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RECORDATION NO. 11361 Filed 1425
JAN 14 1980 -11 22 AM
INTERSTATE COMMERCE COMMISSION

014A048

January 14, 1980

Date JAN 14 1980
Fee $ 2,450.00
ICC Washington, D. C.

Ms. Agatha Mergenovich, Secretary
Interstate Commerce Commission
Office of the Secretary - Room 2209
Washington, DC 20423

Dear Ms. Mergenovich:

Enclosed for filing and recordation pursuant to the provisions of 49 USC § 11303 are several copies of the following documents which relate to the railroad equipment hereafter identified:

1. Railroad Lease Agreement dated as of July 17, 1979 between Brae Corporation and Warrenton Rail Road Company.

2. Assignment of Lease Agreement dated as of December 14, 1979 by Brae Corporation to Warren J. Hayford, Lawrence A. Wein, Alvin S. Lane, Peter L. Malkin, Donald J. Donahue, Selby Sullivan, Harry Kahn, William J. Poorvu, Allan P. Kirby, Jr. and Arthur Belfer (hereafter "Owners").

3. Assignment of Lease Agreement dated as of December 17, 1979 by Brae Corporation to Robert M. Bennett (hereafter "Owners").

4. Assignment of Lease Agreement dated as of December 19, 1979 by Brae Corporation to Myron Kislak (hereafter "Owners").

5. Assignment of Lease Agreement dated as of December 27, 1979 by Brae Corporation to Pauline S. Bresnick (hereafter "Owners").

6. Assignment of Lease Agreement dated as of December 31, 1979 by Brae Corporation to Preston Martin and Michael Towbes (hereafter "Owners").

7. Consent and Agreement of Lessee dated January 9, 1980 to Manufacturers Hanover Leasing Corporation and each of the Owners from the Warrenton Rail Road Company.

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8. Management Agreement dated November 29, 1979 between Brae Railcar Management, Inc. and Arthur B. Belfer.

9. Management Agreement dated December 31, 1979 between Brae Railcar Management, Inc. and Robert M. Bennett.

10. Management Agreement dated December 18, 1979 between Brae Railcar Management, Inc. and Pauline S. Bresnick.

11. Management Agreement dated December 4, 1979 between Brae Railcar Management, Inc. and Donald J. Donahue.

12. Management Agreement dated December 4, 1979 between Brae Railcar Management, Inc. and Warren J. Hayford.

13. Management Agreement dated November 30, 1979 between Brae Railcar Management, Inc. and Harry Kahn.

14. Management Agreement dated December 10, 1979 between Brae Railcar Management, Inc. and Allan P. Kirby, Jr.

15. Management Agreement dated December 7, 1979 between Brae Railcar Management, Inc. and Myron Kislak.

16. Management Agreement dated December 3, 1979 between Brae Railcar Management, Inc. and Alvin S. Lane.

17. Management Agreement dated December 3, 1979 between Brae Railcar Management, Inc. and Peter L. Malkin

18. Management Agreement dated December 26, 1979 between Brae Railcar Management, Inc. and Preston Martin.

19. Management Agreement dated December 6, 1979 between Brae Railcar Management, Inc. and William J. Poorvu.

20. Management Agreement dated December 1, 1979 between Brae Railcar Management, Inc. and Selby Sullivan.

21. Management Agreement dated December 13, 1979 between Brae Railcar Management, Inc. and Michael Towbes.

22. Management Agreement dated November 29, 1979 between Brae Railcar Management, Inc. and Lawrence A. Wien.

23. Consent of Brae Railcar Management Inc. dated January 9, 1980 from Brae Railcar Management, Inc. and to Manufacturers Hanover Leasing Corporation and the Owners.

24. Advisory Agreement dated November 29, 1979 between David A. Goldberg and Arthur B. Belfer.

25. Advisory Agreement dated December 11, 1979 between David A. Goldberg and Robert M. Bennett.

26. Advisory Agreement dated December 18, 1979 between David A. Goldberg and Pauline S. Bresnick.

27. Advisory Agreement dated December 4, 1979 between David A. Goldberg and Donald J. Donahue.

28. Advisory Agreement dated December 4, 1979 between David A. Goldberg and Warren J. Hayford.

29. Advisory Agreement dated November 30, 1979 between David A. Goldberg and Harry Kahn.

30. Advisory Agreement dated December 10, 1979 between David A. Goldberg and Allan P. Kirby, Jr.

31. Advisory Agreement dated December 7, 1979 between David A. Goldberg and Myron Kislak.

32. Advisory Agreement dated December 3, 1979 between David A. Goldberg and Alvin S. Lane

33. Advisory Agreement dated December 3, 1979 between David A. Goldberg and Peter L. Malkin.

34. Advisory Agreement dated December 26, 1979 between David A. Goldberg and Preston Martin.

35. Advisory Agreement dated December 6, 1979 between David A. Goldberg and William J. Poorvu.

36. Advisory Agreement dated December 1, 1979 between David A. Goldberg and Selby Sullivan.

37. Advisory Agreement dated December 13, 1979 between David A. Goldberg and Michael Towbes.

38. Advisory Agreement dated November 29, 1979 between David A. Goldberg and Lawrence A. Wien.

39. Consent of Advisor dated January 9, 1980 from David A. Goldberg to Manufactureres Hanover Leasing Corporation and the Owners.

40. Consent and Agreement of Shipper dated January 9, 1980, from CF Industries, Inc. to Manufacturers Hanover Leasing Corporation and the Owners.

41. Guaranty and Security Agreement dated as of January 9, 1980 between Manufacturers Hanover Leasing Corporation and Arthur B. Belfer.

42. Guaranty and Security Agreement dated as of January 9, 1980 between Manufacturers Hanover Leasing Corporation and Robert M. Bennett.

43. Guaranty and Security Agreement dated as of January 9, 1980 between Manufacturers Hanover Leasing Corporation and Pauline S. Bresnick.

44. Guaranty and Security Agreement dated as of January 9, 1980 between Manufacturers Hanover Leasing Corporation and Donald J. Donahue.

45. Guaranty and Security Agreement dated as of January 9, 1980 between Manufacturers Hanover Leasing Corporation and Warren J. Hayford.

46. Guaranty and Security Agreement dated as of January 9, 1980 between Manufacturers Hanover Leasing Corporation and Harry Kahn

47. Guaranty and Security Agreement dated as of January 9, 1980 between Manufacturers Hanover Leasing Corporation and Allan P. Kirby, Jr.

48. Guaranty and Security Agreement dated as of January 9, 1980 between Manufacturers Hanover Leasing Corporation and Myron Kislak.

49. Guaranty and Security Agreement dated as of January 9, 1980 between Manufacturers Hanover Leasing Corporation and Alvin S. Lane.

50. Guaranty and Security Agreement dated as of January 9, 1980 between Manufacturers Hanover Leasing Corporation and Peter L. Malkin.

51. Guaranty and Security Agreement dated as of January 9, 1980 between Manufacturers Hanover Leasing Corporation and Preston Martin.

52. Guaranty and Security Agreement dated as of January 9, 1980 between Manufacturers Hanover Leasing Corporation and William J. Poorvu.

53. Guaranty and Security Agreement dated as of January 9, 1980 between Manufacturers Hanover Leasing Corporation and Selby Sullivan.

54. Guaranty and Security Agreement dated as of Janaury 9, 1980 between Manufacturers Hanover Leasing Corporation and Michael Towbes.

55. Guaranty and Security Agreement dated as of January 9, 1980 between Manufacturers Hanover Leasing Corporation and Lawrence A. Wien.

56. Shipper Agreement dated as of September 28, 1979 between Brae Corporation and CF Industries, Inc.

57. Assignment of CF Industries, Inc. Agreement dated December 14, 1979 by Brae Corporation to ARthur Belfer, Donald J. Donahue, Harry Kahn, Allan P. Kirby, Jr., Alvin S. Lane, Peter L. Melkin, William J. Poorvu, Selby Sullivan, Warren J. Hayford and Lawrence A. Wein.

58. Assignment of CF Industries, Inc. Agreement dated as of December 17, 1979 by Brae Corporation to Robert M. Bennett.

59. Assignment of CF Industries, Inc. Agreement dated as of December 19, 1979 by Brae Corporation to Myron Kislak.

60. Assignment of ~~CF Industries,~~ Inc. Agreement dated as of December 27, 1979 by Brae Corporation to Pauline S. Bresnick.

61. Assignment of CF Industries, Inc. Agreement dated as of December 31, 1979 by Brae Corporation to Prestin Martin and Michael Towbes.

The foregoing documents relate to seventy-two (72) 100-ton, 4750 cubic feet covered hopper cars. They carry the marks of the Warrenton Rail Road Company and are identified as WAR 15125 through 15196.

The names and addresses of the parties to the documents described above are as follows:

Lessor - Assignor:	Brae Corporation, Three Embarcadero Center, San Francisco, CA 94111
Lessee:	Warrenton Rail Road Company, Warrenton, NC 27589
Guarantor - Debtor:	Railraod Car Nominee Corporation, 60 East 42nd Street, New York, NY 10017
Assignee - Lender	Manufacturers Hanover Leasing Corporation, 30 Rockefeller Plaza, New York, NY 10020
Assignor - Manager:	Brae Railcar Management, Inc., Three Embarcadero Center, San Francisco, CA 94111
Guarantor - Advisor:	David A. Goldberg, 777 Third Avenue, New York, NY 10017
Guarantor - Lessee - Assignee:	CF Industries, Inc., Salem Lake Drive, Long Grove, IL 60047

Please file and record the documents previously enumerated and cross-index them under the names set forth above. Since the documents are related to the same transaction, it is requested that all be assigned the same recordation number with consecutive letter designations for all documents after the first listed above.

A check payable to the order of the Interstate Commerce Commission in the amount of $2,450.00 is enclosed to cover the filing fees and the extra fees for cross-indexing.

Please return to the person presenting this letter your fee receipt, the enclosed copies of this letter and any copies of the documents not required for recordation, all stamped to indicate appropriate filing information.

Very truly yours,

Robert J. Corber

Robert J. Corber
Attorney for Brae Corporation

mbm
Enclosures

Towbes

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RECORDATION NO. Filed 1425

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INTERSTATE COMMERCE COMMISSION

GUARANTY AND SECURITY AGREEMENT

GUARANTY AND SECURITY AGREEMENT dated as of January 9, 1980 made by MICHAEL TOWBES (the "Guarantor"), residing at 860 Picacho Lane, Montecito, California 93108, in favor of MANUFACTURERS HANOVER LEASING CORPORATION, a New York corporation (the "Lender").

W I T N E S S E T H :

WHEREAS, pursuant to a Loan Agreement dated as of January 9, 1980 (herein, as the same may from time to time be amended, modified or supplemented, called the "Loan Agreement") between Railroad Car Nominee Corp. (the "Borrower") and the Lender, the Lender has agreed to make a loan to the Borrower (the "Loan"), the proceeds of which the Borrower will lend to the Guarantor in order to enable the Guarantor to pay a portion of the purchase price of the covered hopper railroad cars described in Annex A hereto (as hereinafter defined in Section 2(a)(i) hereof, the "Cars") which Loan will be evidenced by a promissory note of the Borrower (the "Note");

WHEREAS, the Cars, among other similar railroad cars, are the subject of:

(a) The Proposal dated November 13, 1978 of Pullman Incorporated, acting through its Pullman-Standard Division (the "Manufacturer"), signed and accepted by Brae Corporation ("Brae") on November 15, 1978, together with the Manufacturer's Acknowledgment Letter dated December 5, 1978, as assigned by Brae to the Guarantor pursuant to an Assignment (herein, as the same may from time to time be amended, modified or supplemented, called the "Manufacturer Purchase Agreement").

(b) The Purchase Contract between the Guarantor and Braecar, Inc. with respect to the Cars (herein, as the same may from time to time be amended, modified or supplemented, called the "Owner Purchase Agreement").

(c) The Advisory Agreement between the Guarantor and David A. Goldberg with respect to the Cars (herein, as the same may from time to time be amended, modified or supplemented, called the "Advisory Agreement").

(d) The Management Agreement between Brae Railcar Management, Inc. ("BRM") and the Guarantor with respect to the Cars (herein, as the same may from time to time be amended, modified or supplemented, called the "Management Agreement").

(e) The Shipper Agreement dated as of September 28, 1979 between Brae and CF Industries, Inc. (the "Shipper"), as modified by the letter agreement dated December 1, 1979 between Brae and the Shipper, as the same has been assigned by Brae to the Guarantor pursuant to an Assignment (herein, as the same may from time to time be further amended, modified or supplemented, called the "Shipper Agreement"),

(f) The Shipper Full Service Lease Agreement dated as of September 28, 1979 between Brae and the Shipper, as modified by the letter agreement dated December 1, 1979 between Brae and the Shipper, as the same has been assigned by Brae to the Guarantor pursuant to an Assignment (herein, as the same may from time to time be further amended, modified or supplemented, called the "Shipper Lease"), and

(g) The Lease Agreement dated as of July 17, 1979 between Warrenton Rail Road Company ("Warrenton") and Brae, as the same has been assigned by Brae to the Guarantor pursuant to an Assignment (herein, as the same may from time to time be amended, modified or supplemented, called the "Warrenton Lease");

WHEREAS, pursuant to separate assignments dated various dates (the "Assignments"), Brae has assigned to the Guarantor all of Brae's right, title and interest in, to and under the Manufacturer's Proposal dated November 13, 1978, signed and accepted by Brae on November 15, 1978, together with the Manufacturer's Acknowledgment Letter dated December 5, 1978, the Shipper Agreement dated as of September 28, 1979 between Brae and the Shipper, as modified by the letter agreement dated December 1, 1979 between Brae and the Shipper, the Shipper Full Service Lease Agreement dated as of September 28, 1979 between Brae and the Shipper, as modified by the letter agreement dated December 1, 1979

between Brae and the Shipper, and the Lease Agreement dated as of July 17, 1979 between Warrenton and Brae, as and to the extent that each of said agreements and leases relate to the Cars;

WHEREAS, the Manufacturer Purchase Agreement, the Shipper Agreement, the Shipper Lease, the Warrenton Lease, the Owner Purchase Agreement, the Advisory Agreement and the Management Agreement, insofar as they relate to the Cars, are hereinafter collectively called the "Contracts";

WHEREAS, the Assignments, the Shipper Consent, the Warrenton Consent, the Seaboard Assignment, the BRM Agreement, the BRM Consent, the Advisor's Consent, and the Braecar Consent (as such terms are defined in the Loan Agreement), insofar as they relate to the Cars, are hereinafter collectively called the "Other Contracts";

WHEREAS, the proceeds of the Loan will be loaned by the Borrower to the Guarantor and applied by the Guarantor only to the purchase price of the Cars, and the Guarantor will derive substantial economic benefits from the ownership of the Cars;

WHEREAS, the Lender is willing to make the Loan but only upon the condition, among other things, that the Guarantor execute and deliver to the Lender this Guaranty;

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and in order to induce the Lender to make the Loan to the Borrower pursuant to the Loan Agreement, the Guarantor, individually and for his heirs, personal representatives, executors and administrators, hereby agrees as follows:

1. The Guarantor hereby unconditionally and irrevocably guarantees to the Lender and its successors, indorsees, transferees and assigns, the prompt and complete payment when due (whether at the stated maturity, by acceleration or otherwise) of (a) the unpaid principal amount of, and the interest on, the Note (the "Note Obligations") and (b) all other indebtedness, obligations and liabilities of the Borrower to the Lender now existing or hereafter incurred under or arising out of or in connection with the Loan Agreement and insofar as such indebtedness, obligations and liabilities relate to the Loan and/or the Note or any

renewals or extensions of any thereof (the "Other Obligations") (the Note Obligations and the Other Obligations being herein collectively called the "Obligations"); and the Guarantor further agrees to pay any and all expenses which may be paid or incurred by the Lender in collecting any or all of the Obligations and/or enforcing any rights under the Obligations. Nothing herein contained shall constitute the Guarantor a partner with any other guarantor of any obligation or liability of the Company, and the liability of the Guarantor and any other such guarantor with respect to any liability of the Company shall be several and not joint.

2. (a) As collateral security for the prompt and complete payment and performance when due of this Guaranty and of the Obligations and in order to induce the Lender to enter into the Loan Agreement and make the Loan to the Borrower in accordance with the terms thereof, the Guarantor hereby assigns, conveys, mortgages, pledges, hypothecates and transfers to the Lender, and hereby grants to the Lender a continuing first lien on and first security interest in all the Guarantor's right, title and interest in, to and under the following (all of which are herein collectively called the "Collateral"):

(i) Each of the covered hopper railroad cars, manufactured by Pullman Incorporated acting through its Pullman-Standard Division, described in Annex A hereto, together with all replacements, substitutions, attachments, modifications, additions, improvements, upgrades and accessions, whether now owned or at any time hereafter acquired, of, to or upon such railroad cars (collectively, the "Cars");

(ii) The Contracts and all rents, issues, profits, revenues, income and other moneys due and to become due thereunder to the Guarantor, including, without limitation, all rights and claims of the Guarantor, now or hereafter existing, (a) under any insurance, indemnities and warranties provided for or arising out of or in connection with any of such Contracts or the Cars, (b) for any damages arising out of or for breach or default under or in connection with any of such Contracts, (c) to all amounts from time to time paid or payable under or in connection with any of such Contracts, and

(d) to terminate any of such Contracts, to exercise or enforce any and all covenants, remedies, powers and privileges thereunder; and including any and all amendments, supplements, extensions and renewals of any of such Contracts;

(iii) All agreements, contracts, instruments, leases, chattel paper and other understandings hereafter entered into by or on behalf of the Guarantor with respect to the management, assignment, dedication, lease or other utilization of any of the Cars, together with all amendments, modifications or supplements of any of the above understandings (collectively, the "Future Contracts") and all rents, issues, profits, revenues, income and other moneys due or to become due thereunder to the Guarantor;

(iv) All chattel paper, contracts, instruments, and other documents evidencing any Contract or Future Contract or any moneys due or to become due thereunder or related thereto;

(v) All accounts, contract rights and general intangibles related to any or all of the foregoing, as such terms are used in the Uniform Commercial Code of any applicable jurisdiction; and

(vi) To the extent not otherwise included, all proceeds of any or all of the foregoing, as such term is used in the Uniform Commercial Code of any applicable jurisdiction, and in any event, including, but not limited to, (a) any and all proceeds of any insurance, indemnity, warranty or guaranty payable to the Guarantor from time to time with respect to any of the Collateral, (b) any and all payments (in any form whatsoever) made or due and payable to the Guarantor from time to time in connection with any requisition, confiscation, condemnation, seizure or forfeiture of all or any part of the Collateral by any governmental body, authority, bureau or agency or any other

person (whether or not acting under color of governmental authority) and (iii) any and all other amounts from time to time paid or payable under or in connection with any of the Collateral.

If any of the railroad cars referred to in clause (i) of this Section 2(a) shall be released from the lien and security interest of this Guaranty pursuant to Section 2.3(a) of the Loan Agreement, such railroad cars shall no longer be included within the definition of "Cars" or "Collateral" as used in this Guaranty.

(b) It is expressly agreed that, anything contained herein to the contrary notwithstanding, (i) the Guarantor shall at all times remain liable to observe and perform all of its duties and obligations under the Contracts and Future Contracts to the same extent as if this Guaranty had not been made, (ii) the exercise by the Lender of any of the rights assigned hereunder shall not release the Guarantor from any of its duties or obligations under the Contracts and Future Contracts and (iii) the Lender shall not have any obligation or liability under the Contracts and Future Contracts by reason of this Guaranty or the receipt by the Lender of any payment or property under the Contracts and Future Contracts pursuant hereto, nor shall the Lender be obligated to perform or fulfill any of the duties or obligations of the Guarantor under the Contracts and Future Contracts or to make any payment thereunder, or to make any inquiry as to the nature or sufficiency of any payment or property received by it thereunder, or the sufficiency of performance by any party thereunder, or to present or file any claim, or to take any action to collect or enforce any performance or the payment of any amounts or the delivery of any property which may have been assigned to it or to which it may be entitled at any time or times.

(c) As more fully set forth in Section 2(a) hereof, the Guarantor has assigned to the Lender, as collateral security for the Obligations, the Contracts and all rent and other amounts from time to time payable thereunder. All such moneys shall be paid directly to the Lender by BRM, provided that if no Event of Default (as defined in paragraph (d) of this Section 2) shall have occurred and be continuing, all such moneys shall be paid directly to the Lender by BRM only to the extent necessary to pay when due the principal of and interest on the Note, and the Guarantor hereby irrevocably authorizes and directs BRM to make payments to the Lender in accordance with the foregoing. If the Guarantor shall at any time receive any such moneys it shall promptly deliver such moneys to the Lender.

(d) The Lender shall hold all moneys received by it as part of the Collateral and shall apply such moneys as provided in this Guaranty. If any default occurs in the making of any payment or performance hereunder or under any Contract or Future Contract and provided that a General Event of Default or a Special Event of Default with respect to the Note (being hereinafter called, in either case, an "Event of Default") shall have occurred and be continuing under the Loan Agreement, the Lender may take such action as it may deem appropriate to enforce such payment or performance, including the institution and prosecution of appropriate proceedings. Any such action shall be without prejudice to any right to claim an Event of Default and to proceed thereafter as provided in Section 3 hereof.

(e) In any suit, proceeding or action brought by the Lender under any Contract or Future Contract for any sum owing thereunder, or to enforce any provision of any Contract or Future Contract, the Guarantor will save, indemnify and keep the Lender harmless from and against all expense, loss or damage suffered by reason of any defense, setoff, counterclaim, recoupment or reduction of liability whatsoever of the obligee thereunder, arising out of a breach by the Guarantor of any obligation thereunder or arising out of any other agreement, indebtedness or liability at any time owing to or in favor of such obligee or its successors from the Guarantor and all such obligations of the Guarantor shall be and remain enforceable against and only against the Guarantor, and shall not be enforceable against the Lender.

(f) The Guarantor hereby irrevocably constitutes and appoints the Lender and any officer or agent thereof, with full power of substitution, effective upon the occurrence of an Event of Default, as his true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of the Guarantor and in the name of the Guarantor or in its own name, from time to time in the Lender's discretion, for the purpose of carrying out the terms of this Guaranty, to take any and all appropriate action and to execute any and all documents and instruments which may be necessary or desirable to accomplish the purposes of this Guaranty and, without limiting the generality of the foregoing, hereby gives the Lender the power and right, on behalf of the Guarantor without notice to or assent by the Guarantor, to do the following upon the occurrence of an Event of Default:

(i) to ask, demand, collect, receive and give acquittances and receipts for any and all moneys due and to become due, or any performance to be rendered, under the Contracts and Future Contracts and, in the name of the Guarantor, or its own name or otherwise, to take possession of and indorse and collect any checks, drafts, notes, acceptances or other instruments for the payment of moneys due under the Contracts and Future Contracts and to file any claim or to take any other action or proceeding in any court of law or equity or otherwise deemed appropriate by the Lender for the purpose of collecting any and all such moneys due or securing any performance to be rendered under the Contracts and Future Contracts;

(ii) to pay or discharge taxes, liens, security interests or other encumbrances levied or placed on or threatened against the Collateral, to effect any repairs or any insurance called for by the terms of this Guaranty or the Contracts and to pay all or any part of the premiums therefor and the costs thereof; and

(iii) to receive payment of and receipt for any and all moneys, claims and other amounts due and to become due at any time in respect of or arising out of any Collateral and (A) to sign and endorse any invoices, freight or express bills, bills of lading, storage or warehouse receipts, drafts against debtors, assignments, verifications and notices in connection with accounts and other documents relating to the Collateral; (B) to commence and prosecute any suits, actions or proceedings at law or in equity in any court of competent jurisdiction to collect the Collateral or any part thereof and to enforce any other right in respect of any Collateral; (C) to defend any suit, action or proceeding brought against the Guarantor with respect to any Collateral; (D) to settle, compromise or

adjust any suit, action or proceeding described above and, in connection therewith, to give such discharges or releases as the Lender may deem appropriate; (E) to exercise all of the Guarantor's rights under the Contracts; and (F) generally to sell, transfer, pledge, make any agreement with respect to or otherwise deal with any of the Collateral as fully and completely as though the Lender were the absolute owner thereof for all purposes, and to do, at the Lender's option and the Guarantor's expense, at any time, or from time to time, all acts and things which the Lender deems necessary to protect, preserve or realize upon the Collateral and the Lender's security interest therein, in order to effect the intent of this Guaranty, all as fully and effectively as the Guarantor might do.

(g) The Guarantor hereby ratifies all that said attorneys shall lawfully do or cause to be done by virtue hereof. This power of attorney is a power coupled with an interest and shall be irrevocable.

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

(i) The Guarantor also authorizes the Lender, at any time and from time to time, to execute, in connection with the sale provided for in Section 3 of this Guaranty, any indorsements, assignments, bills of sale or other instruments or conveyance or transfer with respect to the Collateral.

(j) Beyond the safe custody thereof, the Lender shall not have any duty as to any Collateral in its possession or control or in the possession or control of its agent or nominee or any income thereon or as to the preservation of rights against prior parties or any other rights pertaining thereto.

(k) The Guarantor will promptly, at any time and from time to time, at his sole expense, execute and deliver to the Lender such further instruments and documents, and take such further action, as the Lender may from time to time reasonably request in order to further carry out the intent and purpose of this Guaranty and the Contracts and to establish and protect the rights, interests and remedies created, or intended to be created, in favor of the Lender hereby and thereby, including, without limitation, the execution, delivery, recordation and filing of this Guaranty and the Contracts and financing statements and continuation statements. The Guarantor hereby authorizes the Lender, in such jurisdictions where such action is authorized by law, to effect any such recordation or filing without the signature of the Guarantor thereto and the Lender's expenses with respect thereto shall be payable by the Guarantor on demand. The Guarantor will pay, or reimburse the Lender for, any and all fees, costs and expenses of whatever kind or nature incurred in connection with the creation, preservation and protection of the Lender's liens on, and security interests in, the Collateral, including, without limitation, all fees and taxes in connection with the recording or filing of instruments and documents in public offices, payment or discharge of any taxes or Liens upon or in respect of the Collateral (other than Liens not prohibited by the provisions of paragraph (e) of Section 10 hereof), premiums for insurance with respect to the Collateral and all other fees, costs and expenses in connection with protecting, maintaining or preserving the Collateral and the Lender's interests therein, whether through judicial proceedings or otherwise, or in defending or prosecuting any actions, suits or proceedings arising out of or related to the Collateral; and all such amounts that are paid by the Lender shall, until reimbursed by the Guarantor, constitute Obligations secured by the Collateral.

(l) The security interest created hereunder shall terminate when the Obligations shall have been paid and performed in full. The Lender, at the request of the Guarantor, will at such time execute such termination statements and other documents as may be necessary or appropriate to evidence the termination of such security interest.

3. (a) If an Event of Default shall have occurred and be continuing:

(i) All payments received by the Guarantor under or in connection with any of the Collateral shall be held by the Guarantor in trust for the Lender, shall be segregated from other funds of the Guarantor and shall forthwith upon receipt by the Guarantor, be turned over to the Lender, in the same form as received by the Guarantor (duly indorsed by the Guarantor to the Lender, if required); and

(ii) Any and all such payments so received by the Lender (whether from the Guarantor or otherwise) shall be applied by the Lender against all or any part of the Obligations in such order as the Lender shall elect.

(b) If an Event of Default shall occur and be continuing, the Lender may exercise, as the Lender shall deem best, in addition to all other rights and remedies granted to it in this Guaranty and in any other instrument or agreement securing, evidencing or relating to the Obligations, all rights and remedies of secured parties under the Uniform Commercial Code of the State of New York or under any other applicable law and all rights and powers of the Guarantor relating to the Collateral, including the remedies available to the Guarantor as lessor under the Contracts. Without limiting the generality of the foregoing, the Guarantor agrees that in any such event, the Lender, without demand of performance or other demand, advertisement or notice of any kind (except the notice specified below of time and place of public or private sale) to or upon the Guarantor or any other person (all and each of which demands, advertisements and/or notices are hereby expressly waived), may forthwith take possession of and/or collect, receive, appropriate and realize upon the Collateral, or any part thereof, and/or may forthwith exclude the Guarantor, and all persons claiming under him and may forthwith use, operate, store, control, manage and/or sell, lease, assign, give option or options to purchase or otherwise dispose of and deliver said Collateral (or contract to do so), or any part thereof, in one or more parcels at public or private sale or sales, at any exchange or broker's board or at any of the Lender's offices or elsewhere at such prices as it may deem

best, for cash or on credit or for future delivery without assumption of any credit risk. The Lender shall have the right upon any such public sale or sales, and, to the extent permitted by law, upon any such private sale or sales, to purchase the whole or any part of said Collateral so sold, free of any right or equity of redemption in the Guarantor, which right or equity is hereby expressly released. The Guarantor further agrees, at the Lender's request, to assemble the Collateral and to make it available to the Lender at places which the Lender shall reasonably select. The Lender shall apply the net proceeds of any such collection, recovery, receipt, appropriation, realization or sale (after deducting all reasonable costs and expenses of every kind incurred therein or incidental to the care, safekeeping, sale, preparing for sale or the like of any or all of the Collateral or in any way relating to the rights of the Lender hereunder, including maintenance, repairs, replacements, alterations, additions and improvements as the Lender may deem proper, and any and all payments which the Lender may be required or may elect to make, if any, for taxes, assessments, insurance, or other proper charges upon the Collateral or any part thereof, including attorney's fees and legal expenses) to the payment in whole or in part of the Obligations in such order as the Lender may elect, and only after so applying such net proceeds and after the payment by the Lender of any other amount required by any provision of law (including Section 9-504(1)(c) of the Uniform Commercial Code of the State of New York), need the Lender account for surplus, if any, to the Guarantor. To the extent permitted by applicable law, the Guarantor waives all claims, damages, and demands against the Lender arising out of the repossession, retention or sale of the Collateral. The Guarantor agrees that the Lender need not give more than 10 days' notice (which notification shall be deemed given when mailed, postage prepaid, addressed to the Guarantor at his address determined in accordance with Section 20 hereof) of the time and place of any public sale or of the time after which a private sale may take place and that such notice is reasonable notification of such matters. The Guarantor shall be liable for any deficiency.

(c) The Guarantor also agrees to pay all costs of the Lender, including attorneys' fees, and including the cost of employment of engineers and accountants to

examine, inspect and make reports upon the properties and books and records of the Guarantor, incurred with respect to the collection of any of the Obligations and the enforcement of any of its respective rights hereunder.

(d) The Guarantor hereby waives presentment, demand, protest or any notice (to the extent permitted by applicable law) of any kind in connection with this Guaranty or any Collateral.

(e) In case the Lender shall have instituted any proceeding to enforce any right, power or remedy under this Guaranty by foreclosure, re-entry or otherwise, and such proceeding shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Lender, then and in every such case the Lender shall, subject to any determination in such proceeding, be restored to its former position and rights hereunder with respect to the Collateral, and all rights, powers and remedies of the Lender shall continue as if no such proceeding had been instituted. The Lender may, at its election, waive any Event of Default and its consequences and rescind and annul any notice relating thereto by notice to the Guarantor to that effect, and thereupon the respective rights of the parties shall be as they would have been if no such Event of Default had occurred and no such notice relating thereto had been made or given.

4. Notwithstanding any payment or payments made by the Guarantor hereunder, the Guarantor shall not be entitled to be subrogated to any of the rights of the Lender against the Borrower, the Collateral or any other collateral security or other guaranty for the payment of the Obligations, nor shall the Guarantor seek any reimbursement from the Borrower in respect of payments made by the Guarantor hereunder, until all of the Obligations have been paid in full.

5. The Guarantor hereby consents that, without the necessity of any reservation of rights against the Guarantor and without notice to or further assent by the Guarantor, (a) the obligations and liabilities of the Borrower or any other party upon the Obligations may, from time to time, in whole or in part, be renewed, extended, modified, accelerated, compromised, waived, surrendered or released by the Lender; (b) the Loan Agreement

and the Note may be amended, supplemented or otherwise modified by the Borrower and the Lender and the provisions thereof may be waived by the Lender from time to time, provided, that, notwithstanding the foregoing, without the prior written consent of the Guarantor, no amendment, supplement or modification of the Note shall increase the principal amount thereof or change the time or manner of payment thereof or change the rate of interest thereon; (c) any and all collateral security, guaranties and/or lien or liens (legal or equitable) at any time, present or future, held, given or intended to be given for the Obligations, and any and all rights or remedies of the Lender under the Loan Agreement and/or any other collateral security document or guaranty or in law or in equity or otherwise, may, from time to time, in whole or in part, be exchanged, sold, surrendered, released, modified, waived or extended by the Lender, and the Lender may permit or consent to any such action or the result of any such action and the Lender shall not be obligated to demand or enforce payment upon any of such security or guaranties, nor shall it be liable to the Guarantor for its failure to collect or enforce payment thereof; (d) the Lender may exercise or refrain from exercising any right, remedy or power granted under the Loan Agreement, the Note or any other security agreement or guaranty, or in law or in equity, or otherwise, with respect to the Obligations; and (e) any demand for payment of any of the Obligations may be rescinded by the Lender and any of the Obligations continued; all as the Lender may deem advisable and all without impairing, abridging, releasing or affecting the guaranty provided for herein.

6. When making any demand hereunder against the Guarantor, the Lender may, but shall be under no obligation to, make a similar demand on the Borrower or any other guarantor, and any failure by the Lender to make any such demand or to collect any payments from the Borrower or any such other guarantor or any release of the Borrower or such other guarantor shall not relieve the Guarantor of his obligations and liabilities hereunder, and shall not impair or affect the rights and remedies, express or implied, or as a matter of law, of the Lender against the Guarantor. For the purposes hereof "demand" shall include the commencement and continuance of any legal proceedings.

7. The Guarantor hereby waives any and all notice of the creation, renewal, extension or accrual of

any of the Obligations and notice of or proof of reliance by the Lender upon this Guaranty or acceptance of this Guaranty. The Obligations shall conclusively be deemed to have been created, contracted or incurred in reliance upon this Guaranty, and all dealings between the Borrower or the Guarantor and the Lender shall likewise be conclusively presumed to have been had or consummated in reliance upon this Guaranty. The Guarantor waives diligence, presentment, protest, demand for payment and notice of default, dishonor or nonpayment to or upon the Borrower or the Guarantor with respect to the Obligations. This Guaranty shall be construed as a continuing, absolute and unconditional guaranty of payment and shall be performed by the Guarantor regardless of the validity, regularity or enforceability of the Note, the Loan Agreement, any of the Obligations or any collateral security document or guaranty therefor at any time or from time to time held by the Lender and regardless of any other circumstance whatsoever (with or without notice to or knowledge of the Borrower or the Guarantor) which constitutes, or might be construed to constitute, an equitable or legal discharge of the Borrower for the Obligations or of the Guarantor under this Guaranty, in bankruptcy or in any other instance, and the obligations and liabilities of the Guarantor hereunder shall not be conditioned or contingent upon the pursuit by the Lender or any other person at any time of any right or remedy against the Borrower or against any other person which may be or become liable in respect of all or any part of the Obligations or against any collateral security or guaranty therefor. This Guaranty shall remain in full force and effect and be binding in accordance with and to the extent of its terms upon the Guarantor and his successors, legal representatives and assigns and shall inure to the benefit of the Lender and its successors, indorsees, transferees and assigns, until all the Obligations and the obligations of the Guarantor under this Guaranty shall have been satisfied by payment in full.

8. This Guaranty shall continue to be effective, or be reinstated, as the case may be, if at any time payment, or any part thereof, of any of the Obligations is rescinded or must otherwise be restored or returned by the Lender upon the insolvency, bankruptcy, dissolution, liquidation or reorganization of the Borrower, or upon or as a result of the appointment of a receiver,

intervenor or conservator of, or trustee or similar officer for, the Borrower or any substantial part of its property, or otherwise, all as though such payments had not been made.

9. The Guarantor hereby guarantees that the Obligations will be paid to the Lender at the office of the Lender located at 30 Rockefeller Plaza, New York, New York 10020 (or at such other place as the Lender shall notify the Guarantor in writing) in lawful currency of the United States of America and in immediately available funds, strictly in accordance with the terms and provisions of the Note and the Loan Agreement (regardless of any law, regulation or decree now or hereafter in effect which might in any manner affect the Obligations, or the rights of the Lender with respect thereto as against the Borrower, or cause or permit to be invoked any alteration in the time, amount or manner of payment by the Borrower of any or all of the Obligations), without set off or counterclaim.

10. The Guarantor hereby covenants and agrees with the Lender that:

(a) The Guarantor will promptly, upon obtaining knowledge thereof, give or cause to be given written notice to the Lender of (i) the occurrence of any Default or Event of Default under the Loan Agreement, (ii) any Casualty Occurrence or other serious damage to any Car, (iii) any Lien attaching to any Car, other than Liens not prohibited by the provisions of paragraph (e) of Section 10 hereof, (iv) any Regulatory Modification required to be made on any Car, (v) any default by any party to a Contract under such Contract, (vi) the termination of the Warrenton Lease or the Seaboard Assignment as to any Car, (vii) the commencement or threat of any litigation or proceeding affecting the Guarantor or any of the Collateral and (viii) any dispute between Brae or the Guarantor and the Shipper, Warrenton or Seaboard or any governmental regulatory body or other party that involves any of the Collateral.

(b) The Guarantor will permit any person designated by the Lender to visit and inspect any of the Cars and the books and financial records of the Guarantor relating to the Cars and the Contracts, all at such reasonable times and as often as the Lender may reasonably request.

(c) The Guarantor will (i) duly observe and perform or cause to be observed and performed all covenants and obligations to be performed by it under the Contracts and (ii) subject to paragraph (g) of this Section 10, promptly take any and all action as may be necessary to enforce its rights under the Contracts or to secure the performance by the other parties thereto of their respective obligations thereunder.

(d) The Guarantor will not sell, convey, transfer, exchange, lease or otherwise dispose of any of the Collateral, except the lease of Cars pursuant to the Contracts or Future Contracts.

(e) The Guarantor will not create, assume or suffer to exist any Lien of any kind upon the Collateral, except for (i) the rights of the Shipper, Warrenton, and Seaboard under the Contracts; (ii) Liens for taxes (A) which are not yet due or (B) the validity of which is being contested in good faith by appropriate proceedings, so long as such proceedings do not involve any danger of the sale, forfeiture or loss of any of the Collateral or any part thereof and the Owner shall maintain adequate reserves with respect thereto; (iii) materialmen's, mechanics', repairmen's and other like Liens arising in the ordinary course of business (A) securing obligations which are not overdue or (B) the validity of which is being contested in good faith by appropriate proceedings, so long as such proceedings do not involve any danger of the sale, forfeiture or loss of any of the Collateral and the Owner shall maintain adequate reserves with respect thereto; and (iv) and the lien and security interest created hereby.

(f) The Guarantor will warrant and defend his good and marketable title to the Collateral against all claims and demands whatsoever.

(g) The Guarantor will not declare a default under any Contract, exercise any remedies under any Contract or enter into or consent to or permit any cancellation, termination, amendment, supplement or modification of or waiver with respect to any Contract, other than a cancellation or termination at the end of the stated term thereof, and any such attempted declaration, exercise, cancellation, termination, amendment, supplement, modification or waiver shall be void and of no effect unless the

Guarantor shall have received the prior written consent thereto from the Lender. Upon the written request of the Lender, the Guarantor will declare such a default and will exercise such remedies.

(h) The Guarantor will not change his residence or his principal place of business or chief executive office or remove his books and records concerning the Collateral from the address set forth in Section 11(e) hereof unless he has given at least 30 days' prior written notice of such change or removal to the Lender, specifying the new address. The Guarantor will, at his own expense, execute and deliver any and all documents and instruments necessitated by such change in office location to preserve the Lender's security interest in the Collateral.

(i) Upon execution and delivery of any Future Contracts the Guarantor will promptly deliver a copy thereof to the Lender, will promptly, at his expense, take all action necessary to subject such Future Contracts to the first priority security interest of this Guaranty and will promptly, at his expense, effect all necessary filings, recordings and other actions in order to establish, protect and perfect such security interest.

(j) The Guarantor will cause each Car to be initially kept marked with the name, railroad markings and/or other insignia used by the Warrenton and to be numbered at all times with the identifying number set forth in Annex A to this Guaranty or in the statement referred to in the last sentence of this paragraph (j), and will keep and maintain, plainly, distinctly, permanently and conspicuously marked on each side of each Car, in letters not less than one inch in height, the following: "OWNERSHIP SUBJECT TO A SECURITY AGREEMENT FILED WITH THE INTERSTATE COMMERCE COMMISSION" or other appropriate words designated by the Lender, with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the Lender's interest in the Cars and its rights under this Guaranty. The Guarantor will not permit any Car to be placed in operation or exercise any control or dominion over the same until such name, markings and/or other insignia, such number and such words shall have been so marked on both sides thereof and will replace or will cause to be replaced promptly any such name, markings or other insignia, such number or such words which may be removed,

defaced or destroyed. The Guarantor will not permit the identifying number of any Car to be changed except in accordance with a statement of new number or numbers to be substituted therefor, which statement previously shall have been delivered to the Lender and filed, recorded and deposited by the Guarantor in all public offices where this Guaranty shall have been filed, recorded or deposited.

(k) If at any time the Note is in default as to any payment, the Lender and/or BRM shall be entitled to arrange for the management and/or utilization of the Cars in such manner and on such terms as the Lender and/or BRM reasonably desire, and the Guarantor will cooperate fully with the Lender's and/or BRM's efforts in such regard. In connection with such arrangements the Guarantor will execute and deliver such documents and take such other action as may be reasonably requested by the Lender and/or BRM in order to facilitate and effect such management and/or utilization.

(l) The Guarantor will, at its expense, keep and maintain the Cars, or cause the Cars to be kept and maintained, in good operating order, repair and condition, ordinary wear and tear excepted, and will make any Regulatory Modifications unless the Company shall prepay the Note in accordance with the provisions of Section 2.3(b) of the Loan Agreement.

(m) The Guarantor will promptly effect and maintain or cause to be effected and maintained with financially sound and reputable companies, insurance policies (i) insuring each Car against loss by fire, explosion, theft and such other casualties as are usually insured against by companies engaged in the ownership and leasing of railroad hopper cars and with coverage in an amount at least equal to the Casualty Value of such Car, and (ii) insuring the Guarantor and the Lender against liability for personal injury and property damage caused by or relating to such Cars or their use with coverage in an amount satisfactory to the Lender. All such insurance policies shall (A) be in such form and have such coverage as shall be satisfactory to the Lender, with losses payable to the Guarantor and the Lender as their respective interests may appear, (B) provide for at least 30 days' prior written notice to the Lender before any cancellation, reduction in amount or change in coverage thereof shall be effective, (C) contain a breach

of warranty clause in favor of the Lender, and (D) provide that the Lender shall have no obligation or liability for premiums, commissions, assessments or calls in connection with such insurance. The Guarantor shall, on or before January 1 of each year commencing with the year 1981, deliver to the Lender a report of a reputable insurance broker with respect to the insurance on the Cars.

11. In order to induce the Lender to enter into the Loan Agreement and to make the Loan the Guarantor hereby represents and warrants to the Lender that:

(a) the Guarantor has full power, authority, capacity and legal right to execute and deliver, and to perform his obligations under, this Guaranty;

(b) this Guaranty has been duly executed and delivered by the Guarantor and constitutes a legal, valid and binding obligation of the Guarantor, enforceable against the Guarantor, his heirs, executors, personal representatives and administrators, in accordance with its terms;

(c) the execution, delivery and performance by the Guarantor of this Guaranty and each Contract will not (i) violate any provision of any law or regulation or any order, decree or award of any court, arbitrator or governmental authority, bureau or agency applicable to the Guarantor or of any mortgage, indenture, security agreement, contract or other undertaking to which the Guarantor is a party or which purports to be binding upon him or any of his assets, or (ii) result in the creation or imposition of any mortgage, pledge, security interest, lien, charge, encumbrance or preference or priority of any nature whatsoever on or with respect to any of the assets of the Guarantor except as provided in this Guaranty;

(d) Each Contract constitutes a legal, valid and binding obligation of each of the parties thereto, enforceable in accordance with its terms, except as enforceability may be affected or limited by any applicable

bankruptcy, insolvency, reorganization, liquidation or other similar laws affecting the enforcement of creditors' rights generally.

(e) No consent of any other party (including stockholders, trustees or holders of indebtedness) and no consent, license, approval or authorization of, exemption by, or registration or declaration with, any governmental body, authority, bureau or agency is required in connection with the execution, delivery or performance of this Guaranty or the Note, or the validity or enforceability of this Guaranty or the Note except for the filing of this Guaranty with the Interstate Commerce Commission.

(f) There is no action, suit, investigation or proceeding pending or threatened against or affecting the Guarantor (i) which involves any of the Cars or any of the transactions contemplated by this Guaranty or any Contract or (ii) which, if adversely determined, could have a material adverse effect upon the transactions contemplated by this Guaranty or the Contracts or upon the financial condition of the Guarantor.

(g) Each of the Contracts is in full force and effect, neither the Guarantor nor any other party to any Contract is in default in the performance or observance of any covenant, term or condition contained in any Contract to which it is a party, and no event has occurred and no condition exists which constitutes, or which with the giving of notice or the lapse of time or both would constitute, a default or event of default under any Contract. The right, title and interest of the Guarantor in, to and under the Contracts is not subject to any defense, offset, claim or counterclaim, nor have any of the foregoing been asserted or alleged against the Guarantor. The copies of the Contracts delivered to the Lender are true, correct and complete and constitute all contracts, agreements and leases relating to the Cars. None of the Contracts have been amended, modified or supplemented in any manner except as consented to in writing by the Lender.

(h) All of the right, title and interest of Brae in, to and under the Manufacturer's Proposal dated November 13, 1978, signed and accepted by Brae on November 15, 1978, together with the Manufacturer's Acknowledgment Letter dated December 5, 1978, the Shipper Agreement dated as of September 28, 1979 between Brae and the Shipper, as modified by the letter agreement dated December 1, 1979 between Brae and the Shipper, the Shipper Full Service Lease Agreement dated as of September 28, 1979 between Brae and the Shipper, as modified by the letter agreement dated December 1, 1979 between Brae and the Shipper and the Lease Agreement dated as of July 17, 1979 between Warrenton and Brae, as and to the extent that each of said agreements or leases relates to the Cars, have been duly and validly assigned by Brae to the Guarantor, and the other parties to such Contracts have validly consented to such assignment.

(i) Each Car conforms in all material respects to all Department of Transportation and Interstate Commerce Commission requirements and specifications and to all standards recommended by the Association of American Railroads applicable to railroad equipment of the same type as such Car and each Car, when delivered to BRM, was new and unused.

(j) The financial information relating to the Guarantor, heretofore delivered to the Lender, is true and gives a correct showing of the financial condition of the Guarantor, and there has been no material adverse change in the financial condition of the Guarantor since the date of such financial information.

(k) The principal place of business and the chief executive office (for purposes of the Collateral) of the Guarantor and the office where the Guarantor keeps its records relating to the Cars and the Contracts, is located at the business address set forth beneath the Guarantor's signature at the end of this Guaranty. The Guarantor's residence is located at the residence address set forth beneath the Guarantor's signature at the end of this Guaranty.

(l) The Guarantor has good and marketable title to, and is the lawful owner of, each of the Cars, free and clear of all Liens except Liens not prohibited by the provisions of paragraph (e) of Section 10 hereof.

(m) This Guaranty is effective to create, in favor of the Lender, a legal, valid and continuing perfected first lien on and first priority security interest in the Collateral, as security for the Obligations, free and clear of all Liens, except Liens not prohibited by the provisions of paragraph (e) of Section 10 hereof, and all filings, recordings or other actions necessary in order to establish, protect and perfect such lien and security interest have been duly effected, and all taxes and fees in connection therewith have been paid. No security agreement, financing statement, equivalent security or lien instrument or continuation statement covering all or any part of the Collateral is on file or of record with the Interstate Commerce Commission or with any other public office, except such as may have been filed in favor of the Lender pursuant to this Guaranty or the Loan Agreement.

(n) The Guarantor has filed all Federal and state income tax returns that are required to be filed, and has paid all taxes as shown on said returns and all assessments received by it to the extent that such taxes and assessments have become due and the Guarantor does not have any knowledge of any material actual or proposed deficiency or additional assessment in connection therewith.

12. Each of the following events shall be an event of default under this Guaranty:

(a) Failure to pay any principal of or interest on the Note when due (whether at the stated maturity, by acceleration or otherwise) and the continuance of such default for a period of 10 days after notice thereof shall have been given to the Borrower; or

(b) Any representation or warranty made by the Guarantor in this Guaranty or in connection with any borrowing under the Loan Agreement, or in any document, certificate or financial or other statement furnished by the Guarantor pursuant to this Guaranty or the Loan Agreement, or any representation or warranty made by BRM in clause (i), (ii), (iii), (iv) or (v) of the seventh paragraph of the BRM Consent, by Warrenton in clause (ii), (iii), (iv) or (v) of the eighth paragraph of the Warrenton Consent or by the Shipper in clause (ii), (iii), (iv) or (v) of the eighth paragraph of the Shipper Consent shall at any time prove to be untrue in any material respect as of the time when made; or

(c) Default by the Guarantor in the observance or performance of any covenant or agreement contained in this Guaranty, and the continuance of the same unremedied for a period of 30 days after notice thereof shall have been given to the Guarantor by the Lender; or

(d) This Guaranty shall for any reason cease to constitute a valid, perfected, first priority security interest in any of the Collateral; or

(e) At any time after the death of the Guarantor, the liabilities of his estate shall exceed its assets; or

(f) Either the Shipper Agreement, the Shipper Lease or the Management Agreement shall at any time for any reason cease to be in full force and effect (except for a replacement of the Shipper Agreement by the Shipper Lease or a replacement of the Shipper Lease by the Shipper Agreement, in accordance with the terms of such agreement and such lease and except for the termination of any of the Shipper Agreement, the Shipper Lease or the Management Agreement at the end of the stated term thereof), or shall be declared to be null and void in whole or in part, or the validity or enforceability thereof shall be contested by any of the parties thereto or any of such parties shall renounce the same or deny that it has any further liability thereunder; or

(g) Default by Brae or BRM in the observance or performance of any covenant or agreement contained in the Management Agreement, the BRM Agreement, the BRM Consent or any of the Assignments, or in the Shipper Agreement, the

Shipper Lease or the Warrenton Lease to the extent BRM is obligated to perform any such covenant or agreement as agent for the Owners, and the continuance of the same unremedied for a period of 30 days after notice thereof shall have been given to BRM and the Guarantor by the Lender; or

(h) An Event of Default (as defined in the Shipper Agreement or the Shipper Lease) shall occur under the Shipper Agreement or the Shipper Lease; or

(i) Default by the Shipper in the observance or performance of any covenant or agreement contained in the Shipper Agreement or the Shipper Lease, and the continuance of the same unremedied for a period of 30 days after notice thereof shall have been given to the Shipper and the Guarantor by BRM or the Lender; or

(j) Any party to a Contract or Other Contract (including BRM acting as agent) shall enter into or consent to or permit any amendment, modification, supplement of or waiver with respect to any Contract or Other Contract, without the prior written consent of the Lender; or

(k) Default by BRM in the observance or performance of its obligations and agreements relating to the creation and maintenance of the Car Maintenance Account insofar as such default shall relate to the Guarantor or the Cars.

(l) The entry of a decree or order for relief by a court having jurisdiction in respect of the Guarantor, or adjudging the Guarantor a bankrupt or insolvent, or approving as properly filed a petition seeking a reorganization, arrangement, adjustment or composition of or in respect of the Guarantor in an involuntary proceeding or case under the federal bankruptcy laws, as now or hereafter constituted, or any other applicable federal or state bankruptcy, insolvency or other similar law, or appointing a receiver, liquidator, assignee, custodian, trustee or sequestrator (or similar official) of the Guarantor or of any substantial part of any of his property, or ordering the winding-up or liquidation of any of his affairs, and the continuance of any such decree or order unstayed and in effect for a period of 60 consecutive days; or

(m) The institution by the Guarantor of proceedings to be adjudicated a bankrupt or insolvent, or the consent by the Guarantor to the institution of bankruptcy or insolvency proceedings against him, or the commencement by the Guarantor of a voluntary proceeding or case under the federal bankruptcy laws, as now or hereafter constituted, or any other applicable federal or state bankruptcy, insolvency or other similar law, or the consent by the Guarantor to the filing of any such petition or to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian or sequestrator (or other similar official) of any substantial part of any of the Guarantor's property, or the making by the Guarantor of any assignment for the benefit of creditors, or the failure of the Guarantor generally to pay his debts as they become due or the taking of any action by the Guarantor in furtherance of any of the foregoing.

13. The Guarantor agrees, whether or not the Loan is made to the Guarantor under the Loan Agreement, to pay (i) his pro rata portion of all costs and expenses of the Lender in connection with the negotiation, preparation, execution and delivery of the Loan Agreement, and the other documents relating thereto, including, without limitation, the fees and disbursements of Messrs. Simpson Thacher & Bartlett, (ii) all fees and taxes in connection with the recording of this Guaranty, the Contracts or any other document required hereby, (iii) his pro rata share of all costs and expenses of the Lender in connection with the enforcement of the Loan Agreement insofar as such costs and expenses relate to the Loan or the Note, including all legal fees and disbursements arising in connection therewith, and (iv) all costs and expenses of the Lender in connection with the enforcement of this Guaranty and the Note, including all legal fees and disbursements arising in connection therewith. The Guarantor's pro rata share of the costs and expenses referred to in clauses (i) and (iii) of the preceding sentence shall be determined in accordance with the outstanding principal amount of all the notes issued pursuant to the Loan Agreement.

14. No failure to exercise and no delay in exercising, on the part of the Lender, any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege preclude any other or further exercise thereof, or the exercise of any other power or

right. The rights and remedies herein provided are cumulative and not exclusive of any rights or remedies provided by law.

15. If the Guarantor fails to perform or comply with any of its agreements contained herein, the Lender may itself perform or comply, or otherwise cause performance or compliance, with such agreement, and the expenses of the Lender incurred in connection with such performance or compliance, together with interest thereon at the rate of 18% per annum (but not in excess of the highest rate permitted by applicable law), shall be payable by the Guarantor to the Lender on demand and shall constitute part of the Obligations secured hereby.

16. Terms defined in the Loan Agreement and not otherwise defined herein shall have the meanings ascribed to them in the Loan Agreement.

17. The Guarantor hereby agrees that this Guaranty shall continue in full force and effect notwithstanding the death or incapacity of the Guarantor and shall be binding on the Guarantor and his heirs, executors, personal representatives and administrators, who shall remain liable with respect to the Obligations as if originally a party to this Guaranty.

18. The invalidity, illegality or unforceability of any provision of this Guaranty shall not affect the validity, legality or enforceability of any other provision of this Guaranty.

19. No provision of this Guaranty shall be waived, amended or supplemented except by a written instrument executed by the Guarantor and the Lender. This Guaranty shall be governed by and be construed and interpreted in accordance with the laws of the State of New York.

20. All notices, requests, demands and other communications required or permitted to be given hereunder shall be deemed to have been duly given or made when delivered or when deposited in the mail, by certified or registered mail, postage prepaid, addressed (i) if to the Guarantor, to him at the business address set forth beneath his signature in this Guaranty and (ii) if to the Lender, to Manufacturers Hanover Leasing Corporation, 30 Rockefeller Plaza, New York, New York, or at such other address as may be hereafter designated in writing by either such party to the other such party.

21. The Guarantor hereby approves the form of and consents to the execution and delivery of the Note and the Loan Agreement, and consents to the performance by the Borrower of its obligations contained in each thereof.

IN WITNESS WHEREOF, the undersigned has caused this Guaranty to be duly executed and delivered as of the day and year first above written.

Name: MICHAEL TOWBES

By David C. Goldberg
(Attorney-in-fact)

Business Address:

1270 B Coast Village Circle
Santa Barbara, California 93108

Residence Address:

860 Picacho Lane
Montecito, California 93108

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

On this 11th day of January, 1980, before me personally appeared DAVID A. GOLDBERG, to me personally known to be the person described and appointed attorney in fact in and by a certain power of attorney executed by MICHAEL TOWBES, dated JAN. 7, 1980, and acknowledged to me that he had executed the foregoing instrument as the act of the said MICHAEL TOWBES.

Diane M. Topkin
Notary Public

DIANE M. TOPKIN
NOTARY PUBLIC, STATE OF NEW YORK
No. 24-4663314
Qualified in Kings County
Certificate Filed in New York County
Commission Expires March 30, 1980

ANNEX A
TO
GUARANTY

DESCRIPTION OF CARS

Number of Cars	Description of Cars	Identification Nos.
8	4750 Cubic Feet Covered Hopper Railroad Cars	WAR 15189 - WAR 15196 (both inclusive)