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14362
RECORDATION NO. _____ Filed 1425

July 3, 1984 JUL 3 1984 4 05 PM

INTERSTATE COMMERCE COMMISSION
4-185A089

By Hand

Honorable James H. Bayne
Secretary
Interstate Commerce Commission
12th & Constitution Avenue, N.W.
Washington, D.C. 20423

No. _____
Date JUL 3 1984
Fee \$ 10.00
ICC Washington, D.C.

RECEIVED

JUL 3 4 00 PM '84

FEE OPERATION 2P
I.C.C.

Re: Section 11303 Recordation
of Security Agreement

Dear Mr. Bayne:

Enclosed herewith are the original and one certified true copy of the document described below for recordation under 49 U.S.C. § 11303.

The document is a Security Agreement executed May 31, 1984 between Allan J. Hemphill and Sharon L. Hemphill (the borrowers) and Wells Fargo Bank, N.A. (the lender) covering one lounge/dining car, more fully described below, and also granting the lender a security interest in the Lease and Option to Purchase Rail Car between the borrowers and Chateau St. Jean, as collateral for a loan from Wells Fargo to Allan J. Hemphill and Sharon L. Hemphill.

The Security Agreement is thus a "primary" document under 49 C.F.R. § 1177.1(a) and should be recorded under the names of Wells Fargo Bank and Allan J. Hemphill and Sharon L. Hemphill as shown below:

Borrowers and
Car Owners:

ALLAN J. HEMPHILL
SHARON L. HEMPHILL
16121 Watson Road
Guerneville, California 95446

Lender and
Secured Party:

WELLS FARGO BANK, N.A.
475 Sansome Street
San Francisco, California 94163

Handwritten signature: J. H. Bayne

Honorable James H. Bayne
July 3, 1984
Page 2

A description of the equipment covered by the Security Agreement is as follows:

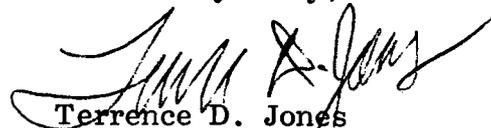
Description: One 87 foot lounge/dining car bearing Burlington Northern (Northern Pacific) Railroad Designation Number 498, and also bearing Amtrak Designation Number 8354.

A short summary of the enclosed Security Agreement is provided below, pursuant to 49 C.F.R. § 1177.3(d)(8), for inclusion in the Commission's recordation index:

Index Summary: Security Agreement executed May 31, 1984 between Allan J. Hemphill and Sharon L. Hemphill, 16121 Watson Road, Guerneville, California 95446 (borrowers and car-owners) and Wells Fargo Bank, N.A., 475 Sansome Street, San Francisco, California 94163 (lender and secured party) covering one 87 foot lounge/dining car bearing Burlington Northern (Northern Pacific) Railroad Designation Number 498, and also bearing Amtrak Designation Number 8354, and also granting the lender and secured party a security interest in the Lease and Option to Purchase Rail Car between the borrowers and car-owners and Chateau St. Jean.

A fee of \$10 is enclosed pursuant to 49 C.F.R. § 1177.3(c). Please return the original of the Security Agreement, after stamping, to the undersigned. Thank you for your assistance.

Yours very truly,



Terrence D. Jones
Attorney for Wells Fargo Bank, N.A.

Enclosures

TDJ/smh
147-00-01

Interstate Commerce Commission
Washington, D.C. 20423

7/3/84

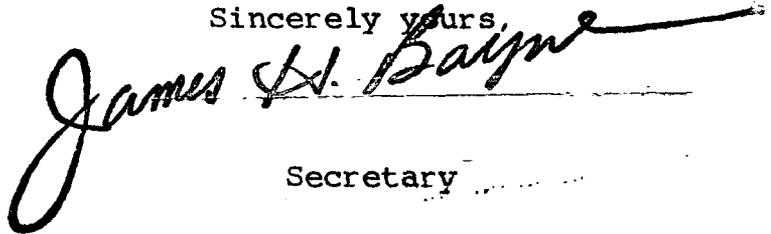
OFFICE OF THE SECRETARY

Terrence D. Jones
Billig, Sher & Jones, P.C.
Suite 300, 2033 K. St. N.W.
Washington, D.C. 20006

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 7/3/84 at 4:05pm and assigned re-
recording number(s). 14362

Sincerely yours,

A handwritten signature in cursive script that reads "James H. Baine". The signature is written in black ink and is positioned above a horizontal line.

Secretary

Enclosure(s)

SE-30
(7/79)

14362

RECORDATION NO. Filed 1425

JUL 3 1984 4 05 PM

INTERSTATE COMMERCE COMMISSION

SECURITY AGREEMENT

THIS SECURITY AGREEMENT is made this 31 day of
May, 1984, by ALLAN J. HEMPHILL and SHARON L.
HEMPHILL (collectively referred to as "Hemphill") for the benefit
of WELLS FARGO BANK, N.A., a national banking association
("Bank").

RECITALS

WHEREAS, Hemphill has purchased that certain Lounge/Dining
Car manufactured in 1947 by Pullman Standard Co., which
Lounge/Dining Car bears Burlington Northern (Northern Pacific)
Railroad Designation Number 498, and Amtrak Designation Number
8354 (the "Car"); and

WHEREAS, Hemphill leases the Car to Chateau St. Jean
Vineyards and Winery ("Chateau St. Jean") pursuant to that
certain Lease and Option to Purchase Rail Car between Hemphill
and Chateau St. Jean, a copy of which is attached hereto as
Exhibit A (the "Chateau St. Jean Lease"); and

WHEREAS, Hemphill has requested from Bank a loan in the
principal amount of ONE HUNDRED TWENTY THOUSAND DOLLARS
(\$120,000.00) (the "Loan"), and Bank has agreed to grant the Loan
on the terms and conditions of that certain Letter Agreement
between Hemphill and Bank dated May 31, 1984, as the same
may be amended from time to time (the "Letter Agreement"),
including the requirement that the Loan be secured by a first
priority security interest in the Car, an assignment of all of

Hemphill's rights under the Chateau St. Jean Lease, and all proceeds of any of the foregoing.

NOW, THEREFORE, Hemphill agrees as follows:

1. Security Interest and Assignment. Hemphill hereby grants, assigns, mortgages and transfers to Bank a security interest in and to all of Borrower's right, title and interest in and to each of the following (collectively referred to as the "Collateral"):

(a) the Car and all appliances, parts, accessories and equipment now or hereafter incorporated or installed in or attached to the Car, along with all substitutions or replacements of any of the foregoing;

(b) all of Hemphill's rights, powers and privileges under the Chateau St. Jean Lease and all subsequent leases of the Car (such other leases, together with the Chateau St. Jean Lease, being referred to collectively as the "Leases" and all persons or entities obligated as lessees on any such Leases being referred to collectively as the "Lessees"), including without limitation the immediate and continuing right to receive and collect all payments, awards, insurance proceeds and other sums receivable by Hemphill pursuant to any of the Leases, whether from an insurer or one or more Lessees, and to execute and deliver all notices and instruments and to do all other things which Hemphill is or may become entitled to do under one or more of the Leases;

(c) all claims, rights, powers, privileges and remedies on the part of Hemphill with respect to any agreement at any time entered into between Hemphill and any other person or entity in connection with the Car; and

(d) all proceeds received or receivable from the sale, exchange, lease or other disposition of any of the foregoing, whether such disposition is voluntary or involuntary, including without limitation all rights to payment, including returned premiums, with respect to any insurance relating to any of the foregoing, and all rights to payment with respect to any cause of action affecting or relating to any of the foregoing, together with full power and authority, in the name of Bank or Hemphill or otherwise, or as attorney-in-fact hereby irrevocably constituted, to enforce, collect and receive, and receipt for, in accordance with the terms and conditions hereinafter set forth any and all of the foregoing rights and sums assigned, or entitled to be received pursuant to other rights assigned.

2. Obligations Secured. This Security Agreement is made to secure: (1) payment of principal and interest on Borrower's promissory note executed to evidence the Loan and made pursuant to the Letter Agreement (the "Note"), and all extensions, renewals, and modifications thereof; (2) payment and performance of all Borrower's obligations under this Security Agreement and the Letter Agreement; and (3) payment and performance of all other debts and obligations of any kind whatsoever now or hereafter owed by Hemphill to Bank.

3. Protection of Security. To protect the security afforded by this Security Agreement, Hemphill represents, warrants and covenants as follows:

(a) Hemphill shall perform and comply with each and every term of each of the Leases and any other agreement entered

into between Hemphill and any other person or entity in connection with the Car.

(b) Unless the prior written consent of the Bank shall have been obtained, Hemphill will not amend, modify, extend or in any way alter any of the terms of any Lease (other than any amendment or modification to a Lease increasing the amount payable pursuant to such Lease, extending the term of such Lease or adding to the Car subject to such Lease), or cancel or terminate any Lease or consent to or accept any cancellation, termination or surrender thereof, or waive any default under or breach of any Lease, or consent to or accept any prepayment of rent under any Lease or agree to any discount of rent thereunder, or give any other consent or notice under any Lease or make any agreement with any Lessee with respect to any Lease; provided however, that a Lease may be cancelled or terminated if the Car shall be re-leased by Hemphill for similar periods on similar or better terms within sixty (60) days after such cancellation or termination.

(c) Hemphill shall do all things reasonably necessary or appropriate to preserve the value of the Collateral. Without limiting the generality of the foregoing, Hemphill will cause the Car to be maintained at no expense or cost to Bank and to be kept in good order and repair and ready for service in normal railroad operations.

(d) On or prior to delivery of the Car to any Lessee, Hemphill will cause to be plainly, distinctly and conspicuously placed on each side of the Car in letters not less than one inch in height a legend bearing the Designation Numbers set forth on

the first page hereof. At all times during the effectiveness of this Security Agreement, Hemphill shall insure the Car bears such legend. Hemphill will not allow the name of any person, association or corporation to be placed on the Car as a designation which might be interpreted as indicating a claim of ownership thereof by any person, association or corporation other than Hemphill or Bank; provided however, that the Car may be lettered with the name or initials or other insignia customarily used by a Lessee on its equipment of the same or a similar type for convenience of identification of the rights to use and operate the Car under a Lease.

(e) Hemphill has and shall continue at all times to have good and valid title to the Car; and the Car is now and shall continue at all times to be free and clear of any mortgage, pledge, lien, charge or other encumbrance, except such as arise pursuant to the security interest in the Car granted by Hemphill to Bank and the interests of any Lessee in the Car. Hemphill, further, shall promptly pay or satisfy and discharge any and all sums claimed by any party by, through, under or against Hemphill or its successors or assigns which, if unpaid, might become a lien or a charge upon the Car equal or superior to the title of Bank thereof; provided however, that Hemphill shall not be required to discharge any such claim so long as Hemphill shall in good faith and by appropriate legal or administrative proceedings contest the validity or amount thereof unless, in the judgment of Bank exercised in good faith, Bank shall determine that the rights or interests of Bank will be materially endangered by the non-payment thereof.

(f) If Hemphill shall fail to make any payment when due under the Note or to do any act required by the Letter Agreement or this Security Agreement, then Bank shall have the right to (but shall not be obligated to), without prior notice to or demand on Hemphill and without releasing Hemphill from any obligation hereunder or thereunder, make or do the same in such manner and to such extent as Bank may deem necessary or advisable to protect the security hereof, including specifically, without limiting its general powers, the right to appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Bank and also the right to perform and discharge each and every obligation, covenant and agreement of Hemphill contained in any Lease or other agreement entered into by Hemphill in connection with the Car; and in exercising any such powers Bank may pay reasonable costs and expenses, including without limitation attorneys' fees, which costs, expenses and attorneys' fees shall be immediately reimbursed by Hemphill. Bank shall give Hemphill notice of any action taken pursuant to this paragraph.

(g) If any lien, encumbrance or charge of any kind based on any claim (including without limitation any claim for income, franchise or other taxes, whether Federal, state, local or otherwise) shall be asserted or filed against any of the Collateral, or any order, whether or not valid, of any kind shall be entered with respect to any of the Collateral by virtue of any claim of any kind in either case so as to (a) interfere with the due application of any amount pursuant to the provisions hereof or (b) subject the Bank to any obligation to refund or make any

payment in respect of any amount applied to the payment of the Note or to obligations under the Letter Agreement or this Security Agreement, then Hemphill will promptly take such action (including but not limited to the payment of money) as may be necessary to prevent or remedy the cause of such interference or such obligation as the case may be.

(h) Hemphill agrees that Hemphill shall give Bank prompt written notice if the use of the Car shall be changed from that presently contemplated by Hemphill, such notice to specify such new use of the Car.

4. Power of Attorney. Hemphill hereby appoints Bank its true and lawful attorney-in-fact, effective immediately upon the occurrence of an Event of Default under the Letter Agreement or the Note, or a declaration of the principal of and interest on the Note to be due and payable thereunder, with full power of substitution, to enforce Bank's rights under any Lease or other agreement entered into by Hemphill in connection with the Car, and to take any other action which Bank may deem necessary or appropriate to protect and preserve the security interest of Bank in the Collateral.

5. No Assumption by Bank. Anything herein to the contrary notwithstanding: (a) Hemphill shall at all times remain liable to the respective Lessees under the Leases to perform all the duties and obligations of Hemphill thereunder to the same extent as if this Security Agreement had not been executed; (b) the exercise by Bank of any of the rights assigned hereunder shall not release Hemphill from any of its duties or obligations under any Lease; (c) Bank shall not have, and Hemphill shall indemnify

the Bank for and hold Bank harmless from, any obligation or liability under any Lease by reason of, or arising out of, this Security Agreement; and (d) Bank shall not be obligated to perform any of the obligations or duties of Hemphill under any Lease or to make any payment due from Hemphill to any Lessee or to make any inquiry as to the sufficiency of any payment received by Bank with respect to any Lease or to present or file any claim or take any other action to collect or enforce any claim for any payment assigned hereunder, or to pay or to see to the payment of or to make any filings in respect of any taxes levied on or with respect to any Lease, the rentals thereunder or the Car.

6. Default; Remedies. If an Event of Default under the Letter Agreement or Note shall occur or if Hemphill shall breach any provision of this Security Agreement, Bank, without any obligation to resort to any other security, and without presentment, demand, protest, notice of dishonor or legal process, all of which are expressly waived by Hemphill, shall have the right: (a) to require Hemphill to assemble and deliver the Collateral, including the Car, to Bank at such place as Bank shall designate; (b) to enter on to any premises of Hemphill to take possession of the Collateral or any part thereof; and (c) to the extent permitted by law, at any time and from time to time, in its sole discretion, to sell in a commercially reasonable manner (subject to any rights of a Lessee under a Lease the Collateral and all right, title and interest, claim and demand therein and right of redemption thereof, at public or private sale, for cash, upon credit or for future delivery, and in connection therewith Bank may grant options, all without either

demand, advertisement or notice, all of which are hereby expressly waived by Hemphill, except that at least ten (10) days before any such sale Bank shall mail or deliver to Hemphill at its latest address known to the Bank a notice stating the time and place of such sale. Any person or entity, including Bank, may bid at such sale and purchase the Collateral free from any equity or right of redemption, which is hereby waived and released, to the extent permitted by law.

Upon any such sale, after deducting from the proceeds of such sale all costs and expenses of every kind for sale or delivery, including without limitation attorneys' fees and disbursements, Bank shall apply any residue to the payment of any liabilities secured hereby. The balance, if any, remaining after payment in full of all such liabilities shall be paid to Hemphill. The rights and remedies of Bank specified herein shall be cumulative and shall in no event be deemed exclusive of any other rights Bank may have pursuant to the Letter Agreement, or the laws (including without limitation the Uniform Commercial Code) of the United States or of any state of the United States. Notwithstanding the foregoing, the security interests granted hereby are effective immediately and their effectiveness is not contingent upon the occurrence of an Event of Default under the Letter Agreement or the Note.

In case of any sale of the Collateral, or any part thereof, under this Security Agreement, any purchaser shall be entitled, to the extent permitted by law, for the purpose of making payment for the property purchased, to use the Note and claims for interest thereon, in order that there may be credited thereon the

sum payable out of the net proceeds of such sale to the holder of such Note and claims for interest as his ratable share of such net proceeds; and thereupon such purchaser shall be credited on account of such purchase price with the portion of such net proceeds that shall be applicable to the payment of, and shall have been credited upon, the Note and claims for interest so used; and at any such sale, any holder of the Note may bid for and purchase the property offered for sale, may make payment on account thereof as aforesaid, and upon compliance with the terms of sale, may hold, retain and dispose of such property without further accountability therefor.

7. Further Assurance. Hemphill will record with the Interstate Commerce Commission, or provide to Bank for such recordation, the original Bill of Sale for the Car, transferring title to the Car to Hemphill, and the original Chateau St. Jean Lease. Hemphill, further, from time to time will execute or deliver to the respective Lessees for execution, and deliver to Bank and file all such instruments and take, and cause to be taken, all such actions as Bank may reasonably request in order to preserve and protect the security interests granted or intended to be granted to Bank hereunder, to effectuate the purposes of this Security Agreement or to carry out the terms hereof, including without limitation the execution and filing of financing statements or continuation statements. Hemphill hereby authorizes Bank to file this Security Agreement or financing statements with respect to the Collateral with any appropriate governmental office or offices in order to perfect the security interests granted hereby.

8. Assignment. All or any of the right, title or interest of Bank in, to or under this Security Agreement may be assigned or transferred and may be reassigned or retransferred by an assignee of Bank, or any successor assignee, at any time and from time to time.

9. Termination. The security interests created hereunder will terminate when all the obligations of Hemphill under the Note, the Letter Agreement and this Security Agreement are discharged (and all amounts due thereunder and hereunder have been paid in full) and Bank, at the request of Hemphill, will then execute termination statements and such other documents as may be necessary or appropriate to make clear upon the public records the termination of such security interests.

10. Controlling Law; Successors and Assigns. This Security Agreement shall be governed by and construed in accordance with the laws of the State of California and shall inure to the benefit of and be binding upon Hemphill and Bank and their respective successors and assigns, provided however, that Hemphill may not assign its interests hereunder without Bank's prior written consent.

11. Changes; Waivers. Neither this Security Agreement nor any provision hereof may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by all parties to this Agreement. No failure or delay by Bank in exercising any right, power or privilege hereunder shall operate as a waiver thereof; nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

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

IN WITNESS WHEREOF, Hemphill has executed this Agreement as of the day and year first above written.



ALLAN J. HEMPHILL

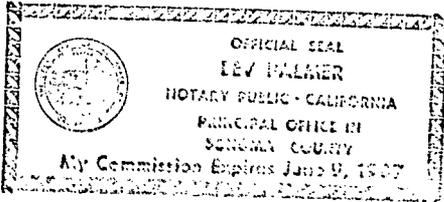


SHARON L. HEMPHILL

ACKNOWLEDGMENT

STATE OF CALIFORNIA)
)
COUNTY OF Sonoma) ss.

On this 12th day of June, 1984,
before me, the undersigned, a Notary Public in and for the State
of California, residing therein, duly commissioned and sworn,
personally appeared Allan J. Hemphill
and Sharon L. Hemphill, personally known to me (or
proved to me on the basis of satisfactory evidence) to be the
persons described in and that executed the foregoing instrument.



(SEAL)

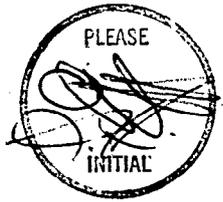
Lev Palmer
Notary Public in and for the
State of California

My Commission expires June 9, 1987

REGISTRATION NO. 14306 FILE 1428

APR 9 1984 -3 25 PM

INTERSTATE COMMERCE COMMISSION



LEASE AND OPTION TO PURCHASE RAIL CAR

LEASE AGREEMENT, entered between ALLAN J. HEMPHILL and SHARON L. HEMPHILL, having a place of business at Guerneville, California (hereinafter called "Lessor"), and CHATEAU ST. JEAN (hereinafter called "Lessee").

It is hereby agreed by and between Lessor and Lessee as follows:

1. Lessor agrees to lease to the Lessee and Lessee agrees to hire from the Lessor the rail car described as follows:

87 foot lounge dining car commonly known as Car 154 "Sonoma Valley" but excluding any right, title or interest in the art work, glassware, silver, and other personal property located therein which shall remain the sole and separate property of of Lessor.

for a term beginning on June 1, 1983, and continuing for a period of three years but subject to the provisions hereinafter.

"Sonoma Valley" is a fully equipped Lounge-Dining car approved for use on all Amtrak routes. Rail car will be furnished appropriately to accommodate up to 30 people for entertaining or seminars, and dining room will accommodate 16 persons for "sit down" dinners. The galley will be fully equipped with stoves, ovens, refrigeration and utensils to support the uses described above. The rail car will be

maintained by lessee in Amtrak approved mechanical condition for the period of the lease.

2. In each year during the term of this lease, Lessee shall be entitled to sixty (60) days usage of the rail car. Lessee shall submit in writing to Lessor a schedule of dates of usage on or before June 1, of the particular year involved. Final confirmation of dates submitted or any requests for changes shall be submitted in writing at least thirty (30) days in advance thereof.

Additional days of usage over and above the aforementioned sixty (60) days per year may be requested by Lessee on a non-priority basis, if said dates are available, upon thirty (30) days prior written notice. Said additional days may be requested annually on or before June 1 of each year.

3. Lessee agrees to pay to Lessor, as rental for the use and privilege of use of said rail car for the first 60 days, the sum of \$300.00 per day of usage and, in all events, shall pay the minimum sum of \$18,000.00 per year due one-half on June 1 of each year of this lease, commencing on June 1, 1983, and the remaining one-half thereof on January 15 of each year and continuing each year on said date during the term of this lease. Additional sums for additional days' rental shall become due on the basis of \$100.00 per day of usage in excess of 60 days in any year, payable 20 days prior to the date of said additional usage.

This lease shall be for the rail car only and Lessee shall pay for all mileage charges from Amtrak or any railroads,

switching charges, kitchen and generator fuel, and all other utilities, services or supplies furnished to the rail car.

4. Lessee agrees that Lessor, in order to provide funds for financing the purchase or improvement of said rail car leased, may assign all of its right, title or interest in and to said rail car and all monies due or to become due hereunder to any lending institution and Lessee agrees to pay directly to such lending institution as and when assigned to it, all monies due or to become payable due hereunder and Lessee further agrees that the assignee's right to payment of assigned monies hereunder shall not be subject to any defense, counterclaim or set-off which Lessee may have against Lessor, but shall be limited to any defense Lessee or Lessor may have against the assignee. Upon payment to the Assignee, Lessee shall continue to have quiet possession and enjoyment of the rail car leased hereunder.

5. All equipment, attachments, accessories and repairs at any time made to or placed on the rail car leased shall become part thereof and become the property of the Lessor.

6. Upon each delivery of the rail car to Lessee and its acceptance by Lessee and until redelivery thereof to Lessor as provided herein, Lessor shall have no responsibility for its maintenance or care. During such time, Lessee shall maintain, service and keep in good repair said rail car at its own expense, normal wear, tear or depreciation excepted.

The rail car shall be available for delivery to Lessee from Amtrak-Oakland Yards and shall be returned to same by Lessee

following periods of use. By mutual written agreement the rail car may be picked up or returned by Lessee to other points.

7. Lessee agrees to indemnify, protect, save and keep harmless Lessor, its agents, servants, successors and assigns from and against all losses, damages, injuries, claims, demands and expenses, including legal expenses, of whatsoever nature, (a) arising out of the use, condition (including, but not limited to, latent and other defects and whether or not discoverable by it), or operation of said rail car by whomsoever used or operated; or, in the event Lessee shall be in default hereunder as defined herein, (b) arising out of or resulting from the condition of said rail car sold or disposed of after use by Lessee. The indemnities and assumptions of liability herein provided for shall continue in full force and effect notwithstanding the termination of this Agreement, whether by expiration of time, by operation of law, or otherwise.

8. Lessor shall maintain first party insurance coverages for the rail car and the Lessor's contents therein. Lessee agrees to take out and keep in force during the life hereof at Lessee's expense public liability insurance in companies and through brokers licensed to do insurance business in the State of California, to protect against any liability to the public incident to the use of or resulting from any accident occurring in or about said rail car, the liability under such insurance to be not less than \$1,000,000.00 for any person injury and \$3,000,000.00 for any one accident, and \$1,000,000.00 for property damage. The said policy shall insure the contingent

liability of Lessor and said policy, or a certificate of insurance, is to be placed with Lessor, and Lessee is to obtain a written obligation on the part of the insurance carrier to notify Lessor in writing prior to any cancellation thereof, and Lessee agrees, if Lessee does not keep such insurance in full force and effect the Lessor may take out the necessary insurance and pay the premium and the repayment thereof shall be deemed to be a part of the rental and payable as such on the next day upon which rent becomes due. Owners shall be named as additional insured's under said policy of liability insurance.

9. Lessee may sublet said rail car to any of its present or future subsidiaries or affiliated companies, provided, however, that any such sublease shall in all respects be subject to all of the terms, covenants and conditions of this Agreement. No such subletting shall relieve Lessee of its obligations hereunder.

10. Title to said rail car leased hereunder shall remain in the Lessor during the term of the lease thereof and any extension or renewal thereof granted by Lessor and at all times thereafter. Upon the termination of the lease, the rail car shall, at the expense of the Lessee, be returned to Lessor at the place designated by Lessor for such disposition as Lessor shall determine, but this shall not be deemed to authorize Lessee or any other person to use said rail car or to incur any liability or obligation upon behalf of Lessor. As to said rail car leased hereunder, Lessor warrants that it is and will be the sole and absolute owner thereof, that the rail car is free of all encumbrances at the time of delivery to Lessee, except as

otherwise provided in Paragraph 4, that Lessor will keep said rail car free of all other liens and encumbrances, and that they will do nothing to disturb the exercise of all of Lessee's rights with respect thereto as provided by this Agreement.

11. Lessor shall be permitted to display notice of ownership of said rail car by means of stencil or plate affixed thereto.

12. Neither party hereto shall assign this Agreement without the written consent of the other party or, following an approved assignment, without the written consent of the assignee except as otherwise provided in Paragraph 4 and Paragraph 8 of this Agreement.

13. In the event Lessor fails or is unable to perform its obligations hereunder; or Lessor's interest in the rail car shall be levied upon, or taken in execution or subjected to other encumbrances; or Lessor becomes insolvent or bankrupt or makes an assignment for the benefit of creditors or consents to the appointment of a trustee or a receiver, or a trustee or receiver is appointed for Lessor or a substantial part of its property without its consent, or if bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings are instituted by or against Lessor; then, and in any such event, Lessee shall have the option, (a) to terminate this lease Agreement; or (b) notwithstanding such default or insolvency, to continue rental payments until the expiration of the term of each lease.

14. The following events shall constitute defaults on the part of the Lessee hereunder; the failure of Lessee to pay any

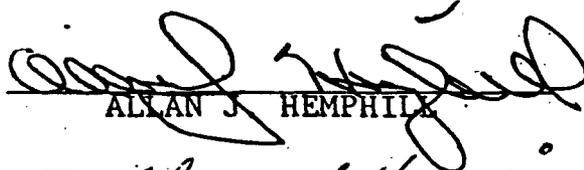
installment of rental within fifteen days after the date on which the same shall become due; any breach or failure of the Lessee to observe or perform any of its other obligations hereunder and such default shall continue for fifteen days after notice in writing to Lessee of the existence of such default; Lessee becoming insolvent or bankrupt, or making an assignment for the benefit of creditors, or consenting to the appointment of a trustee or receiver, or a trustee or receiver being appointed for Lessee or for a substantial part of its property without its consent, bankruptcy, reorganization, arrangement or insolvency proceedings being instituted by or against Lessee. Upon the occurrence of any such default, Lessor may, at its option and without notice or demand on Lessee, declare this Agreement in default and thereupon the rail car shall be surrendered to Lessor and all rights of the Lessee therein shall terminate. Lessor or agents may take possession of the rail car wherever found, with or without process of law, and for the purpose may enter upon any premises of Lessee and remove the same without liability for damages, suit, action or other proceeding by Lessee. Lessor may hold, use, sell, lease or otherwise dispose of all or any part of said rail car without affecting the obligation of Lessee.

15. So long as Lessee is in full compliance with all of the terms and conditions of this lease, Lessee shall have the option during the term of this lease only, to purchase the said rail car (excluding the personal property therein), for the sum of ~~\$100,000.00~~ ^{\$140,000.00} cash. Written notice of exercise shall be given to Lessor at 16121 Watson Road, Guerneville, California, by

certified mail, postage pre-paid, or Lessee may elect to hand deliver by messenger said exercise in which event the notice of exercise shall be deemed delivered upon leaving same at the premises.

16. Any provision hereof found to be prohibited by law shall be ineffective to the extent of such prohibition without invalidating the rest of this agreement.

IN WITNESS WHEREOF, Lessor and Lessee have caused these presents to be duly executed the day and year first above written.


ALLAN J. HEMPHILL

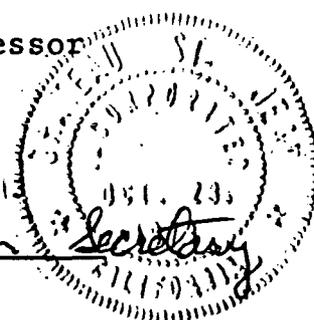

SHARON L. HEMPHILL

Lessor

CHATEAU ST. JEAN

By  Secretary

Lessee

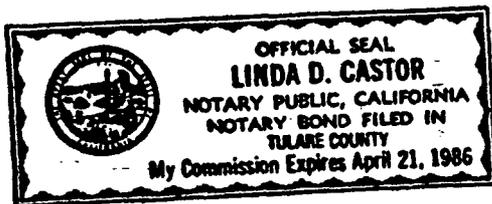


Corporate Form of Acknowledgement

State of CALIFORNIA
County of TULARE, ss:

On this 30 day of MARCH, 1984, before me personally appeared ED MERZDIAN, to me personally known, who being by me duly sworn, says that (s)he is the SECRETARY of CHATEAU ST. JEAN, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and (s)he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

(SEAL)



Linda D. Castor
Notary Public

4-21-86
My commission expires

CERTIFIED TRUE COPY

DISTRICT OF COLUMBIA) ss.

This will certify that, on this 3rd day of July 1984, I, a notary public in and for the District of Columbia, have compared the foregoing Security Agreement (executed May 31, 1984) by and between Allan J. Hemphill and Sharon L. Hemphill and the Wells Fargo Bank, N.A., with the original thereof, and that such copy is a true and complete copy of the original document in all respects, including date, signature and acknowledgements.



Abdo S. McHutty
Notary Public

My commission expires: _____
My Commission Expires August 31, 1988