

HAND-DELIVERED

9-285A030

Oct 12 3 40 PM '89 MOTOR OPERATING UNIT

Ms. Noreta R. McGee  
Secretary  
Interstate Commerce Commission  
12th & Constitution Avenue, N.W.  
Washington, D.C. 20423

Dear Ms. McGee:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. §11303(a) are two (2) originally executed copies of the Sale Agreement and Assignment dated as of October 6, 1989 (the "Sale Agreement"), relating to a Lease Agreement dated July 14, 1989 (the "Lease Agreement"), duly recorded and filed with the Interstate Commerce Commission pursuant to 49 U.S.C. Section 11303 on July 14, 1989, under Recordation No. 16428, which Lease Agreement is a primary document as defined in the Commission's Rules for the Recordation of Documents.

The names and addresses of the parties to the enclosed documents are:

Assignee: Meridian Trust Company, not in its individual capacity but solely as owner trustee (the "Owner Trustee") under the Trust Agreement dated October 6, 1989 between the Owner Trustee and MNC Leasing, a division of MNC Credit Corp.  
35 North 6th Street  
Reading, Pennsylvania

Assignor: Chase Manhattan Service Corporation  
South 61 Paramas Road  
Paramus, New Jersey 07652

*Deborah M. Mulligan*  
*[Signature]*

OBER, KALER, GRIMES & SHRIVER

Ms. Noretta R. McGee  
October 12, 1989  
Page Two

A description of the railroad equipment covered by the Assignment Agreement is set forth in Schedule 1 attached hereto and made a part hereof.

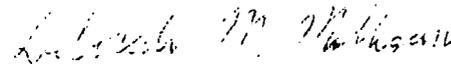
Also enclosed is our check in the amount of \$13.00 payable to the order of the Interstate Commerce Commission covering the required recordation fees.

Kindly return a filed-stamped copy of the enclosed document to Patrick K. Cameron, Esquire, Ober, Kaler, Grimes & Shriver, 1600 Maryland National Bank Building, 10 Light Street, Baltimore, Maryland 21202.

A short summary of the enclosed primary document to appear in the Commission's Index is:

Sale Agreement and Assignment dated as of October 6, 1989, by and between Chase Manhattan Service Corporation, Assignor, and Meridian Trust Company, as Owner Trustee, Assignee,, covering 30 General Electric Model Dash 8-40C 4000 HP Dual Electric Locomotives.

Very truly yours,



Deborah M. Mulligan

Enclosures

Schedule 1

DESCRIPTION OF UNITS

30 General Electric Model Dash 8-40C 4000 HP Diesel Electric Locomotives with the following respective road numbers:

Chicago and North Western Transportation Company  
Road Numbers

CNW 8501  
CNW 8502  
CNW 8503  
CNW 8504  
CNW 8505  
CNW 8506  
CNW 8507  
CNW 8508  
CNW 8509  
CNW 8510  
CNW 8511  
CNW 8512  
CNW 8513  
CNW 8514  
CNW 8515  
CNW 8516  
CNW 8517  
CNW 8518  
CNW 8519  
CNW 8520  
CNW 8521  
CNW 8522  
CNW 8523  
CNW 8524  
CNW 8525  
CNW 8526  
CNW 8527  
CNW 8528  
CNW 8529  
CNW 8530

16428-B  
RECORDATION NO. \_\_\_\_\_ FILED 1989

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INTERSTATE COMMERCE COMMISSION

~~RECORDATION NO. \_\_\_\_\_ FILED 1989  
OCT 12 1989-3 42 PM  
INTERSTATE COMMERCE COMMISSION~~

SALE AGREEMENT AND ASSIGNMENT

dated as of October 6, 1989

among

CHASE MANHATTAN SERVICE CORPORATION,  
as Chase

and

MERIDIAN TRUST COMPANY,

in its individual capacity as to Section 9  
hereof but otherwise solely as owner trustee  
under that certain Trust Agreement dated as of  
October 6, 1989 between MNC Leasing, a  
division of MNC Credit Corp and Meridian Trust  
Company,

as Owner Trustee

and

MNC LEASING,  
a division of MNC Credit Corp,  
as Owner Participant

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This Sale Agreement and Assignment relates to the Lease Agreement dated as of July 14, 1989 between Chase Manhattan Service Corporation, as Lessor, and Chicago and North Western Transportation Company, as Lessee, an executed original of which has heretofore been filed with the Interstate Commerce Commission on July 14, 1989, 11:15 A.M. under Recordation No. 16428, as amended by a Lease Amendment No. 1 dated as of October \_\_\_\_, 1989, which has heretofore been filed with the Interstate Commerce Commission on October \_\_\_\_, 1989, at \_\_\_\_\_. under Recordation No. \_\_\_\_\_.

SALE AGREEMENT AND ASSIGNMENT

THIS SALE AGREEMENT AND ASSIGNMENT (this "Agreement") dated as of this 6th day of October, 1989, among Chase Manhattan Service Corporation, a New York corporation ("Chase"), Meridian Trust Company, a Pennsylvania trust company, in its individual capacity as to Section 9 hereof and Section 7.03 of the Trust Agreement ("MTC") but otherwise solely as owner trustee under the Trust Agreement (the "Owner Trustee") and MNC Leasing, a division of MNC Credit Corp, a Maryland corporation (the "Owner Participant").

WHEREAS, the capitalized terms used in these recitals shall have the respective meanings assigned to them in Section 1.1 below;

WHEREAS, Chicago and North Western Transportation Company, a Delaware corporation ("CNW"), entered into a purchase agreement dated January 27, 1989 (the "Purchase Agreement") with General Electric Company (the "Manufacturer") for the manufacture and sale by the Manufacturer to CNW of thirty (30) General Electric Model Dash 8-40C 4000 HP diesel electric locomotives (the "Units");

WHEREAS, on or about July 14, 1989, Chase, as Lessor, and CNW, as Lessee, entered into that certain Lease Agreement dated as of July 14, 1989, as amended (as at anytime further amended, the "Lease"), pursuant to the terms and conditions of which Chase agreed to lease to CNW the Units;

WHEREAS, as inducement to Chase to enter into the Lease with CNW, CNW agreed to indemnify Chase for the loss of certain tax benefits resulting from acts, omissions and/or misrepresentations of CNW as set forth in that certain Tax Indemnification Agreement dated as of July 14, 1989, between Chase and CNW (as at any time amended, the "Indemnification Agreement");

WHEREAS, in connection with the execution of the Lease, Chase and CNW entered into that certain Purchase Agreement Assignment dated as of July 14, 1989 (as at any time amended, the "Purchase Agreement Assignment"), pursuant to the terms and conditions of which CNW assigned to Chase all of its right, title and interest in and to the Purchase Agreement with respect to the Units, including, without limitation, the right to purchase and take title to the Units;

WHEREAS, Chase is the sole legal and beneficial owner of the Units currently bearing road numbers CNW 8501 through CNW 8530 (inclusive) and leased to CNW;

WHEREAS, the Owner Participant and the Owner Trustee have entered into the Trust Agreement pursuant to which, among other things:

(a) the Owner Participant authorizes and directs or will authorize and direct the Owner Trustee to enter into and perform the terms of this Agreement, the Lease, the Loan Agreement (as hereinafter defined) and certain other documents and agreements hereinafter referred to; and

(b) the Owner Trustee will hold all of its right, title and interest in and to the Units, the Lease and the Purchase Agreement Assignment in trust for the benefit of the Owner Participant;

WHEREAS, Chase has agreed to sell, assign, transfer and convey to the Owner Trustee, and the Owner Trustee wishes to purchase from Chase, all of Chase's right, title and interest in, to and under (i) the Lease (except for certain rights also being conveyed to the Owner Participant and held concurrently by the Owner Trustee and the Owner Participant), (ii) the Purchase Agreement Assignment and (iii) the Units (collectively, the "Lease Property"); and

WHEREAS, the Owner Trustee has agreed to undertake, accept and assume all of the rights and obligations of Chase arising under the Lease and the Purchase Agreement Assignment on and after the Closing Date and has agreed to be bound by the terms of the Lease and the Purchase Agreement Assignment from and after the Closing Date to the same extent as if it had been named as the Lessor thereunder;

WHEREAS, the Owner Trustee has agreed to assume all of the liabilities of Chase in connection with the Lease Property arising on or after the Closing Date;

WHEREAS, concurrently with the assignment by Chase to the Owner Trustee of its right, title and interest in and to the Lease Property, Chase desires to assign to the Owner Participant its right, title and interest in, to and under (i) the Indemnification Agreement; and (ii) so much of its right, title and interest in and to Sections 12 and 13 of the Lease as shall be necessary to extend to the Owner Participant the benefit of the indemnities contained therein as though the references therein to the Lessor had been to the Owner Participant (along with, but not to the exclusion of, the Owner Trustee);

WHEREAS, the Owner Participant has agreed to assume all of the liabilities of Chase under the Indemnification Agreement arising on or after the Closing Date;

WHEREAS, Section 20.5 of the Lease provides that Chase, as Lessor, may transfer its interest in the Lease Property and the Indemnification Agreement subject to its satisfaction of the

conditions set forth therein; and the execution, delivery and performance of this Agreement by each of the parties hereto is intended to satisfy all such conditions precedent (except for those that have been waived pursuant to the Notice (as hereinafter defined)); and

WHEREAS, on or prior to the Closing Date, the Owner Trustee will enter into the Loan Agreement with Chase, pursuant to which Chase will lend to the Owner Trustee \$30,233,111.18, on a non-recourse basis, secured only by the Collateral (as such term is defined in the Loan Agreement).

NOW, THEREFORE, in consideration of the premises and of other good and valuable consideration, receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

SECTION 1. DEFINITIONS

1.1 Specific Definitions. Unless defined herein or the context otherwise requires, all capitalized terms used herein shall have the meanings ascribed to them in the Lease (such definitions to be equally applicable to both the singular and the plural forms of the terms used).

"Agreement" shall mean this Sale Agreement and Assignment, dated as of the date hereof, among Chase, the Owner Trustee and the Owner Participant.

"Assumed Obligations" shall mean the obligations of Chase, as Lessor, under the Transaction Documents that have been expressly assumed by the Owner Trustee or the Owner Participant, as the case may be, on and after the Closing Date.

"Basic Term" shall have the meaning set forth in Section 1.1 of the Lease.

"Bill of Sale" shall mean that certain Bill of Sale delivered by Chase to the Owner Trustee, dated as of the Closing Date.

"Business Day" shall mean any day other than a Saturday, Sunday or other day on which banks in New York, New York, Reading, Pennsylvania or Baltimore, Maryland are authorized or obligated to remain closed.

"Cash Portion of Owner Participant's Equity Investment" shall have the meaning set forth in Section 6.01 hereof.

"Chase" shall mean Chase Manhattan Service Corporation, a New York corporation.

"Closing Date" shall mean October 11, 1989, or such other date as may be mutually agreed to in writing by the parties hereto.

"Collateral" shall have the meaning ascribed to it in the Granting Clause of the Loan Agreement.

"CNW" shall mean Chicago and North Western Transportation Company, a Delaware corporation.

"Equity Letter of Credit" shall have the meaning ascribed to it in Section 2.04 of the Loan Agreement.

"Excepted Rights and Payments" shall mean and include (i) public liability insurance proceeds payable under public liability insurance maintained for the benefit of the Owner Participant or Owner Trustee (in each case, for the purposes of this definition, whether or not in its individual capacity) and payable by the terms of such insurance, the Lease or the Notice directly to the Owner Participant or the Owner Trustee, in any such case for its own respective account, as a result of public liability insurance claims paid or losses suffered by the Owner Participant or the Owner Trustee, (ii) proceeds of insurance separately maintained by and for the benefit of the Owner Participant or the Owner Trustee so long as the separate maintenance of such insurance does not reduce the coverage of, or any amount payable under, any insurance constituting part of the Collateral, (iii) all rights, remedies and benefits (together with the proceeds thereof) of the Owner Participant and the Owner Trustee (whether or not in its individual capacity) and their respective officers and employees under this Agreement, the Lease, the Notice and the Trust Agreement with respect to (a) any fees or indemnities payable in favor of the Owner Participant or the Owner Trustee (whether or not in its individual capacity) and their respective officers and employees pursuant to this Agreement, the Lease, the Notice or the Trust Agreement, or (b) any amount payable to the Owner Participant (other than by the Lessee) as the purchase price of all or any portion of the Owner Participant's beneficial interest in the Lease Property in connection with a transfer thereof pursuant to and in accordance with this Agreement, (iv) all rights, remedies and benefits (together with the proceeds thereof) of the Owner Participant under this Agreement, including, but not limited to, any indemnity or other amount payable in favor of the Owner Participant pursuant to the Indemnification Agreement, (v) all rights, remedies and benefits (together with the proceeds thereof) of the Owner Participant under the Equity Letter of Credit or relating or incidental thereto, (vi) all right, title and interest of the Owner Participant and the Owner Trustee in and relating to any portion of the property constituting the Collateral which has been released from the lien of the Loan Agreement, including, but not limited to, all payments, insurance proceeds or

other amounts with respect thereto, (vii) the right of the Owner Trustee and the Owner Participant, if any, but not to the exclusion of Chase, (a) to receive from the Lessee certificates and other documents and information which the Lessee is required to give or furnish pursuant to the Lease or the Notice and (b) to inspect the Units and all records relating thereto; (viii) all rights of the Owner Participant and the Owner Trustee, to compromise or waive any rights, remedies or benefits constituting Excepted Rights and Payments or to modify, amend or waive any provision conferring such Excepted Rights and Payments; (ix) all rights of the Owner Trustee or the Owner Participant under any of the Transaction Documents to demand, collect, sue for or otherwise obtain all amounts from the Lessee due the Owner Trustee or the Owner Participant, as the case may be, on account of any payments referred to in paragraphs (i) through (xi) hereof and to seek legal or equitable remedies to require the Lessee to maintain the insurance coverages, provide the notices or permit inspections, as referred to in paragraphs (i) and (vii) above, provided that the rights referred to in this paragraph (ix) shall include the exercise of any remedies provided for in Section 15 of the Lease and pursuant to the terms of the Loan Agreement; (x) any interest or late charge on any amount payable under clauses (i) through (xi) hereof; and (xi) all proceeds of the foregoing.

"Indemnification Agreement" shall mean that certain Tax Indemnification Agreement dated as of July 14, 1989, between Chase and CNW.

"Lease" shall mean that certain Lease Agreement, dated as of July 14, 1989, as amended (as at any time further amended), between the Lessee and Chase.

"Lease Property" shall have the meaning set forth in the recitals.

"Lender's Liens" shall mean any Liens against any part of the Lease Property or the Collateral claims against the Owner Trustee (in its individual capacity), not related or connected to the Lessor's ownership, leasing, use or operation of any of the limits or its status as Lessor under the Lease and excluding the lien of the Loan Agreement in favor of Chase, but including, however, all liens in respect of income taxes payable by the Owner Trustee (in its individual capacity and as Owner Trustee) arising out of receipt of rentals and other payments under the Lease and other proceeds from the Units and all other taxes arising as aforesaid to the extent that the Lessee is not obligated to discharge the same under the terms of the Lease.

"Lessor's Liens" shall mean Liens against any part of the Lease Property or the Collateral not related or connected to the

Lessor's ownership, leasing, use or operation of any of the Units or its status as Lessor under the Lease or the lien in favor of Chase on the Collateral (as provided in the terms of the Loan Agreement), but including all liens in respect of income taxes payable by the Owner Trustee arising out of its receipt of rentals and other payments due under the Lease and other proceeds from the Units and all other taxes arising as aforesaid to the extent that the Lessee is not obligated to discharge the same under the terms of the Lease.

"Lien" or "lien" shall mean any deed to secure a debt, mortgage, pledge, security interest, security title, deed of trust, encumbrance, lien, easement, servitude, right of others or charge of any kind, including, without limitation, any conditional sale or other title retention agreement, any lease or other agreement in the nature thereof or the filing of, or agreement to give, any financing statement under the Uniform Commercial Code of any jurisdiction.

"Loan Agreement" shall mean that certain Loan and Security Agreement, dated as of the date hereof, between the Owner Trustee and Chase.

"MTC" shall mean Meridian Trust Company, a Pennsylvania company in its individual capacity.

"Note" shall mean that certain Promissory Note issued by the Owner Trustee to Chase as partial payment of the Purchase Price, which Promissory Note shall be dated as of the Closing Date, be in such amount and otherwise in substantially the form of Exhibit A to the Loan Agreement.

"Notice" shall mean that certain letter agreement from Chase to the Lessee, dated as of the date hereof.

"Owner Participant" shall mean MNC Leasing, a division of MNC Credit Corp, a Maryland corporation.

"Owner Participant's Liens" shall mean Liens against any part of the Lease Property or the Collateral (i) which result from acts of, or any failure to act by, or as a result of claims (including, without limitation, any tax) against, the Owner Participant arising out of events unrelated to the transactions contemplated by the Transaction Documents or (ii) in favor of any taxing authority by reason of the non-payment by the Owner Participant of any tax imposed on the Owner Participant (excluding Liens arising from any tax for which the Lessee is obligated to indemnify under the Lease, other than any such tax for which Lessee has already indemnified the Owner Participant).

"Owner Trustee" shall mean Meridian Trust Company, a Pennsylvania trust company, not in its individual capacity but solely as owner trustee under the Trust Agreement.

"Operative Documents" shall have the meaning ascribed to it in Section 1.1 of the Lease.

"Person" shall mean any individual, partnership, corporation, trust, unincorporated association or joint venture, a government or any department, agency or any political subdivision thereof, or any other entity.

"Purchase Agreement" shall mean that certain Purchase Agreement dated January 27, 1989, between CNW and General Electric Company relating to the purchase of the Units.

"Purchase Agreement Assignment" shall mean that certain Purchase Agreement Assignment dated as of July 14, 1989 between Chase and CNW.

"Purchase Price" shall have the meaning ascribed to it in Section 6 hereof.

"Retained Obligations" shall mean all of the obligations of Chase as Lessor under the Operative Documents, that arose, occurred or accrued prior to the Closing Date.

"Retained Rights" shall mean all of the rights of Chase as Lessor under the Operative Documents with respect to the indemnities provided for in Sections 12 and 13 of the Lease and in Section 5 of the Indemnification Agreement for events that arose prior to the Closing Date.

"Transfer" shall have the meaning set forth in Section 6.02 hereof.

"Transaction Documents" shall mean collectively, this Agreement, the Trust Agreement, the Bill of Sale, the Notice, the Loan Agreement, the Note, the Lease, the Purchase Agreement, the Purchase Agreement Assignment, the Indemnification Agreement and any and all other documents, agreements or instruments which are to be or have been entered into pursuant to or with respect to the foregoing.

"Trust Agreement" shall mean that certain Trust Agreement, dated as of the date hereof, between the Owner Trustee and the Owner Participant.

"Units" shall mean those thirty (30) General Electric Company Model Dash 8-40C 4000 HP diesel electric locomotives, bearing road numbers CNW 8501 through CNW 8530, inclusive.

All agreements or instruments defined herein or in the Lease shall mean such agreements or instruments as the same may from time to time be supplemented or amended or the terms thereof waived or modified to the extent permitted by, and in accordance with, the terms hereof and thereof. References in this Agreement to sections, paragraphs and clauses are to sections, paragraphs and clauses in this Agreement, unless otherwise indicated. The terms "hereof", "herein", "hereby", "hereto", "hereunder", "hereinafter", and "herewith", refer to this Agreement.

SECTION 2. Assignment to Owner Trustee. Subject to the satisfaction of the conditions set forth in Section 7 hereof, Chase hereby unconditionally and irrevocably sells, assigns, transfers and conveys the Owner Trustee "AS IS, WHERE IS", WITHOUT REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, OF ANY KIND WHATSOEVER, INCLUDING AS TO TRACKWORTHINESS, VALUE, COMPLIANCE WITH SPECIFICATIONS, CONDITION, DESIGN, QUALITY, DURABILITY, OPERATION, MERCHANTABILITY OR FITNESS FOR USE OR PURPOSE, EXCEPT AS SET FORTH IN THE BILL OF SALE AND IN SECTION 8 BELOW, (i) the Units, and (ii) all of its right, title and interest in, to and under the Purchase Agreement Assignment and the Lease (other than its Retained Rights and its right, title and interest in and to Sections 12 and 13 thereof except as shall be necessary to extend to the Owner Trustee on and after the Closing Date the benefits of the indemnities contained therein as though references to the Lessor therein had been to the Owner Trustee (along with, but not to the exclusion of, the Owner Participant)). Chase agrees to pay all sales taxes, if any, assessed or imposed by any Federal, State or local governmental authority or agency (other than the State of Maryland or any political subdivision thereof) in connection with the sale of the Units to the Owner Trustee, and shall indemnify and hold the Owner Trustee, MTC and Owner Participant harmless from and against any and all claims and demands relating thereto (and the execution and delivery by the Owner Trustee of any exemption certificate with respect thereto shall not be deemed a waiver of this indemnity). The Owner Trustee hereby acknowledges and agrees that Chase has not assigned to the Owner Trustee any of the Retained Obligations.

SECTION 3. Assignment to Owner Participant. Subject to the satisfaction of the conditions set forth in Section 7 hereof, Chase hereby unconditionally and irrevocably sells, assigns, transfers and conveys to the Owner Participant WITHOUT REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, OF ANY KIND WHATSOEVER, EXCEPT AS SET FORTH IN SECTION 8 BELOW, (i) all of its right, title and interest in, to and under the Indemnification Agreement (other than its Retained Rights) and (ii) so much of the Lease as shall be necessary to extend to the Owner Participant on and after the Closing Date the benefits of the indemnities contained therein as though the references to the Lessor therein had been to the Owner

Participant (along with, but not to the exclusion of, the Owner Trustee). The Owner Participant hereby acknowledges and agrees that Chase has not assigned to the Owner Participant any of the Retained Obligations.

SECTION 4. Assumption By Owner Trustee. Subject to the satisfaction of the conditions set forth in Section 7 hereof, the Owner Trustee hereby (i) accepts the assignment made under Section 2 hereof, and (ii) unconditionally and irrevocably undertakes, accepts and assumes all of the rights and obligations of Chase under the Lease and Purchase Agreement Assignment and agrees to be bound by each of the terms of the Lease and Purchase Agreement Assignment to the same extent as if it had been originally named as the Lessor thereunder but expressly excluding all Retained Obligations. The foregoing assumption shall be effective (i) from and after the Closing Date, and (ii) solely to the extent of obligations arising on or after the Closing Date. Chase hereby acknowledges and agrees that the Owner Trustee has not assumed any Retained Obligations.

SECTION 5. Assumption by Owner Participant. Subject to the satisfaction of the conditions set forth in Section 7 hereof, the Owner Participant hereby (i) accepts the assignment made under Section 3 hereof, and (ii) unconditionally and irrevocably undertakes, accepts and assumes all of the rights and obligations of Chase under the Indemnification Agreement and Sections 12 and 13 of the Lease to the extent such rights and obligations relate to indemnities in favor of the Owner Participant, and agrees to be bound by each of the terms of the Indemnification Agreement and, to the extent aforesaid, Sections 12 and 13 of the Lease to the same extent as if it had been originally named as the Lessor thereunder but expressly excluding all Retained Obligations. The foregoing assumption shall be effective (i) from and after the Closing Date, and (ii) solely to the extent of obligations arising on or after the Closing Date. Chase hereby acknowledges and agrees that the Owner Participant has not assumed any Retained Obligations.

SECTION 6. Purchase Price; Payment.

6.01 The purchase price for the Lease Property (the "Purchase Price") shall be \$39,980,311.00, which amount shall be paid on the Closing Date (subject to satisfaction of the conditions set forth in Section 7) in the following manner;

(a) A cash payment of Nine Million Seven Hundred Forty-Seven Thousand One Hundred Ninety-Nine and 82/100 Dollars (\$9,747,199.82) (the "Cash Portion of the Owner Participant's Equity Investment"); and

(b) Execution and delivery of a Note in the principal amount of Thirty Million Two Hundred Thirty-Three Thousand One Hundred Eleven and 18/100 (\$30,233,111.18), payable to Chase.

6.02 Closing.

(a) Closing Date. The closing of the transactions contemplated hereby (the "Transfer") shall occur on the Closing Date.

(b) Closing Procedure. Prior to the proposed Closing Date, executed counterparts of all documents to be delivered pursuant to Section 7 hereof will be prepositioned in attorney's escrow with the Owner Trustee's, the Owner Participant's, and Chase's counsel, except those documents to be filed with the Interstate Commerce Commission ("ICC"), which will be similarly prepositioned with ICC counsel. When all such documents have been so prepositioned and all conditions to closing are satisfied, the Owner Participant will on the Closing Date make available the Cash Portion of the Owner Participant's Equity Investment to the Owner Trustee, and upon written direction by the Owner Participant to the Owner Trustee, the Owner Trustee shall (i) wire transfer or otherwise make available the Cash Portion of the Owner Participant's Equity Investment to Chase at The Chase Manhattan Bank (National Association), 1 Chase Manhattan Plaza, New York, New York 10081, ABA No. 021000021 for the account of Chase Manhattan Service Corporation, Account No. 910-1-441351, Attn. Ted Gerster, Corporate Leasing Service Group, Reference: CNW; and (ii) execute the Note and deliver it to Chase at the address set forth in Section 12.4 hereof as instructed by Chase. In addition, the Owner Participant shall wire transfer or otherwise make available to Chase the fee provided for in Section 11 hereof as instructed by Chase. Upon receipt by Chase of such payments and the Note, the documents to be filed at the ICC will be duly filed and the documents to be delivered pursuant to Section 7 hereof will be delivered out of escrow.

(c) Postponement. If for any reason the Closing Date is postponed after the Owner Participant has wired funds to the Owner Trustee, or the Owner Trustee has wired such funds to Chase, and before the Transfer occurs, the Owner Trustee or Chase, as the case may be, shall, as soon as practicable but in no event later than the next Business Day, return the funds received from the Owner Participant or the Owner Trustee, as the case may be, by the most expeditious means practicable, and Chase shall deem the Note to be held by it in trust, and immediately return the executed original thereof to the Owner Trustee, by courier for next day delivery.

6.03 Accruals. Except as they relate to Retained Rights, following the Transfer on the Closing Date, Chase shall promptly pay over to the Owner Trustee any Rent or other sums that may be received by Chase from or on behalf of the Lessee and deliver to the Owner Trustee copies of any notices received by Chase in connection with or relating to any of the Transaction Documents.

6.04 Effective Transfer. Upon the closing of the Transfer, the Owner Trustee and the Owner Participant, as the case may be, shall succeed to all rights (except Retained Rights), and shall assume all obligations (except Retained Obligations), of Chase under all Transaction Documents.

6.05 Indemnities.

(a) Chase shall indemnify, defend and hold harmless MTC, the Owner Trustee, the Owner Participant and their respective successors and permitted assigns from and against any and all liabilities, obligations, claims, demands, judgments, causes of action, damages, costs, losses and expenses (including reasonable attorneys' fees and court costs) arising out of (i) any breach by Chase of its obligation to pay or perform any of the Retained Obligations; (ii) the breach by Chase of any of its representations, warranties or covenants contained in this Agreement or in any other Transaction Document; and (iii) the failure of Chase to perform or observe any obligation, indemnity or other provision contained in this Agreement or in any other Transaction Document which is required to be performed or observed by it.

(b) The Owner Participant shall indemnify, defend and hold harmless MTC, the Owner Trustee, Chase and their respective successors and permitted assigns, from and against any and all liabilities, obligations, claims, demands, judgments, causes of action, damages, costs, losses and expenses (including reasonable attorneys' fees and court costs) arising out of (i) any breach by the Owner Participant of its obligation to pay or perform any of its Assumed Obligations; (ii) the breach by the Owner Participant of any of its representations, warranties or covenants contained in this Agreement or any other Transaction Document; and (iii) the failure of the Owner Participant to perform or observe any obligation, indemnity or other provision contained in this Agreement or in any other Transaction Document which is required to be performed or observed by it.

(c) MTC shall indemnify, defend and hold harmless Chase, the Owner Participant and their respective successors and permitted assigns, from and against any and all liabilities, obligations, claims, demands, judgments, causes of action, damages, costs,

losses and expenses (including reasonable attorneys' fees and court costs) arising out of (i) any breach by the Owner Trustee of its obligation to pay or perform any of its Assumed Obligations; (ii) the breach by MTC or the Owner Trustee, as the case may be, of any representations, warranties or covenants made by it in this Agreement or in any other Transaction Document; and (iii) the failure of MTC or the Owner Trustee, as the case may be, to perform any obligation, indemnity or other provision contained in this Agreement or in any other Transaction Document which is required to be performed or observed by it. Notwithstanding the foregoing, MTC shall not be liable hereunder for any claims, demands, judgments, causes of action, damages, costs, losses and expenses arising out of actions taken by it in its capacity as Owner Trustee (as opposed to actions taken in its individual capacity) unless caused by its own gross negligence or wilful misconduct.

SECTION 7.           Transfer Conditions.

The obligation of the Owner Participant and the Owner Trustee to deliver the Cash Portion of the Owner Participant's Equity Investment and Purchase Price, respectively, and the documents to be delivered by each of them pursuant hereto on the Closing Date and the obligations of Chase to transfer the Lease Property and other rights and benefits to the Owner Trustee and the Owner Participant, respectively, are subject to the following conditions precedent:

7.01 Document Delivery. The following documents shall have been duly authorized, executed and delivered by the respective party or parties thereto, shall be in full force and effect on the Closing Date and executed counterparts thereof shall have been delivered to the Owner Trustee, the Owner Participant and Chase (and all such parties agree to use their respective best efforts to cause such documents to be delivered) and to the other parties thereto, as the case may be:

- (a) The Trust Agreement;
- (b) This Sale Agreement and Assignment;
- (c) The Bill of Sale;
- (d) The Notice;
- (e) The Loan Agreement;
- (f) The Note;

(g) The written opinion of Milbank, Tweed, Hadley & McCloy, special New York counsel to Chase, in form and substance satisfactory to MTC and the Owner Participant, together with the opinion of Kenneth Raskin, Esq., in-house counsel to Chase.

(h) The written opinion of Haight, Gardner, Poor & Havens, special counsel to the Owner Trustee, in form and substance satisfactory to Chase and the Owner Participant, together with the opinion of Stevens & Lee, special Pennsylvania counsel to the Owner Trustee;

(i) The written opinion of John B. Ross, Esquire, in-house counsel to the Owner Participant, in form and substance satisfactory to Chase and MTC;

(j) A secretary's certificate/incumbency certificate of Chase evidencing the authority of Chase to execute this Agreement and the other documents referenced herein to which Chase is a party;

(k) A secretary's certificate/incumbency certificate of MTC evidencing the authority of the officers of MTC to execute this Agreement and the other documents referenced herein to which MTC or the Owner Trustee is a party;

(l) A secretary's certificate/incumbency certificate of Owner Participant evidencing the authority of the Owner Participant to execute this Agreement and the other documents referenced herein to which Owner Participant is a party;

(m) No Event of Loss and no Lease Default, Lease Event of Default, Loan Default or Loan Event of Default shall have occurred and be continuing on such Closing Date (as such terms are defined in the Loan Agreement);

(n) The Units shall be free and clear of all liens, claims and encumbrances whatsoever arising by, through or under or attributable to Chase (except for the leasehold interest of the Lessee under the Lease);

(o) The representations and warranties of each of the parties hereto and of the Lessee contained in any of the Transaction Documents shall be true and correct in all material respects on and as of such Closing Date; and

(p) The Owner Trustee and the Owner Participant shall have received satisfactory evidence as to the due compliance by the Lessee with the terms of the Lease relating to any required insurance with respect to the Units to be purchased on such Closing Date.

7.02 Conditions Subsequent. Within five (5) Business Days after the Transfer, Chase will cause the Lessee to have the Owner Participant and the Owner Trustee added as additional insureds, and if practicable as co-loss payees, on all property and other casualty insurance policies, and the Owner Participant, the Owner Trustee and MTC added as additional insureds on all liability policies, required to be carried by the Lessee pursuant to Section 10 of the Lease, and evidence thereof reasonably satisfactory to the Owner Participant and the Owner Trustee to be delivered to each of them.

SECTION 8. Representations, Warranties and Covenants of Chase.

(a) Chase hereby represents and warrants that:

(1) It is a corporation duly organized, validly existing and in good standing under the laws of the State of New York and has the corporate power and authority to enter into and perform its obligations under this Agreement and each of the other Transaction Documents to which it is a party.

(2) The execution, delivery and performance of this Agreement and each of the other Transaction Documents to which it is a party have been duly authorized by all necessary corporate action on the part of Chase.

(3) This Agreement and each of the other Transaction Documents to which it is a party have been duly executed and delivered by Chase and each constitutes the legal, valid and binding obligation of Chase, enforceable against Chase in accordance with its terms (except as the enforceability thereof may be limited by applicable bankruptcy, insolvency, moratorium, reorganization or other similar laws affecting the enforcement of creditors' rights generally and general principles of equity).

(4) Neither the execution, delivery or performance by Chase of this Agreement nor any of the other Transaction Documents to which it is a party, nor the consummation by Chase of the transactions contemplated hereby or thereby, nor compliance by Chase with the provisions hereof or thereof, conflicts with, or results in the breach of any provision of, or is inconsistent with, its charter or by-laws or contravenes any applicable law or any indenture, mortgage or any other agreement or instrument to which Chase is a party or by which it or its property is bound or requires the approval or consent of any Person.

(5) Chase is the true and lawful owner of the property assigned hereby, and has the legal right to transfer the same as provided herein, and upon consummation of the transactions contemplated hereby, Chase will have duly, validly and effectively conveyed and transferred said property to the Owner Trustee and the Owner Participant, as the case may be, free and clear of any and all encumbrances, liens, charges and defects arising by, through or under or attributable to Chase (except for the leasehold interest of the Lessee under the Lease).

(6) Chase has heretofore delivered to the Owner Trustee certified true copies of the Lease, the Purchase Agreement Assignment, the Purchase Agreement and the Bills of Sale. Chase has delivered to the Owner Participant an original copy of the Indemnification Agreement.

(7) Each of the Transaction Documents to which Chase is a party is to the best of its knowledge in full force and effect and unmodified.

(8) To the knowledge of Ted Gerster, Robert Bates, Randy Strong and Brooke Taylor, the individuals at Chase familiar with and responsible for administering the Lease with CNW, no Event of Loss or Lease Event of Default has occurred and is continuing.

(9) There is no action, suit, investigation, or proceeding pending or, to the knowledge of Chase, threatened against Chase before any court, arbitrator or administrative or governmental body which, individually or in the aggregate, if determined adversely to the interests of Chase, would materially adversely affect the ability of Chase to perform its obligations under this Agreement or any other Transaction Document to which it is a party.

(10) Neither Chase nor anyone authorized to act on its behalf has directly or indirectly offered (to more than ten (10) accredited investors) or sold the Note or any beneficial interest in the Collateral or any portion thereof or any similar securities or interest to, or solicited any offer to acquire any of the same from, any Person.

(11) The Collateral is free and clear of any Lender's Lien. Neither the execution and delivery by Chase of this Agreement or any other Transaction Document to which it is a party nor the performance by it of its obligations hereunder or thereunder will subject the Collateral, or any portion thereof, to any Lender's Lien.

(12) The Note evidences a loan made by Chase in the ordinary course of its business and is expected to be held by it

for its own account and not with a view to, or for sale in connection with, any distribution thereof; provided, that the disposition of such Note shall at all times be within its control.

(13) No part of the funds to be used by it to purchase the Note constitutes assets of any employee benefit plan; and no part of the funds to be used by it to purchase the Note constitutes assets allocated to any separate account maintained by it such that the application or use of such funds constitutes a prohibited transaction under Section 406 of ERISA or Section 4975 of the Code.

(14) No consent, approval or action by or any notice to or filing with any court, administrative or governmental body, any trustee or holder of any indebtedness for monies borrowed by Chase or any other Person is required in connection with the execution and delivery by Chase of any Transaction Document to which it is a party or the fulfillment of or compliance by Chase with any of the terms or provisions thereof, other than such consents, approvals, actions, notices and filings as have been duly obtained, taken, given or made.

(b) Chase hereby covenants that:

(1) It will not directly or indirectly create, incur, assume or suffer to exist any Lender's Liens. Chase agrees that it will, at its own cost and expense, promptly take such action as may be necessary duly to discharge or bond any such Lender's Liens.

(2) Neither Chase nor anyone authorized to act on its behalf will take any action which would subject the issuance or sale of the Note or any interest in the Collateral to the registration requirements of Section 5 of the Securities Act.

(3) Chase will, upon a purchase of the Units by the Lessee pursuant to Section 19.1 of the Lease, provide the Lessee with a certificate certifying as to the absence of any Lender's Liens.

(4) Chase will, upon the occurrence of a Lease Event of Default, execute such documents and take such actions as the Owner Participant may reasonably request in connection with the exercise of Lessor's rights under the Lease and the disposition of Units.

SECTION 9. Representations, Warranties and Covenants of MTC, Individually and as Owner Trustee

(a) MTC in its individual capacity (except as otherwise expressly stated below) represents and warrants:

(1) MTC is a trust company duly organized, validly existing and in good standing under the laws of the State of Pennsylvania and has the requisite corporate power and authority under Pennsylvania and Federal law governing trust powers to carry on its business as now being conducted and is duly authorized and empowered under such laws to execute, deliver and perform its obligations under this Agreement and each of the other Transaction Documents to which it is, or will become, a party.

(2) Each of the Trust Agreement and this Agreement has been duly authorized, executed and delivered by it and each constitutes its legal, valid and binding obligation, enforceable against it in accordance with its terms (except as the enforceability thereof may be limited by applicable bankruptcy, insolvency, moratorium, reorganization or other similar laws affecting the enforcement of creditors' rights generally).

(3) Assuming that the Trust Agreement is duly authorized, executed and delivered by the Owner Participant, the Owner Trustee, acting pursuant to the Trust Agreement, has duly authorized, executed and delivered this Agreement and each other Transaction Document to which it is a party and each constitutes the legal, valid and binding obligation of the Owner Trustee, enforceable against the Owner Trustee in accordance with its terms (except as the enforceability thereof may be limited by applicable bankruptcy, insolvency, moratorium, reorganization or other similar laws affecting the enforcement of creditors' rights generally).

(4) Neither the execution, delivery or performance by (x) MTC of the Trust Agreement and this Agreement and (y) the Owner Trustee of this Agreement or any other Transaction Document to which it is or may become a party, nor consummation by it of the transactions contemplated hereby or thereby, nor compliance with the terms hereof or thereof (ii) requires the consent or approval of, the giving of notice to, or the registration with, or the taking of any other action (except the filing of this Agreement and the Loan Agreement with the Interstate Commerce Commission), with respect to, any governmental authority or agency in respect of or under any law, governmental rule or regulation of the United States of America or the States of Pennsylvania or New York, in each case governing the trust power of MTC, or any other Person, or (ii) results or will result in the creation of any lien upon its property, or (iii) conflicts with or results in a breach of any provision of, or is inconsistent with, its charter or bylaws or contravenes any applicable law or any indenture, mortgage or any other agreement or instrument to which it is or may become a party or by which it or its property is bound or affected.

(5) There are no pending or, to the knowledge of MTC, threatened actions or proceedings against MTC before any court or

administrative agency which could materially adversely affect the ability of MTC or the Owner Trustee to perform its obligations under this Agreement or any other Transaction Document to which it is, or may become, a party.

(6) On the Closing Date, assuming a valid trust has been created under the Trust Agreement for the Units, (x) the Owner Trustee will have whatever title to the Units as was conveyed to it and (u) the Units shall be free of Lessor's Liens attributable to MTC.

(7) The chief executive officer (as such term is used in Sections 9-103 and 9-104 of the Uniform Commercial Code) of the Owner Trustee and the place where its records concerning the Units all its interests in, to and under all documents relating to the Collateral established under the Trust Agreement to which it is a party are kept, are both located at 35 North Sixth Street, Reading, Pennsylvania 19601, and the Owner Trustee agrees to give Chase, the Owner Participant and the Lessee prior written notice of any relocation of said chief executive officer or said place where said records are kept from their respective present locations and of any change in its name.

(8) The Owner Trustee has not by affirmative act conveyed title to the Units to any person or subjected the Units to any lien other than as contemplated by the terms of the Loan Agreement.

(9) Neither MTC nor anyone acting on its behalf has directly or indirectly offered or sold the Note or any beneficial interest in the Collateral, or any part thereof, or any similar securities or interest to, or solicited any officer to acquire any of the same from, any Person.

(10) The Collateral is free and clear of any Lessor's Lien. Neither the execution and delivery by MTC or the Owner Trustee, as the case may be, of this Agreement or any other Transaction Documents to which it is, or may become, a party nor the performance by it of its obligations hereunder or thereunder will subject the Collateral, or any portion thereof, to any Lessor's Lien.

(11) The Owner Trustee is acquiring the Lease Property in the ordinary course of its business and the Owner Trustee has no intention of making any sale or other distribution of the Lease Property in violation of any legislation, rule or regulation relating to limitations upon the sale or other distribution of interests such as those comprising the Lease Property.

(12) MTC's obligations under the Transaction Documents will be guaranteed by Meridian Bancorp, Inc., its parent company, and MTC, on behalf of itself and Meridian Bancorp, Inc., will not take any action to invalidate or otherwise modify the provisions of said guaranty.

(b) MTC in its individual capacity (except as otherwise expressly stated below) covenants that:

(1) MTC will not directly or indirectly create, incur, assume or suffer to exist any Lessor's Lien on any of the Collateral. MTC agrees that it will, at its own cost and expense, promptly take such action as may be necessary duly to discharge any such Lessor's Lien.

(2) Neither MTC nor anyone acting on its behalf will take any action which would subject the issuance or sale of the Note or any interest in the Lease Property or the Collateral to the registration requirements of Section 5 of the Securities Act.

(3) So long as the Lien of the Loan Agreement has not been discharged, the Owner Trustee agrees that it will not amend the Trust Agreement without the prior written consent of the Chase, which consent shall not be unreasonably withheld.

(4) MTC will, upon a purchase of the Units by the Lessee pursuant to Section 19.1 of the Lease, provide the Lessee with a certificate certifying as to the absence of any Lessor's Liens.

SECTION 10. Representations, Warranties and Covenants of the Owner Participant.

(a) The Owner Participant represents and warrants that:

(1) It is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Maryland and has the corporate power and authority to enter into and perform its obligations under this Agreement and the Trust Agreement. The Owner Participant is also a wholly-owned subsidiary of MNC Affiliates Group, a sister company of Maryland National Bank.

(2) The execution, delivery and performance of this Agreement and the Trust Agreement have been duly authorized by all necessary corporate action on the part of the Owner Participant.

(3) This Agreement and the Trust Agreement have been duly executed and delivered by the Owner Participant and after giving effect to the provisions of Sections 3 and 5 hereof each will constitute, its legal, valid and binding obligations, enforceable against it in accordance with its terms (except as the

enforceability thereof may be limited by bankruptcy, insolvency, moratorium, reorganization or other similar laws affecting the enforcement of creditors' rights generally).

(4) Neither the execution, delivery or performance by the Owner Participant of this Agreement or the Trust Agreement, nor the consummation by the Owner Participant of the transactions contemplated hereby or thereby, nor compliance by the Owner Participant with the provisions hereof or thereof, conflicts with, or results in the breach of any provision of, or is inconsistent with, its charter or by-laws, or contravenes any applicable law or any indenture, mortgage or any other agreement or instrument to which the Owner Participant is a party or by which it or its property is bound or requires any governmental action with respect to the Owner Participant.

(5) The Collateral is free and clear of any Owner Participant's Lien. Neither the execution or delivery by the Owner Participant of this Agreement and the Trust Agreement nor the performance by it of its obligations hereunder or thereunder will subject the Lease Property or the Collateral, or any portion thereof, to any Owner Participant's Lien.

(6) The Owner Participant is acquiring the beneficial interest in the Lease Property for its own account for investment and not with a view to, or for sale in connection with, any distribution thereof; provided, that the disposition of any such interest shall at all times be within its control.

(7) Neither the Owner Participant nor anyone acting on its behalf has directly or indirectly offered or sold the Note or any beneficial interest in the Lease Property or any portion thereof or any similar securities or interest to, or solicited any offer to acquire any of the same from, any Person.

(8) The Owner Participant is not making an investment in the beneficial ownership of the Lease Property with the "plan assets" of any "employee benefit plan" within the meaning of Section 3 of ERISA or any "plan" within the meaning of Section 4975 of the Code.

(9) There is no action, suit, investigation or proceeding pending or, to the knowledge of the Owner Participant, threatened in writing against the Owner Participant before any court, arbitrator or administrative or governmental body which, if determined adversely to the interests of the Owner Participant, would materially adversely affect the consummation of the transactions contemplated by this Agreement or the Trust Agreement or the performance by it of its obligations hereunder or thereunder.

(10) The Owner Participant has on the date hereof a net worth or capital and surplus of at least \$25,000,000.

(11) No consent, approval or action by or any notice to or filing with any court, administrative or governmental body, any trustee or holder of any indebtedness for monies borrowed by the Owner Participant, or any Person, is required in connection with the execution and delivery by the Owner Participant of any Transaction Document to which it is a party or the fulfillment of or compliance by the Owner Participant with any of the terms or provisions thereof, other than such consents, approvals, actions, notices and filings as have been, or will be following the closing of the transactions contemplated hereby, duly obtained, taken, given or made.

(b) The Owner Participant hereby covenants that:

(1) The Owner Participant will not directly or indirectly create, incur, assume or suffer to exist any Owner Participant's Liens, and, at its own cost and expense, the Owner Participant will promptly take such action as may be necessary duly to discharge or bond all Owner Participant's Liens.

(2) (A) After the Closing Date until payment in full of the Note, or unless expressly required by a Transaction Document, the Owner Participant will not assign, convey or transfer all or any part of its then existing right, title or interest in and to the Lease Property and this Agreement and the other Transaction Documents to which it is a party without the prior written consent of Chase (which consent shall not be unreasonably withheld); provided, however, that the Owner Participant may, not inconsistent with the terms of the Lease, assign, convey or transfer all, or any portion of such right, title and interest to any corporation if (x) such corporation has a net worth or a capital and surplus of at least \$50,000,000, or (y) the obligations of such corporation under the Transaction Documents are unconditionally guaranteed by the parent company of such corporation which shall be a Person which has a net worth or a capital and surplus of at least \$50,000,000, or (z) the transferor remains directly and primarily liable and not merely as a surety for all or such portion, as the case may be, of such obligations, and such corporation had positive net income after taxes (determined in accordance with generally accepted accounting principles) for two (2) consecutive years prior to the date of such transfer; provided, further, that unless and until the Owner Participant has transferred all of such right, title and interest, the Owner Participant will at all times maintain primary responsibility for managing the rights and obligations of itself and the various transferees of its right, title and interest, and Chase will at all times be obligated to deal only with the Owner Participant in such regard; or

(B) Notwithstanding anything contained in this Section 10(b)(2) to the contrary, no assignment, conveyance or transfer of all or a portion of the Lease Property shall be permitted unless, simultaneously with such assignment, conveyance or transfer, the transferee shall receive an assignment of all or such portion of the transferring Owner Participant's right, title and interest in and to the Lease Property, and shall enter into an agreement or agreements whereby, to the reasonable satisfaction of Chase, the transferee shall confirm that it has the requisite corporate power and authority to enter into and carry out the transactions contemplated by this Agreement and each other Transaction Document to which it is a party and shall assume and agree to be bound by all of the obligations, duties, responsibilities and burdens of such transferring Owner Participant under this Agreement and each other Transaction Document to which it is a party, to the extent of the interest so assigned, conveyed or transferred.

(C) All reasonable out-of-pocket costs (including reasonable attorneys' fees) and expenses incurred by the Owner Participant, the Owner Trustee and any holder of the Note in connection with an assignment, conveyance or transfer by the Owner Participant hereunder, including any of the foregoing which relate to any amendments to this Agreement or any Transaction Document required in connection therewith, shall be paid by the transferring Owner Participant or such transferee Owner Participant.

(D) Any assignment, conveyance or transfer of the Lease Property, or any portion thereof in violation of this Section shall be void and of no force and effect.

(3) The Owner Participant shall, upon its receipt of a written request to do so from Chase, promptly take such steps as may be necessary to remove the Owner Trustee and appoint a successor trustee pursuant to the terms of the Trust Agreement if (i) any representation or warranty made by such Owner Trustee or MTC, as the case may be, in this Agreement or any of the other Transaction Documents to which it is, or may become, a party shall prove to have been incorrect in any material respect when such representation or warranty was made or given and remains material at the time of discovery thereof and the circumstances rendering such representation or warranty incorrect shall materially adversely affect the holders of the Note; or (ii) the Owner Trustee or MTC, as the case may be, shall fail in any material respect to perform or observe by it under this Agreement, or under any of the other Transaction Documents to which it is a party and such failure is not cured after notice and reasonable time to cure has been given to the Owner Trustee or MTC, as the case may be; or (iii) MTC or the Owner Trustee, as the case may be, files a voluntary petition in bankruptcy, makes any assignment for the benefit of its

creditors or a court of competent jurisdiction enters an order appointing a custodian, receiver or trustee with respect to the Owner Trustee or constituting an order for relief and such action remains unstayed for a period of sixty (60) days.

(4) Neither the Owner Participant nor anyone acting on its behalf will take any action which would subject the issuance or sale of the Note or any beneficial interest in the Lease Property to the registration requirements of Section 5 of the Securities Act.

(5) So long as the lien of the Loan Agreement has not been discharged, the Owner Participant agrees not to amend the Trust Agreement without the prior written consent of Chase, which consent shall not be unreasonably withheld.

(6) It will, upon its receipt of (i) written notice from Chase of Chase's intention to purchase its interest in the Collateral as specified in the last sentence of Section 4.03 of the Loan Agreement and (ii) all sums due it in connection therewith, assign to Chase all of its right, title and interest in and to the Indemnification Agreement and its beneficial interest in the Trust Estate (as defined in the Trust Agreement) existing on and after the date of such assignment.

SECTION 11. Expenses. The Owner Participant shall pay all of the expenses, fees and costs, including the fees and costs of counsel, incurred by the Owner Participant and the Owner Trustee in connection with the negotiation, preparation, execution and delivery of this Agreement and any of the other Transaction Documents and the performance by the Owner Trustee and Owner Participant of the transactions contemplated hereby and thereby; provided, however, the MTC and the Owner Trustee, as applicable, agree that the initial fees and annual fees to be paid to the MTC and the Owner Trustee, as applicable, for the performance of its services under the Trust Agreement and the other Transaction Documents, shall be limited in amount to, \$10,000 as its initial fee, and \$1,500 per year for each full year thereafter that it serves as Owner Trustee under the Trust Agreement. In addition, the Owner Participant shall pay to Chase a fee equal to four percent (4%) of the Purchase Price of the Units (\$1,599,212.44). Chase shall pay all of the other expenses, fees and costs, including the fees and costs of counsel, incurred by Chase and the Lessee in connection with the negotiation, preparation, execution, delivery and performance of, and satisfaction of the conditions precedent contained in, this Agreement and the other Transaction Documents and the transactions contemplated hereby and thereby. Chase shall indemnify, defend and hold harmless the Owner Participant, MTC, the Owner Trustee and their respective successors

and permitted assigns from and against all such expenses, fees and costs that Chase is required to pay pursuant to this Section 11 (such expenses, fees and costs being part of Chase's Retained Obligations). The Owner Participant shall indemnify, defend and hold Chase, MTC and their successors and permitted assigns harmless from and against any and all expenses, fees, and costs the Owner Participant is required to pay pursuant to this Section 11.

SECTION 12. Miscellaneous.

12.1 This Agreement may be executed in any number of counterparts and by the different parties on 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.

12.2 THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

12.3 This Agreement shall be binding upon and inure to the benefit of each of the parties hereto and their respective successors and permitted assigns; provided, however, that the Owner Participant may not assign or transfer any of its rights or obligations assigned and assumed hereunder except in accordance with the provisions of this Agreement.

12.4 Notices to each party herein shall be given to it in the manner and at the address provided with respect to such party in Section 17 of the Lease, except as follows:

Owner Participant: MNC Leasing, a division of MNC Credit Corp  
Nottingham Centre  
502 Washington Avenue  
Towson, Maryland 21204  
Attn: Vice President- Operations

Chase: Chase Manhattan Service Corporation  
South 61 Paramus Road  
Paramus, New Jersey 07652  
Attn: VP - Operations CLSG

Owner Trustee:

Meridian Trust Company  
35 North 6th Street  
Reading, Pennsylvania 19601  
Attn: Corporate Trust Department

12.5 Each party hereby agrees promptly and duly to execute and deliver such instruments, documents and assurances and take such further action as may be necessary or as may be reasonably requested by any other party to effectuate the purpose and intent of this Agreement.

12.6 No term or waiver of this Agreement may be changed, modified, amended, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against which enforcement of such change, modification, amendment, waiver, discharge or termination is sought.

12.7 All agreements, indemnities, representations and warranties contained in this Agreement, in any other Transaction Document and in any agreement, document or certificate delivered pursuant hereto or thereto or in connection herewith or therewith, shall survive, and shall continue in full force and effect following, the execution and delivery of this Agreement and the issuance and delivery of the Note pursuant to the Loan Agreement and the expiration or other termination of any of the Transaction Documents.

IN WITNESS WHEREOF, the parties hereto have caused this Sale Agreement and Assignment to be duly executed, under seal, as of the date hereof.

CHASE MANHATTAN SERVICE CORPORATION

By: Thomas R. Gessner (SEAL)  
VICE PRESIDENT

MERIDIAN TRUST COMPANY, as  
Owner Trustee

By: James J. [Signature] (SEAL)  
Assistant Vice President

MNC LEASING,  
A Division of MNC CREDIT CORP

By: \_\_\_\_\_ (SEAL)

IN WITNESS WHEREOF, the parties hereto have caused this Sale Agreement and Assignment to be duly executed, under seal, as of the date hereof.

CHASE MANHATTAN SERVICE CORPORATION

By: \_\_\_\_\_ (SEAL)

MERIDIAN TRUST COMPANY, as  
Owner Trustee

By: \_\_\_\_\_ (SEAL)

MNC LEASING,  
A Division of MNC CREDIT CORP

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

*T. High*  
VICE PRESIDENT



STATE OF NEW YORK )  
 ) SS  
COUNTY OF NEW YORK )

On this 11<sup>th</sup> day of October, 1989, before me personally appeared Anne Jurgan, to me personally known who signed the foregoing instrument on this day and, being by me duly sworn, says that he is an Assistant Vice President of MERIDIAN TRUST COMPANY, as Owner Trustee, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

MELINDA B. HARRIS  
Notary Public, State of New York  
No. 4908765  
Qualified in New York County  
Commission Expires October 19, 1989  
[Notarial Seal]

Melinda B Harris  
Notary Public

My Commission expires:

STATE OF NEW YORK )  
 ) SS  
COUNTY OF NEW YORK )

On this 11<sup>th</sup> day of October, 1989, before me personally appeared Theodore R. Gerster, to me personally known who signed the foregoing instrument on this day and, being by me duly sworn, says that he is a Vice President of CHASE MANHATTAN SERVICE CORPORATION, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

NICK LIMAR  
NOTARY PUBLIC, STATE OF NEW YORK  
NO. 4512348  
QUALIFIED IN ORANGE COUNTY  
COMMISSION EXPIRES SEPTEMBER 30, 1991  
[Notarial Seal]

Nick Limar  
Notary Public

My Commission expires:

