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ALLEN H. HARRISON, JR.
DIRECT LINE (202)
663-6093

No. 8-159A110
Date JUN 7 1988
Fee $ 13.00
ICC Washington, D.C.

1 5670
RECORDATION NO. _____ Filed 1425

JUN 7 1988 - 11 15 AM
INTERSTATE COMMERCE COMMISSION

June 7, 1988

Dear Ms. McGee:

On behalf of Heller Financial, Inc., I submit for filing and recording under 49 U.S.C. Section 11303(a) and the regulations promulgated thereunder, seven (7) executed counterparts of a primary document, not previously recorded, entitled Railcar Equipment Mortgage Security Agreement ("Agreement"), dated as of June 1, 1988.

The parties to the enclosed Agreement are:

PLM Railcar Management Services Canada Limited
- Debtor
900,700 4th Avenue S.W.
Calgary, Alberta T2P3J4
CANADA

Heller Financial, Inc. - Secured Party
200 North LaSalle Street
Chicago, Illinois 60601

JUN 7 11 08 AM '88

The Agreement covers, among other thing, a loan for the purchase of ninety-nine (99) 70-ton, 50-foot, 6-inch boxcars, CP 208676 through 208774.

A short summary of the document to appear in the ICC Index is as follows:

"Covers 99 boxcars CP 208676-CP 208774"

Enclosed is a check in the amount of thirteen dollars ($13) in payment of the filing fee.

Once the filing has been made, please return to bearer the stamped counterparts of the Agreement not needed for your files, together with the fee receipt, the letter from the

ICC acknowledging the filing, and the two extra copies of this transmittal letter.

Very truly yours,

Allen H. Harrison, Jr.
Attorney for the purpose
of this filing for
Heller Financial, Inc.

Honorable Noreta R. McGee
Secretary
Interstate Commerce Commission
Washington, D.C. 20423

Enclosures

AHH/iw

BY HAND

Interstate Commerce Commission
Washington, D.C. 20423

6/7/88

OFFICE OF THE SECRETARY

Allen H. Harrison,Jr.
Wilmer,Cutler,& Pickering
2445 M. Street,N.W.
Washington,D.C. 20037-1420

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 6/7/88 at 11:15am, and assigned recordation number(s). 15670

Sincerely yours,

Noreta R. McGee

Secretary

Enclosure(s)

SE-30
(7/79)

RAILCAR EQUIPMENT MORTGAGE
SECURITY AGREEMENT

RECORDATION NO. 5670
JUN 7 1988 - 11 15 AM
INTERSTATE COMMERCE COMMISSION

This Agreement made as of the first day of June, 1988, between PLM Railcar Management Services Canada Limited (the "Debtor"), a corporation organized and existing under the laws of Alberta, with its principal place of business at 990, 700 4th Avenue S.W., Calgary, Alberta T2P 3J4; and Heller Financial, Inc. (the "Secured Party"), a corporation organized and existing under the laws of Delaware, with its principal place of business at 200 North LaSalle Street, Chicago, Illinois 60601;

WITNESSETH:

Whereas, contemporaneously herewith, Debtor is purchasing from Secured Party the Equipment described in Exhibit A hereto, and the Lease Agreement relating thereto; and

Whereas, in connection with the purchase of said Equipment, Secured Party has delivered to Debtor Secured Party's bill of sale therefor and Debtor has delivered to Secured Party the Equipment Note; and

Whereas, in connection with the purchase of said Lease Agreement, Secured Party has assigned to Debtor all of Secured Party's right, title and interest as lessor under said Lease Agreement, and Debtor has delivered to Secured Party the Lease Note; and

Whereas it is the intention of the parties to cause the payment of the sums owed by Debtor to Secured Party and evidenced by said Notes to be secured pursuant to this Agreement;

Wherefore, for good and valuable consideration, receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

Section 1. Definitions. Unless the context otherwise specifies or requires, the terms defined in this Section 1 shall, for all purposes of this Agreement, have the meanings herein specified, the following definitions to be equally applicable to both the singular and plural forms of any of the terms herein defined.

AAR Rules:
The term "AAR Rules" shall mean the Interchange Rules adopted by the Association of American Railroads, Mechanical Division, Operations and Maintenance Department.

AAR Value:
The term "AAR Value" shall, with respect to any item of Encumbered Equipment, mean the value of that item of Encumbered Equipment, as determined in accordance with the AAR Rules in effect on the date on which the AAR Value is to be determined; or if there are no applicable AAR Rules then in effect, determined in accordance with generally accepted accounting principles.

Casualty Occurrence:
The term "Casualty Occurrence" shall have the meaning given in Section 5 of this Agreement.

Collateral:
The term "Collateral" shall have the meaning given in Section 2 of this Agreement.

Debtor:
The term "Debtor" shall mean PLM Railcar Management Services Canada, Ltd., an Alberta corporation, and shall also include its successors and assigns.

Encumbered Equipment:
The term "Encumbered Equipment" shall mean the Equipment set forth in Exhibit A hereto (as from time to time amended), and any other Equipment from time to time subject to the Lease Agreement, together with all attachments, accessories, replacements, products and proceeds to, for or of any of the foregoing, whether now owned or hereafter acquired by Debtor.

Equipment:
The term "Equipment" shall mean standard-gauge railroad equipment (other than locomotive, passenger or work equipment).

Equipment Note:
The term "Equipment Note" shall mean the promissory note of even date herewith, made by Debtor to the order of Secured Party, in the initial principal amount of $1,315,491.21, to evidence the amount owed by Debtor to Secured Party in connection with the purchase of the Equipment described in Exhibit A hereto by Debtor from Secured Party.

Event of Default:
The term "Event of Default" shall have the meaning given in Section 11 of this Agreement.

Indebtedness:
The term "Indebtedness" shall mean all amounts payable under the Notes and all other duties and obligations from time to time due to Secured Party in connection with this Agreement.

Lease:
The term "Lease" shall mean the Lease Agreement and any other contract or arrangement (written or oral) for the leasing or providing of any of the Encumbered Equipment from time to time.

Lease Agreement:
The term "Lease Agreement" shall mean the Lease Agreement for Railroad Cars, dated as of January 1, 1988, between Secured Party, as lessor, and Canadian Pacific Limited, as lessee, and assigned by Secured Party to Debtor as of the date hereof.

Lease Note:
The term "Lease Note" shall mean the promissory note, of even date herewith, made by Debtor to the order of Secured Party, in the initial principal amount of $342,103.20, to evidence the amount owed by Debtor to Secured Party in connection with the purchase of the Lease by Debtor from Secured Party.

Letter of Credit:
The term "Letter of Credit" shall mean an irrevocable and unconditional credit issued by a bank or trust company organized and doing business under the laws of the United States of America or any State thereof having

capital and surplus aggregating at least $100,000,000, with provisions acceptable to Secured Party.

Notes:
The term "Notes" shall mean, collectively, the Equipment Note and the Lease Note.

Payment Date:
The term "Payment Date" shall mean a date on which a payment of principal and/or interest is scheduled to be made under the terms of either of the Notes.

Secured Party:
The term "Secured Party" shall mean Heller Financial, Inc., a Delaware corporation, and shall also include its successors and assigns.

Section 2. Grant of Security Interest. To secure payment when due (at maturity, by acceleration, or otherwise), as well as the prompt performance otherwise, of the Indebtedness, Debtor hereby grants to Secured Party a security interest in and to:

(a) the Encumbered Equipment, whether now owned or hereafter acquired by Debtor;

(b) all right, title and interest of Debtor in and to the Lease Agreement and each other Lease, together with all rentals, other payments and other proceeds therefrom, all property leased thereunder and all instruments and documents related thereto; and

(c) any other property of any kind which Debtor may hereafter at any time deliver to Secured Party to secure the Indebtedness (all of the foregoing, including, without limitation, the Lease Agreement, all other Leases and the Encumbered Equipment, being hereinafter referred to as the "Collateral").

Section 3. Representations and Warranties of Debtor. Debtor hereby represents and warrants to Secured Party, as of the date of this Agreement, and covenants thereafter, so long as any Indebtedness is outstanding, that:

(a) except for the security interest granted hereby (and the Lease to which each item of Encumbered Equipment is subject) Debtor is and will remain the owner of, and has good title to, the Encumbered Equipment, the Lease Agreement and all other Leases, and any other Collateral, free and clear of all liens, encumbrances, security interests and adverse claims, and Debtor will defend the Collateral against all claims and demands of all persons at any time claiming the same or any interest therein;

(b) (i) Debtor is legally organized and validly existing, in good standing under the laws of Alberta and is duly qualified to do business and in good standing under the laws of each jurisdiction where the nature of its business or the character of its properties makes it necessary for it to so qualify to do business; (ii) Debtor has full power and authority to execute and deliver this Agreement, together with all notes, leases, agreements and instruments evidencing Indebtedness, and to perform its obligations thereunder; (iii) Debtor has full power and authority to own its properties and carry on its business as now being conducted; and (iv) this Agreement, each Note,

and all other documents evidencing Indebtedness have been duly authorized, executed and delivered by Debtor and constitute the valid, legal and binding obligations of Debtor, enforceable in accordance with their terms, subject to the limitations on enforceability imposed by bankruptcy and creditors' rights laws and the general principles of equity, and the entering into, and performance of, same by Debtor will not violate the terms of its Articles of Incorporation, by-laws or any agreement, indenture, order or decree by which Debtor is bound, nor cause default under any thereof; and

(c) Secured Party has and will retain, so long as any Indebtedness is outstanding, and so long as Secured Party does not enter into any termination, release or subordination with respect thereto or relinquish possession of any Lease documents delivered to Secured Party by Debtor, a first, prior and perfected security interest in the Lease Agreement, and each other Lease, and in the Encumbered Equipment and any other Collateral;

Debtor hereby further represents and warrants with respect to the Encumbered Equipment, as of the date any Indebtedness is incurred and covenants thereafter, so long as any Indebtedness is outstanding, that:

(d) Debtor will not sell the Encumbered Equipment or otherwise transfer any interest therein (except pursuant to a Lease) without written consent of Secured Party, other than in accordance with Section 5 of this Agreement.

Debtor hereby further expressly represents and warrants with respect to the Leases as of the date any Indebtedness is incurred and covenants thereafter, so long as any Obligations are outstanding, that:

(e) of all the signed counterparts of each document comprising each of the Leases, one and only one will be stamped by Debtor with the legend "Original" and each other signed counterpart will be stamped with the legend, "Copy" or "Duplicate Original," and Debtor (except as Secured Party may give prior written consent to Debtor) shall have delivered to Secured Party the single Original counterpart of each such document comprising each Lease; and with respect to any such document, the original of which is not so delivered to Secured Party, Debtor has, and will retain, sole possession thereof, and will not surrender same to any other person (notwithstanding that any such person has or asserts a security interest in any agreement which, although not a Lease hereunder, is comprised in part by any such document also comprising a part of any Lease hereunder), but Debtor will in any such circumstance mark any such document with a legend, indicating Secured Party's security interest therein, in form and substance acceptable to Secured Party so as to prevent any other person from perfecting a security interest therein by possession;

(f) upon due inquiry, Debtor knows of no default under any Lease, nor of anything which would impair the value of any Lease, and Debtor will not by any act or omission on its part cause any impairment of the value or validity of any Lease, and will, promptly upon learning thereof, give notice to Secured Party of the occurrence of any default under any Lease;

(g) Debtor will not make any modifications to any Lease (other than modifications which result in non-substantial changes which do

not adversely effect the value of the Lease, the rights of the lessor thereunder or the rights of Secured Party therein) without the prior written consent of Secured Party, which consent shall not be unreasonably withheld; provided, that the failure of Secured Party to object to any proposed modification within one month of its receipt of written notice thereof shall be deemed to constitute Secured Party's consent thereto; and provided, further, that, as to any such modification which results in a reduction of rental payments under that Lease, a prepayment of rental payments under that Lease, or in any other way causes the present value of that Lease to Secured Party to be lessened, it shall be a condition to the effectiveness of any such consent given by Secured Party that Debtor shall promptly pay to Secured Party the amount which Secured Party reasonably determines to be the amount of said decreased value to Secured Party, as a partial prepayment without premium of the outstanding principal portion of the Indebtedness, to be applied in the same manner as provided in Section 5, below, with regard to payments in the event of Casualty Occurrences; and

(h) So long as any Indebtedness remains outstanding, Debtor will at all times continue to perform its duties and obligations as lessor under each Lease.

Section 4. Financial and Other Information. Debtor represents, warrants and covenants to Secured Party that Debtor will provide to Secured Party promptly such information as Secured Party may from time to time reasonably request, and will allow Secured Party reasonable access to (including the right to make copies and extracts from) Debtor's books and records, so long as the additional information and access is sought by Secured Party in good faith for reasons related with the transactions contemplated hereby.

Section 5. Maintenance and Alteration of Encumbered Equipment; Deposit of Cash or Letter of Credit; Sale of Encumbered Equipment. The Debtor will maintain and keep all the Encumbered Equipment in good order and proper repair and in compliance with applicable law and regulations at its own cost and expense, unless and until it becomes worn out, unsuitable for use, lost or destroyed (hereinafter called a Casualty Occurrence). Whenever a Casualty Occurrence has taken place, Debtor will, on the first Payment Date which is more than three months after that Casualty Occurrence, pay to Secured Party, as a prepayment without premium, applied to the Notes, an amount equal to the greater of (i) the aggregate AAR Value of the Encumbered Equipment having suffered that Casualty Occurrence, or (ii) a percentage of the aggregate principal balance of the Notes which is equal to the percentage obtained by dividing the aggregate AAR Value of all Encumbered Equipment having suffered that Casualty Occurrence by the aggregate AAR Value of all Encumbered Equipment, including without limitation that which has suffered a Casualty Occurrence (the "Loan Value" of the Encumbered Equipment having suffered the Casualty Occurrence). The amount of any such payment which is equal to the Loan Value of the Encumbered Equipment having suffered a Casualty Occurrence shall be applied to proportionately reduce each remaining payment under each of the Notes, and the amount of any excess thereover shall be applied to principal installments of the Indebtedness in inverse order of their maturity. In any case where other Equipment is to be substituted under the Lease Agreement, Debtor may, in lieu of making said payment on the first Payment Date which is more than three months after the Casualty Occurrence, instead deliver to the Secured Party cash and/or a Letter of Credit in the aggregate amount of the payment required above, or subject to this

Agreement as Encumbered Equipment the Equipment being substituted under the Lease Agreement, so long as its AAR Value is at least equal to the AAR Value of the Encumbered Equipment having suffered the Casualty Occurrence in question. Any cash or Letter of Credit so delivered will be applied by Secured Party against the Notes, as provided above, on the third Payment Date which is more than three months after that Casualty Occurrence, unless the Debtor has previously subjected to this Agreement, as Encumbered Equipment Equipment with an aggregate AAR Value at least equal to the AAR Value of the Encumbered Equipment having suffered the Casualty Occurrence and which has been delivered and accepted in substitution under the Lease Agreement. Any insurance moneys paid to the Secured Party on account of any loss in respect of Encumbered Equipment covered by insurance shall be held and retained by the Secured Party in the same manner as cash or a Letter of Credit deposited with the Secured Party in lieu of substituted Encumbered Equipment, until the timely replacement or repair, as provided in this Section 5 of the Encumbered Equipment covered by such insurance. Upon proof satisfactory to the Secured Party of the proper replacement or repair of said Encumbered Equipment, said insurance or other moneys received by the Secured Party shall be applied by the Secured Party to the payment of the cost of such replacement or repair or to reimburse the Debtor, to the extent of such funds, for payments made by it in respect of such replacement or repair. For all purposes of this Section 5, the term "unsuitable for use" shall include any condition in which Encumbered Equipment is no longer usable for the purpose or purposes for which the same was designed (or an alternate purpose or alternate purposes provided that no material impairment in value shall arise therefrom) whether by virtue of its physical condition or of the effect of any applicable law, rule regulation or order. The Secured Party, by its agents and at its own expense, shall have the right once in each calendar year, but shall be under no duty, to inspect the Encumbered Equipment at the then existing locations thereof. For the purpose of enabling the Debtor to meet the transportation requirements of present and future sublessees, the Debtor may from time to time make, or cause to be made, changes and alterations in the design, structure and equipment of any of the cars constituting a part of the Encumbered Equipment, all at the expense of the Debtor; provided, however, that no material impairment in value shall result therefrom. In repairing Encumbered Equipment, Debtor will cause all plates and markings required by clause (d) of Section 3 of this Agreement to be retained and/or restored. Notwithstanding the provisions of clause (e) of Section 3 of this Agreement, Debtor may sell any item of Encumbered Equipment, if the Debtor has become legally obligated to do so by reason of a Casualty Occurrence, a purchase option contained in the Lease Agreement, or the exercise of any governmental power of condemnation or expropriation, and if the Debtor shall have first made to Secured Party the payment, or delivered to Secured Party the cash and/or Letter of Credit, or subjected Equipment to this Agreement in substitution, in any case as provided above in this Section 5.

Section 6. Agency for Collection of Rents. The Secured Party hereby appoints the Debtor as its agent (and the Debtor hereby accepts that appointment) to collect and receive all payments due and to become due under Leases in respect of Encumbered Equipment; provided, that only upon the occurrence of an Event of Default which shall be continuing, the Secured Party may terminate that agency and that agency shall terminate immediately upon notice of such termination from the Secured Party to the Debtor all in accordance with the provisions of Section 13 of this Agreement. The Debtor, promptly upon entering into any Lease not containing a subordination clause which is substantially similar to the

provisions of subsection (b) of Section 19 of the Lease Agreement, shall give notice in writing, in a form satisfactory to the Secured Party, to the lessee under each such Lease (i) advising the lessee of the existence of this Agreement and the security interests created hereby, and (ii) directing the lessee, upon receipt of notice from the Secured Party, to pay to the Secured Party all further rentals then and thereafter due or coming due under that Lease. All such notices shall be sent by Debtor by certified mail, return receipt requested, with all such receipts directed to the Secured Party. The Debtor shall use reasonable efforts to obtain, as promptly as possible, acknowledgements (in form satisfactory to the Secured Party) of the receipt of all such notices with respect to any such Leases; and the Debtor will promptly deliver all such acknowledgements to the Secured Party.

Section 7. Withholding Taxes. The parties contemplate that some portion of certain payments under the Indebtedness may from time to time be subject to Canadian withholding tax. If Revenue Canada shall assert that said withholding tax has in any case been underpaid, Secured Party will indemnify the Debtor and hold it harmless from the amount of any such underpayment, together with any interest and penalties in connection therewith, on the conditions that: (a) the amount in question has been adjudicated as owing, (b) the underpayment in question did not occur as a result of the gross negligence or willful neglect or willful misconduct of the Debtor, and (c) the Secured Party is given the opportunity to conduct or direct the proceedings to recover the amounts in question (if Debtor is required to pay them and then seek their recovery, in order to contest the assertions of Revenue Canada) or to defend against the payment (in any other case). In the event of any overpayment of said withholding taxes by Debtor resulting from Debtor's gross negligence or willful misconduct, Debtor shall indemnify Secured Party and hold it harmless from and against the amount of any such withholding taxes so overpaid.

Section 8. Merger, Consolidation, Transfer of Assets. The Debtor will not merge into or consolidate or amalgamate with another corporation or sell, lease, transfer or otherwise dispose of all or any substantial part of its property or assets, unless (i) the corporation formed by or surviving any such merger, consolidation or amalgamation or to which such sale, lease, transfer or disposition shall have been made shall be a corporation organized under the laws of the United States of America, Canada, or any state or province thereof, and (ii) the Debtor (if it shall survive the transaction) shall remain bound with respect to, and such other corporation (if it shall survive the transaction) shall have expressly assumed the due and punctual payment of the Indebtedness and the due and punctual performance and observance of all the covenants and conditions of this Agreement to be performed and observed by the Debtor.

Section 9. Further Assurances. The Debtor covenants that from time to time it will take, or cause to be taken, any action which the Secured Party may in writing request for the purpose of preserving, protecting and/or confirming the validity, attachment, perfection or priority of the Secured Party's rights under this Agreement.

Section 10. Additional Covenants of Debtor. Debtor further covenants and agrees with Secured Party as follows: (a) The Debtor will keep in effect policies of insurance on the Encumbered Equipment, whereby the Debtor and Secured Party are insured against loss or damage resulting from risks comparable to those risks insured against by the Debtor on other cars owned or leased by the Debtor up to at least an aggregate amount equal to

the greater of the AAR Value of all Encumbered Equipment, or the amount of all Indebtedness and will provide Secured Party (not less frequently than annually) with evidence of said policies and their effectiveness; which insurance policies shall, by endorsement (i) name Secured Party as loss payee; (ii) provide that the policies will not be invalidated as against Secured Party because of any violation of a condition or warranty of the policy or application therefor by Debtor; and (iii) provide that the policies may be materially altered or cancelled by the insurer only after thirty (30) days' prior written notice to Secured Party; Debtor hereby appoints Secured Party, during the continuance of any Event of Default, the attorney for Debtor to prove and adjust any losses and to endorse any loss drafts and Debtor hereby assigns to Secured Party all sums which may become payable under such insurance, including returned premiums and dividends as additional security hereunder; and Debtor shall give immediate written notice to Secured Party and to the insurers of any loss or damage to the Equipment and shall promptly file proofs of loss with such insurers. (b) Debtor will pay, as and when the same become due, all taxes, assessments, license fees, registration fees, and governmental charges, local, state or federal (including any interest and/or penalties thereon) of any and every nature, special or otherwise, levied or assessed upon the Encumbered Equipment or any portion thereof, or upon the use or operation thereof, or upon or in respect of the Indebtedness (other than withholding taxes imposed by the Canadian government or other taxes on Secured Party's net income) or this Agreement. (c) In case of any failure of the Debtor to keep the Encumbered Equipment insured as required by (a) above, and in good repair and operating condition, or to keep the same free from liens, security interests (other than in favor of Secured Party), encumbrances or adverse claims, or to pay taxes on or in respect thereof, as herein covenanted, or to fully and punctually keep and perform any other covenant hereof, then in any such case, Secured Party may (but shall not be required so to do) pay or perform any such duty or obligation for Debtor. Debtor covenants to reimburse Secured Party promptly for all sums paid or advanced for any such purpose, and any other sums disbursed by Secured Party to protect the Equipment or the lien and security interest of this Agreement together with all costs, expenses and attorneys' fees paid or incurred by Secured Party, all with interest from the date of advancement until repaid to Secured Party at the rate of fifteen percent (15%) per annum (or the maximum per annum rate of interest permitted by law, whichever is less). (d) In the case of any amendment to this Agreement or any Lease of Encumbered Equipment (other than the Lease Agreement), Debtor will pay all filing, recording, search and other expenses incurred by the Secured Party with respect to the perfection of its security interest in the Leases, the Encumbered Equipment and any other Collateral and confirming the priority thereof.

Section 11. Default. The occurrence of any of the following shall be an Event of Default hereunder: (a) the failure to make any payment of principal or interest or other amount due under either Note in accordance with the terms thereof; (b) a failure by the Debtor to perform any of its undertakings under this agreement, or a breach by Debtor of any representation, warranty or covenant or any of its other obligations contained in this Agreement; (c) dissolution, termination of existence, insolvency, appointment of a receiver for any part of the property of, assignment for the benefit of creditors by, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Debtor; (d) loss, theft or substantial damage to any of the Encumbered Equipment for which no railroad has assumed responsibility, with respect to which Debtor has not complied with the provisions of Section 5 of this agreement,

and which is not otherwise compensated for by insurance; (e) early termination of the Lease Agreement without Secured Party's prior, written consent, whether by exercise of an early termination option or otherwise; or (f) a default by a lessee under its respective Lease, giving rise to a right of acceleration, termination or repossession by the lessor thereunder, which default shall not be timely cured by Debtor pursuant to the terms of Section 12 hereof.

Section 12. Right to Cure. In the event of any default on the part of any lessee under any respective Lease, the party first learning thereof shall notify the other party in writing of such default, and Debtor may, within ten (10) days after the date of such notice of such default, at Debtor's option: (a) cure the default on behalf of the lessee; or (b) assume and immediately perform the obligations of the lessee under the related Lease to Secured Party. In the event Debtor does not exercise either such option, Debtor will, at the request of Secured Party, (i) cooperate with Secured Party in exercising Secured Party's rights under the related Lease, (ii) if Secured Party takes possession of any Encumbered Equipment, properly store that Encumbered Equipment on Secured Party's behalf; and (iii) assist in Secured Party's search for a satisfactory purchaser or lessee of the repossessed Encumbered Equipment.

Section 13. Remedies of Secured Party. Upon the occurrence of an Event of Default hereunder, Secured Party may, upon notice to Debtor, (and notwithstanding any provision of Section 6 of this Agreement to the contrary) notify (and/or cause Debtor to notify) each lessee under each Lease to make rental payments directly to Secured Party, declare all Indebtedness immediately due and payable, and exercise any rights and remedies of a secured party under the Uniform Commercial Code and all other remedies to which Secured Party is entitled by law or equity (subject, always to the provisions of Section 14 hereof). Secured Party or its representative may (subject to the provisions of the respective Lease) enter upon the premises where the Encumbered Equipment or other Collateral may be and remove same or maintain possession on such premises pending disposition thereof, all without charge to or liability on the part of Secured Party, or, upon request of Secured Party, Debtor agrees, at the expense of Secured Party, if not borne by the lessee (provided, that all such expense borne by Secured Party shall at once become additional principal Indebtedness, repayable upon demand), to assemble the Encumbered Equipment and other Collateral and to deliver same to Secured Party at a place designated by Secured Party. Debtor's obligation to assemble and deliver the Encumbered Equipment and other Collateral is of the essence of this Agreement and accordingly, upon application to a court of equity having jurisdiction, Secured Party shall be entitled to a decree requiring specific performance by Debtor of said obligation. **DEBTOR HEREBY EXPRESSLY WAIVES ITS RIGHTS, IF ANY, TO PRIOR NOTICE OF REPOSSESSION AND TO A JUDICIAL OR ADMINISTRATIVE HEARING PRIOR TO REPOSSESSION.** The proceeds of any sale or other disposition of Encumbered Equipment or other Collateral, less the expenses of retaking, holding, preparing for disposition, disposing of Encumbered Equipment or other Collateral and the like (including reasonable attorneys' fees, collection agency fees and other legal expenses incurred by Secured Party), shall be credited to the Indebtedness, in such order of preference as Secured Party may determine. Except as provided in Section 14 below, the deficiency, if any, shall be paid by Debtor to Secured Party forthwith, upon demand, with interest thereon at the rate of fifteen percent (15%) per annum, but not exceeding the lawful maximum, if any. Secured Party will give Debtor reasonable notice of the time and place of any public sale thereof or of the time

after which any private sale or other intended disposition thereof is to be made. The requirements of reasonable notice shall be met if such notice is mailed, postage prepaid, to the address for Debtor provided in accordance with the provisions of Section 17 of this Agreement at least five (5) days before the time of the sale or other disposition.

Section 14. Recourse of Debtor. Notwithstanding any of the foregoing, it is expressly understood and agreed by Secured Party, that, except as expressly provided in this Section 14, nothing contained in any Note or this Agreement shall be construed as providing any right of recourse to any assets of Debtor, nor any personal liability of Debtor, for the repayment of the Indebtedness. Secured Party shall, however, have full recourse to the Collateral for the payment in full of the Indebtedness, and Debtor shall be personally liable therefor, but only to the extent necessary under applicable law to enable the Secured Party to foreclose on and have recourse to the Collateral (including without limitation all proceeds thereof, regardless of when, how or by whom received, and whether or not held separate or segregated). In addition, Debtor shall have full personal liability for, and Secured Party shall have full recourse to Debtor and all of Debtor's assets and properties for: (a) all amounts of rental payments and other sums which are payable and paid by a lessee under its Lease, are received by Debtor, and are not paid by Debtor to Secured Party, on or after the date the Indebtedness is lent to Debtor, (i) in each case in an amount equal to the corresponding payments due under the Indebtedness, and (ii) in the event of Debtor's failure to maintain the Encumbered Equipment in accordance with this Agreement, in the remaining amount of all such rental payments; and (b) any loss or damage incurred or suffered by Secured Party, arising out of or in connection with the breach by Debtor of any representation, warranty or covenant contained in this Agreement; provided, that the nonpayment of any amount of principal or interest under either Note shall not, of itself, be deemed to be the breach of any representation, warranty or covenant under this Agreement.

Section 15. Prepayment. Debtor may elect to prepay all or any part of the Indebtedness upon payment in full of all outstanding late charges (if any) and accrued interest on the Indebtedness (together with any other amounts then due hereunder), but without payment of any premium or penalty.

Section 16. Substituted Performance. With respect to any covenant, agreement, or undertaking to be performed by Debtor pursuant to this Agreement during the term of the Indebtedness, which shall be capable of being delegated to another person or entity for performance, that covenant, agreement or undertaking shall be deemed performed by Debtor if, and to the extent that, either (a) it shall have been delegated to and/or assumed by a lessee under its respective Lease and shall be performed by that lessee, or (b) a lessee shall have agreed by the terms of its respective Lease to a covenant, agreement or undertaking substantially similar thereto, which covenant, agreement or undertaking of the lessee shall be the legal and enforceable obligation of that lessee, specifically enforceable by the Secured Party prior to or subsequent to any foreclosure on its Collateral.

Section 17. Notices. All notices and demands required or permitted to be given or made hereunder on any party shall be in writing, and shall be deemed duly given or made and received for purposes of this Agreement when personally delivered or mailed, by registered mail, return receipt requested, postage prepaid, to the party intended as the recipient thereof at the address of such party set forth on the first page hereof or at such other address as the intended recipient shall have provided for such

purpose in a notice given in accordance with the provisions of this paragraph. If mailed, such notice shall be deemed delivered on the fifth day after mailing.

Section 18. Termination. This Agreement and the security interest of Secured Party hereunder shall terminate when the Indebtedness has been discharged in full.

Section 19. No Waiver. Failure of the Secured Party to exercise any right or privilege or the granting of any indulgence to Debtor or Lessee shall not be deemed to be a waiver of such right or privilege. No waiver by Secured Party of any default shall operate as a waiver of any other default or of the same default on a future occasion. Debtor hereby irrevocably appoints Secured Party its true and lawful attorney, with power of substitution, to endorse Debtor's name upon any checks or other items of payment relating to the Lease or upon any documents relating to the sale or other disposition of the Lease or Encumbered Equipment and to do all other things necessary in Secured Party's judgment to carry out the purposes of this Agreement; provided, that the foregoing provisions of this Section 19 will not be deemed to add to Debtor's personal liability hereunder or Secured Party's right of recourse to the assets of Debtor.

Section 20. Illegality or Invalidity of Provision. In case any one or more or the provisions contained in this Agreement or in either or both of the Notes shall be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and therein shall not in any way be affected or impaired thereby.

Section 21. Late Charge; Binding Character; Governing Law. If any payment due from Debtor to Secured Party is in default for more than ten (10) days, Debtor shall pay to Secured Party a late charge at the rate of fifteen percent (15%) per annum (or the maximum amount permitted by law, whichever is less) on the amount of said payment in default from the date due until paid. This Agreement shall be binding on and inure to the benefit of Debtor and Secured Party, and their respective successors and assigns. The validity, interpretation, enforcement and effect of this Agreement shall be governed by the laws of the State of Illinois. **Debtor hereby consents to the jurisdiction of all courts in the State of Illinois.** The Debtor, being a body corporate, hereby agrees that The Limitation of Civil Rights Acts of the Province of Saskatchewan, and amendments thereto, shall have no application to this Agreement or any extensions or renewals hereof, or to any agreement collateral hereto, or to the rights, powers or remedies of the Secured Party or any other person under this Agreement, or any extension or renewal hereof, or any agreement collateral hereto, and hereby expressly waives and releases all of its rights, benefits and protection given it by Sections 23, 24, 25, 26, 27 and 28 of the Chattel Mortgage Act of the Province of British Columbia, and amendments thereto.

Section 22. Denomination of Monetary Amounts; Headings; Sole Agreement of the Parties. All monetary amounts specified or referred to in this Agreement or in any Note shall be deemed denominated, and required to be paid, in dollars of the United States of America. Section headings and titles used herein are for convenience only and shall in no way be held to explain, modify, amplify or aid in the interpretation of this Agreement. This Agreement constitutes the sole agreement respecting (i) the grant of a security interest in the Encumbered Equipment and the Leases, (ii) the

limitations or recourse to Debtor for the Indebtedness under the Notes, and (iii) the other subject matter hereof, and this Agreement supersedes all prior agreements and understandings between the parties with respect thereto; provided, that any security interest in any Collateral hereunder which was granted by any such prior agreement shall be deemed to be a continuing security interest, and not a release of a prior security interest and grant of a new security interest. None of the terms or provisions hereof may be waived, altered, modified or amended except by an agreement in writing executed by Debtor and Secured Party.

Section 23. Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original and all of which, taken together, shall constitute but one and the same instrument.

In Witness Whereof, the parties hereby have caused this Agreement to be duly executed and its corporate seal to be affixed hereto by its duly authorized officers as of the date first written above.

PLM RAILCAR MANAGEMENT SERVICES CANADA LIMITED
Debtor

By: _____
Its President

[Seal]

_____
Its Vice President

Attest:

_____
Its Assistant Secretary

HELLER FINANCIAL, INC.
Secured Party

By: _____
Its Vice President

State of Illinois)
) ss:
County of Cook)

On this 3rd day of June, 1988, before me personally appeared Donald E. Bayston, to me personally known, who, being by me duly sworn, says that he is a Vice President of Heller Financial, Inc., that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation and that said instrument was on June 3, 1988, signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Mary Lau
Notary Public

My Commission Expires: 5/13/90

(Notarial Seal)

"OFFICIAL SEAL"
Mary Lau
Notary Public, State of Illinois
My Commission Expires May 13, 1990

State of Illinois)
) ss:
County of Cook)

On this 3rd day of June, 1988, before me personally appeared Robert N. Tidball, to me personally known, who, being by me duly sworn, says that he is a Vice President of PLM Railcar Management Services Canada Limited, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation and that said instrument was on June 3, 1988, signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Mary Lau
Notary Public

My Commission Expires: 5/13/90

(Notarial Seal)

"OFFICIAL SEAL"
Mary Lau
Notary Public, State of Illinois
My Commission Expires May 13, 1990

Exhibit A

Description of Encumbered Equipment

Quantity	Initials & Serial Numbers	A.A.R. Mechanical Designation Code	Description
99	CP208676 through CP208774 (both inclusive)	Class XM	70-ton; 50 ft., 6in, railway boxcars, 5,047-cubic foot capacity