19688-H

1995

Execution Copy

SUPPLEMENT NO. 3 TO SECURITY AND PLEDGE AGREEMENT

SUPPLEMENT (this "Supplement") dated as of November 13, 1995 to SECURITY AND PLEDGE AGREEMENT, dated as of October 7, 1993, as amended and supplemented (the "Security Agreement"), among each of the undersigned (being hereinafter referred collectively as the "Debtors" and each, individually, as a "Debtor"), and NATWEST BANK N.A., a national banking association (formerly known as National Westminster Bank USA) having an office at 175 Water Street, New York, New York 10038, in its capacity as agent (the "Agent") for the lenders (the "Banks") party to the Credit Agreement (as defined below).

W I T N E S S E T H:

WHEREAS, the Borrower, the Agent and the Banks entered into a certain Credit Agreement dated as of October 7, 1993 (as amended, modified and supplemented from time to time, the "Credit Agreement") pursuant to which the Banks agreed to lend to the Borrower funds in an aggregate principal amount not in excess of the amount provided therein;

WHEREAS, pursuant to the Credit Agreement, the Borrower, the other debtors named below and the Agent entered into the Security Agreement;

WHEREAS, the Borrower desires to acquire certain equipment, consisting of diesel electric locomotives (the "Railcars"), as more particularly set forth on Exhibit 1 hereto, with the proceeds of loans (the "Railcar Loans") made under the Credit Agreement;

WHEREAS, the Banks are willing to advance funds under the Credit Agreement for such purpose provided the Borrower and the other Debtors execute and deliver this Supplement and such other documents and agreements as the Agent shall require in order to assure that such railcars constitute Collateral for the Debtor Obligations pursuant to the terms of the Loan Documents;

NOW, THEREFORE, the parties hereto hereby agree as follows (capitalized terms used herein which are not defined herein shall have the meanings given thereto in the Credit Agreement):

1. The Security Agreement is hereby supplemented by the addition thereto (in addition to any other Collateral added by previous Supplements) of the following Collateral: the Inventory listed or identified on Exhibit 1 hereto. The terms and provisions of the Security Agreement, a copy of which is annexed hereto as Exhibit 2, are hereby incorporated by reference and restated herein as if set forth herein in their entity.

2. Each of the Debtors represents and warrants as follows: (i) such Debtor has complied, and as of the date hereof is in compliance with all the terms, covenants and conditions of the Loan Documents; (ii) the representations and warranties contained in the Loan Documents are true and correct in all material respects as of the date hereof with the same effect as if such representations and warranties had been made on the date hereof; and (iii) no Default or Event of Default exists, nor would arise as a result of and after giving effect to, the addition of Collateral pursuant to this Supplement.

3. Each of the Debtors hereby confirms and agrees that the Railcars constitute part of the Collateral for all purposes of the Credit Agreement, the Security Agreement and the other Loan Documents and that the covenants in the Loan Documents applicable to Collateral shall apply in all respects to the Railcars. Each of the Debtors reaffirms the lien and security interest created under the Security Agreement, which remains in full force and effect as to all of the Debtor Obligations.

4. This Supplement may be executed in as many counterparts as may be deemed necessary or convenient, each of which, when so executed, shall be deemed an original, but all such counterparts shall constitute one and the same instrument.

5. This Supplement shall be governed by, and construed and enforced in accordance with, the laws of the State of New York, without reference to its principles of conflict of laws.

IN WITNESS WHEREOF, the parties hereto have caused this Supplement to be duly executed as of this 13th day of November, 1995.

DEBTORS:
AMERICAN FINANCE GROUP; INVESTORS ASSET HOLDING CORP., BOTH INDIVIDUALLY AND IN ITS CAPACITY AS OWNER TRUSTEE UNDER THE PLEDGED TRUSTS; AFG LEASING INCORPORATED; AFG LEASING IV INCORPORATED; AFG LEASING VI INCORPORATED; AFG LEASING HOLDINGS, INC.; AFG AIRCRAFT MANAGEMENT CORPORATION; AFG ASIT CORPORATION; AFG LEASING ASSOCIATES, By AFG LEASING INCORPORATED; AFG LEASING ASSOCIATES II, By AFG LEASING INCORPORATED

By: Gary M. Romano
Name: GARY M. ROMANO
Title: Vice President & Controller

AF/AIP PROGRAMS LIMITED PARTNERSHIP,
By AFG PROGRAMS, INC.

By: Gary M. Romano
Name: GARY M. ROMANO
Title: VICE PRESIDENT + CONTROLLER

AGENT:
NATWEST BANK N.A. (formerly kncwn as National Westminster Bank USA), as Agent

By _____
Name:
Title:

AF/AIP PROGRAMS LIMITED PARTNERSHIP,
By AFG PROGRAMS, INC.

By:_____
Name:
Title:

AGENT:
NATWEST BANK N.A. (formerly known as National Westminster Bank USA), as Agent

By _____
Name: Kristen M. Walker
Title: Assistant Vice President

COMMONWEALTH OF MASSACHUSETTS)
)ss.:
COUNTY OF SUFFOLK)

On the **10th** day of November, 1995, before me personally came **Gary M. Romano**, to me known, who, being by me duly sworn, did depose and say: that he/she is the **Vice President** of AFG PROGRAMS, INC. and the **Vice President** of AMERICAN FINANCE GROUP, INVESTORS ASSET HOLDING CORP., AFG LEASING IV INCORPORATED, AFG LEASING VI INCORPORATED, AFG LEASING HOLDINGS, INC., AFG AIRCRAFT MANAGEMENT CORPORATION, AFG ASIT CORPORATION and AFG LEASING INCORPORATED, the partnership or corporations, as the case may be, which executed the foregoing instrument on such date; and that he/she signed his/her name thereto by order of the Executive Committee of said partnership or Board of Directors of said corporation, as the case may be.

Notary Public

SAUNDRA A. GUADAGNO, Notary Public
My Commission Expires 4/3/98

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

On the 10th day of November, 1995, before me personally came Kristen Walker, to me known, who, being by me duly sworn, did depose and say: that ~~he/~~she is a AVP of NATWEST BANK N.A. (formerly known as National Westminster Bank USA), a national banking association described in and which executed the foregoing instrument on such date; and that he/she signed his/her name thereto by order of the Board of Directors of said bank.

Pauline McH
Notary Public

PAULINE T. McHUGH
Notary Public, State of New York
No. 01MC4870912
Qualified in New York County
Commission Expires Sept. 15, 1996

ND119196.1

EXHIBIT 1
TO THE SUPPLEMENT TO SECURITY AND PLEDGE AGREEMENT, DATED AS OF NOVEMBER 13, 1995, AMONG AMERICAN FINANCE GROUP AND CERTAIN AFFILIATES THEREOF, AS DEBTORS, AND NATWEST BANK N.A., AS AGENT

Inventory

Description:

2,250 horsepower Model B-23-7 diesel electric locomotives built by General Electric Company and bearing the following identification numbers:

CR	1967
	1968
	1969
	1971
	1972
	1975
	1978
	1979
	1982
	1983
	1986
	1989
	1990
	1991
	1993
	1998
	2000
	2002
	2003
	2004

including all substitutions therefor, and replacements, improvements, additions and accessions thereto.

CERTIFICATION

I, LOUIS E. GITOMER, have compared this copy to the original Supplement No. 3 to Security and Pledge Agreement dated as of November 13, 1995, and found the copy to be complete and identical in all respects to the original document. I declare under penalty of perjury that the foregoing is true and correct.

Louis E. Gitomer
November 13, 1995

SECURITY AND PLEDGE AGREEMENT

AGREEMENT, made this 7th day of October, 1993, by and among each of the undersigned (being hereinafter referred to collectively as the "Debtors" and each, individually, as a "Debtor"), and NATIONAL WESTMINSTER BANK USA, a national banking association having an office at 175 Water Street, New York, New York 10038, in its capacity as agent (the "Agent") for the lenders (the "Banks") party to the Credit Agreement (as defined below).

W I T N E S S E T H:

WHEREAS, American Finance Group, a Massachusetts general partnership ("AFG"), has entered into a certain Credit Agreement of even date herewith (hereinafter, as it may from time to time be amended or supplemented, referred to as the "Credit Agreement") with the Agent and the Banks pursuant to which the Banks have agreed to lend to AFG a sum not in excess of the aggregate Commitment, upon and subject to the terms and conditions of the Credit Agreement; and

WHEREAS, each Debtor other than AFG has entered into a certain Guaranty of even date herewith (the "Guaranty") pursuant to which such Debtor has guaranteed payment and performance of the Obligations under the Credit Agreement (including any Obligations assumed by any Fund) to the extent provided therein; and

WHEREAS, in order to induce the Agent and the Banks to execute and deliver the Loan Documents and to make Loans, each Debtor has agreed to grant the Agent, for the ratable benefit of the Agent and the Banks, a lien on and security interest in all of its personal property and assets, including a pledge to the Agent, for the ratable benefit of the Agent and the Banks, of all of its Pledged Stock (as hereinafter defined), as collateral security for the performance by each Debtor of its obligations hereunder, by AFG of its obligations under the Credit Agreement and by each other Debtor of its obligations under the Guaranty; and

WHEREAS, it is a condition precedent to the obligations of the Banks to make the Loans that the Debtors shall execute and deliver this Security and Pledge Agreement;

NOW, THEREFORE, in consideration of the premises and in order to induce the Banks to make the Loans, the Debtors agree with the Agent as follows:

1. Definitions

All capitalized terms used herein without definition shall have the respective meanings given thereto in the Credit Agreement. The terms equipment, fixtures, inventory, accounts, chattel paper, instruments, documents, general intangibles and proceeds shall have the respective meanings ascribed thereto in the Uniform Commercial Code as in effect in the State of New York. The

term "Pledged Stock" as used herein shall mean and include all of the issued and outstanding shares, whether now owned or hereafter acquired by a Debtor, of the capital stock or other equity interest in any Subsidiary of such Debtor, and any shares, stock certificates, options or rights issued by any such Person as an addition to, in substitution of, or in exchange for, any such shares, and any and all proceeds thereof, now or hereafter owned or acquired by a Debtor, but excluding any shares of the capital stock of AFG Leasing VII Incorporated ("AFG VII").

2. Security Interest.

To secure the due payment and performance of all of the obligations of AFG under the Credit Agreement and the other Debtors under the Guaranty, and of the Debtors under the other Loan Documents to which each Debtor is a party, and of all liabilities, costs and expenses incurred in connection therewith (the "Debtor Obligations") each Debtor hereby assigns, mortgages, pledges, hypothecates, transfers and sets over to the Agent, for the ratable benefit of the Agent and the Banks, all of its right, title and interest in, to and under, and grants a lien upon and security interest in all personal property and assets of such Debtor set forth, referred to or listed on Schedule I annexed hereto and made a part hereof. Investors Asset Holding Corp. ("IAHC"), in its capacity as trustee under the Trust Agreement, further grants a lien upon and security interest in all of its right, title and interest in, to and under the Trust Agreement and the trusts created thereunder, and in, to and under all other trusts created under any other trust agreements, in each case a majority of the beneficial interests of which is owned by AFG and/or its Subsidiaries (collectively, the "Pledged Trusts"), and in all personal property and assets held in the Pledged Trusts or owned by IAHC in its capacity as trustee thereof, including, without limitation, all personal property and assets of the nature described on Schedule I hereto, together with all estates and interests therein and thereto, and all rights, powers and privileges thereunder or in respect thereof, any and all payments thereunder or in respect thereof to which such Debtor may become entitled and all proceeds and products of the foregoing (collectively, the "Trust Collateral"; all of the items described in this paragraph 2, including the Trust Collateral, being hereinafter collectively referred to as the "Collateral"). Notwithstanding the foregoing, the term "Collateral" shall ab initio not include any shares of capital stock of AFC Management Corporation, a Massachusetts corporation ("AFC") to the extent that the inclusion therein shall be alleged by AIRFUND Corporation (formerly known as Hummingbird Corporation) ("AIRFUND") or Thomas G. Hiniker ("Hiniker") or both to constitute a breach of Section 8 of that certain Agreement dated April 14, 1990 among AFG, AFC, AIRFUND and Hiniker, as amended from time to time, and AIRFUND and Hiniker shall have formally commenced litigation proceedings against AFG on the basis thereof. AFG shall promptly notify the

Agent in writing in the event it receives notice that any such allegations are being made or proceedings instituted. In the event that the term "Collateral" shall not be deemed to include shares of capital stock of AFC Management Corporation as a result of the formal commencement of litigation proceedings by AIRFUND and Hiniker, as provided above, the Agent shall, upon the written request of AFG, promptly provide a letter addressed to AFG confirming that the Collateral shall not include such shares.

3. Pledge of Stock.

(a) Each Debtor hereby confirms and agrees that simultaneously with the execution and delivery hereof, it is delivering to the Agent certificates representing all of the issued and outstanding shares of Pledged Stock owned by such Debtor other than the issued and outstanding shares of Pledged Stock of the corporations listed on Schedule II which bear an asterisk (the "Shell Companies"), which certificates shall be delivered by the Borrower as required by and in accordance with Section 6.14 of the Credit Agreement and the equity interests in the Persons listed on Schedule II which bear a double asterisk.

(b) All certificates or instruments representing or evidencing the Pledged Stock shall be delivered to and held by the Agent on behalf of the Banks pursuant hereto and shall be in suitable form for transfer by delivery, or shall be accompanied by duly executed instruments of transfer or assignment in blank, all in form and substance reasonably satisfactory to the Agent in its discretion.

(c) If any Debtor shall become entitled to receive or shall receive any stock certificate (including, without limitation, any certificate representing a stock dividend or a distribution in connection with any reclassification, increase or reduction of capital), option or rights, whether as an addition to, in substitution of, or in exchange for any shares of the Pledged Stock, or otherwise, or if any other Collateral constituting an equity, participation or similar interest in any Person shall become evidenced by a certificate or other instrument, such Debtor shall accept any such instruments as the Agent's and the Banks' agent, shall hold them in trust for the Agent and the Banks, and shall deliver them forthwith to the Agent on behalf of the Banks in the exact form received, with such Debtor's endorsement when necessary and/or appropriate stock powers duly executed in blank, to be held by the Agent, subject to the terms hereof, as further collateral security for the Debtor Obligations.

(d) So long as no Event of Default shall have occurred and be continuing, each of the Debtors shall be entitled to exercise any and all voting and other consensual rights pertaining to the Pledged Stock pledged by it pursuant to this Agreement or any part thereof unless the action authorized by such

voting or consent would cause, create or result in an Event of Default; provided, however, that no Debtor may exercise or refrain from exercising any such right if such action would have a material adverse effect on the value of the Pledged Stock or any part thereof.

(e) All rights of the Debtors to exercise the voting and other consensual rights which they would otherwise be entitled to exercise pursuant to Section 3(d) hereof shall cease, and all such rights shall become vested in the Agent which shall have the sole right to exercise such voting and other consensual rights, from and after the occurrence and during the continuance of an Event of Default and, in furtherance thereof, concurrently herewith each Debtor is executing and delivering to the Agent an irrevocable proxy in respect of the Pledged Stock in the form of Exhibit A annexed hereto.

4. Representations and Warranties.

Each Debtor hereby represents and warrants as follows:

(a) Such Debtor is a corporation, general partnership (with respect to AFG, AFG Leasing Associates and AFG Leasing Associates II) or limited partnership, as the case may be, duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, and has the power under the corporate or partnership laws, as the case may be, of such jurisdiction, to own its assets and to transact the business in which it is presently engaged.

(b) Such Debtor has the power under the corporate or partnership laws, as the case may be, of the jurisdiction of its organization, to execute, deliver and perform this Security and Pledge Agreement and the other Loan Documents to which it is a party and such Debtor has taken all necessary action to authorize the execution, delivery and performance of this Security and Pledge Agreement and the other Loan Documents to which it is a party and all other agreements, instruments and documents provided for herein or therein. No consent or approval of any person, no consent or approval of any landlord or mortgagee, no waiver of any lien or right of distraint or other similar right and no consent, license, approval, authorization or declaration of any governmental authority, bureau or agency is or will be required in connection with the execution, delivery, performance, validity or enforcement or priority of this Security and Pledge Agreement, the other Loan Documents to which such Debtor is a party and any other agreements, instruments or documents to be executed or delivered by a Debtor pursuant hereto or thereto, other than consents, licenses and approvals which have already been obtained (copies of which have been delivered to the Agent).

(c) The execution and delivery of this Security and Pledge Agreement, the other Loan Documents to which such Debtor is a party and any other agreements, instruments or documents to be executed and delivered by a Debtor hereunder, and performance hereunder and thereunder, will not violate any provision of law and will not conflict with or result in a breach of any order, writ, injunction, ordinance, resolution, decree, or other similar document or instrument of any Governmental Body or the charter or by-laws or partnership agreement of such Debtor, as the case may be, or create (with or without the giving of notice or lapse of time, or both) a default under any agreement, bond, note or indenture to which such Debtor is a party or by which it is bound or any of its properties or assets is affected, or result in the imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the properties or assets owned by or used in connection with the business of such Debtor except for the liens and security interests created and granted to the Agent pursuant to this Security and Pledge Agreement and the other Security Documents.

(d) This Security and Pledge Agreement, the other Loan Documents to which such Debtor is a party and any other related documents have been duly executed and delivered by such Debtor and each of such documents constitutes the valid and legally binding obligation of such Debtor, enforceable in accordance with its terms.

(e) Such Debtor is the sole owner of the Collateral owned by it, with good and marketable title thereto, free and clear of any liens of any nature whatsoever, except for Liens referred to in Section 7.2 of the Credit Agreement with respect to Collateral not included in the Borrowing Base or, with respect to Collateral included in the Borrowing Base, except for Liens referred to in Section 7.2(a) through (d) of the Credit Agreement.

(f) The Pledged Stock owned by such Debtor is owned directly and beneficially and of record by such Debtor in the amount set forth on Schedule II annexed hereto. Except as set forth on Schedule II, the shares or other equity interests constituting the Pledged Stock constitute one hundred percent (100%) of all of the issued and outstanding shares of capital stock or other equity interests of the entities whose shares or other equity interests constitute the Pledged Stock. All of the shares of capital stock of the corporations whose shares are included within the Pledged Stock have been duly and validly issued, are fully paid and non-assessable and are owned by such Debtor free and clear of any Lien on such shares or the proceeds thereof, are not subject to any restrictions on transferability except for the Lien granted to the Agent hereunder and are not subject to any proxies, options, warrants or similar rights in favor of third parties. There is no Pledged Stock of a Debtor except as set forth on

Schedule II hereto. Other than the certificates being delivered concurrently herewith and the certificates of the Shell Companies, there are no certificates or instruments evidencing any equity, participation or other similar interest in any Person which is included as Collateral.

(g) Other than the names "Equipment Holding Trust," "AFG Leasing" and "AFG," such Debtor utilizes no trade names in the conduct of its business.

(h) Such Debtor has and during the last four months has had no offices where such Debtor's books of account and records are kept or place of business or warehouse or other storage locations for Collateral, except as set forth on Schedule III annexed hereto. Also listed on Schedule III are all of the places where the Collateral is used or located including locations where assets are on lease to customers, and locations where AFG is authorized to do business outside of the Commonwealth of Massachusetts. No Debtor other than AFG has a place of business or office or warehouse or other storage location outside of the Commonwealth of Massachusetts or is authorized to do business outside of such state.

(i) Schedule IV hereto lists each Fund Agreement to which such Debtor is a party. Each Fund Agreement listed on Schedule IV annexed hereto to which such Debtor is a party is valid and enforceable in accordance with its terms, has not been modified, amended, altered or changed in any manner except pursuant to amendments, copies of which have been furnished to the Agent, and is in full force and effect. Such Debtor is not in default and, to its knowledge, no other party is in default under any Fund Agreement to which such Debtor is a party. The rights of each Debtor to receive payments or distributions under each Fund Agreement to which it is a party are freely assignable to the Agent, and the Debtor is the sole party entitled to any amounts payable to such Debtor under such Fund Agreement (subject to Debtor's obligations, if any, to pay over such amounts to AFG pursuant to any other Fund Agreements).

(j) Such Debtor has the right, power and authority to assign its right, title and interest in and to each Fund Agreement to which it is a party to the Agent. Such Debtor's right, title and interest in such Fund Agreement is owned by such Debtor free and clear of all claims, mortgages, pledges, liens, encumbrances and security interests of every nature whatsoever, except those in favor of the Agent.

(k) Except as disclosed in Note 6 (with respect to American Income 2 Limited Partnership and American Income 3 Limited Partnership) or Note 7 (with respect to all other Funds) to the Financial Statements contained in the Annual Reports on Form 10-K for the Funds for the fiscal year ended December 31, 1992 and

Quarterly Reports on Form 10-Q for the Funds for the fiscal quarter ended June 30, 1993 or on Schedule 3.6 to the Credit Agreement, there are no outstanding judgments, actions, or proceedings pending before any Governmental Body with respect to or, to the best of its knowledge, threatened against or affecting such Debtor, nor are there any such actions or proceedings in which such Debtor is a plaintiff or complainant. Without limiting the foregoing, to the best of its knowledge, such Debtor has not received or given within the last three years any written communication from or to any Governmental Body or other Person, concerning any pending or threatened investigation, claim, environmental proceeding, cleanup order, citizen suit or other action instituted by any private party or Governmental Body in connection with any Environmental Law or the presence or possible presence of any Hazardous Substances excluding investigations, claims, proceedings, orders, suits or other actions with respect to which the aggregate liability of the Debtors is reasonably estimated not to exceed $500,000.

(l) True and complete copies of each Fund Agreement and all additions, amendments, supplements and modifications currently in effect have been delivered to the Agent by the Debtors.

5. Representations and Warranties of each Debtor with respect to Trusts and Trust Collateral.

Each Debtor hereby represents and warrants as follows:

(a) Annexed hereto as Exhibit B is a true and complete copy of the Trust Agreement, as in effect on the date hereof, including all Authorizations and Directions executed and delivered thereunder (the "Authorizations"). The Trust Agreement and the Authorizations are in full force and effect and have not been amended, modified or supplemented in any manner;

(b) Such Debtor's right, title and interest, if any, in, to and under the Trusts and Trust Collateral, and its beneficial interest in the Trusts, together with the beneficial interest therein of any other Debtor or Permitted Transferee, constitutes not less than 100% of the beneficial interest in the Trusts and the Trusts are duly formed and validly existing trusts;

(c) Neither AFG nor anyone acting on its behalf has directly or indirectly offered an interest in the Trust Collateral for sale to, or solicited any offer to acquire the same from, any Person in a transaction which would violate any state or federal securities laws; and

(d) Each Debtor, to the extent it is a party to the Trust Agreement or an owner of any beneficial interests of Trusts, has performed all of the covenants and agreements under the

Trust Agreement to be performed by it and is not in default thereunder; and

(e) No action, including any filing or recording of any document, is necessary in order to afford protection to the Agent under applicable law in connection with the creation or enforcement of its security interest hereunder or to perfect the Agent's security interest granted hereunder as a duly perfected first priority security interest in its beneficial interest in the Pledged Trusts or any other Trust Collateral other than the filing of Uniform Commercial Code ("UCC") financing statements with the Secretary of State of Massachusetts and the City Clerk of Boston.

6. Further Assurances.

The Debtors agree to join with the Agent in executing one or more financing statements or cause to be executed and delivered to the Agent one or more financing statements pursuant to the Uniform Commercial Code or other notices appropriate under applicable law in form reasonably satisfactory to the Agent, and shall pay all filing or recording costs with respect thereto, and all costs of filing or recording this Security and Pledge Agreement or any other instrument, agreement or document executed and delivered pursuant hereto or to the Credit Agreement (including the cost of all Federal, state or local mortgage, documentary, stamp or other taxes), in each case, in all public offices where filing or recording is deemed by the Agent to be necessary or desirable. Each Debtor hereby authorizes the Agent to take all action at the expense of the Debtors (including, without limitation, the filing of any Uniform Commercial Code Financing Statements or amendments thereto without the signature of such Debtor provided, that the Agent shall provide notice to such Debtor of any such filing) which the Agent may deem necessary or desirable to perfect or otherwise protect the liens and security interests created hereunder and to obtain the benefits of this Security and Pledge Agreement. Without limiting the generality of the foregoing, the Debtors shall, at their expense, take and cause to be taken all such actions as the Agent may reasonably request in order to perfect and continue the perfection of the liens and security interests granted to the Agent in the Collateral, including, without limitation, if the Agent shall so request, compliance with the laws and regulations of any state relating to the perfection of security interests by means of registration and enforcement of certificates of title, and the Agent shall have the right at any time at the Debtors' expense to cause the perfection of the security interests granted to the Agent in the Collateral by whatever means reasonably deemed by the Agent to be necessary, and the Debtor shall cooperate fully with the Agent in connection therewith.

7. General Covenants.

(a) Each Debtor shall:

i) furnish the Agent from time to time at the Agent's request written statements and schedules further identifying and describing such Debtor's Collateral in such detail as the Agent may reasonably require;

ii) advise the Agent promptly, in sufficient detail, of any substantial adverse change in the Collateral, and of the occurrence of any event which would have a material adverse effect on the value of such Debtor's Collateral or on the Agent's security interest therein;

iii) at all times use such Debtor's Collateral for lawful purposes only, with all reasonable care and caution;

iv) perform and observe all covenants, restrictions and conditions contained in the Credit Agreement providing for payment of taxes, maintenance of insurance and otherwise relating to such Debtor's Collateral, as though such covenants, restrictions and conditions were fully set forth in this Agreement;

v) comply with all acts, rules, regulations and orders including, without limitation, all Environmental Laws of any legislative, administrative or judicial body or official applicable to such Debtor's Collateral or any part thereof or to the operation of each Debtor's business, non-compliance with which could have a material adverse effect on the business, assets or financial condition of such Debtor or on the ability of such Debtor to perform its obligations under any Loan Document to which it is a party;

vi) take all such action as shall be required, subject to Section 6.14 of the Credit Agreement and except that the Debtors shall not be required to insert the Agent's name as lienholder on certificates of title relating to motor vehicles, to maintain the Agent's Lien on the Collateral as a duly perfected, first priority Lien, subject to additional Liens only as permitted under Section 7.2 of the Credit Agreement, with respect to Collateral not included in the Borrowing Base, or, with respect to Collateral included in the Borrowing Base, subject only to Liens permitted pursuant to Section 7.2(a) through (d) of the Credit Agreement, including, with respect to any vehicles, to cause all such vehicles to be fully titled, licensed and registered in a jurisdiction of the United States in which the method of perfecting a security interest on a vehicle is by notation of the encumbrance on the applicable certificate of title or other similar title document, defend the Agent's right, title, special property and

security interest in and to the Collateral against the Lien or claim of any Person (other than Liens permitted pursuant Section 7.2 of the Credit Agreement with respect to Collateral not included in the Borrowing Base or, with respect to Collateral included in the Borrowing Base, subject only to Liens permitted pursuant to Section 7.2(a) through (d) of the Credit Agreement), promptly notify the Agent of any such Lien or claim made or asserted against the Collateral and promptly take all such action as may be necessary to remove any such Lien or claim;

vii) at all times ensure that the Debtor's Pledged Stock represents 100% (or such lesser percent as shall be set forth with respect thereto on Schedule II hereto) of the issued and outstanding capital stock of the corporations whose shares constitute such Pledged Stock;

viii) keep and perform the obligations to be kept and performed by it under the Fund Agreement to which it is a party, duly enforce the obligations of the other parties thereto and do all things necessary and proper to keep such Fund Agreement in full force and effect; and

ix) hereby specifically acknowledge and agree that this Security and Pledge Agreement is executed as security for the Debtor Obligations, and that the Agent does not assume, and shall have no responsibility for, the payment of any sums due or to become due under any Fund Agreement to which such Debtor is a party or the performance of any obligations to be performed under or with respect to such Fund Agreement by any Debtor, and each Debtor hereby agrees to indemnify and hold the Agent harmless with respect to any and all claims by any person with respect to any such Fund Agreement to which such Debtor is a party other than claims which result from the gross negligence or willful misconduct of the Agent.

(b) No Debtor shall:

i) sell, convey or otherwise dispose of any shares of the Pledged Stock or any interest therein or in a Fund Agreement, nor create, incur or permit to exist any Lien whatsoever with respect to any of such Pledged Stock or Fund Agreement or the proceeds thereof other than that created hereby nor shall such Debtor create, enter into any agreement, agree to give or grant any options, warrants, proxies or similar rights in favor of third parties with respect to the Pledged Stock. Any such sale, transfer, assignment, mortgage, pledge or encumbrance without the Agent's consent shall be void and of no force and effect;

ii) sell, convey, assign, transfer or otherwise dispose of any of its other assets or property except in the ordinary course of its business and for fair and adequate consideration or as otherwise permitted in the Credit Agreement,

provided that after giving effect to such sale, conveyance, transfer or disposition, there shall be no Default or Event of Default and AFG shall be in compliance with Section 2.6(a) of the Credit Agreement;

iii) cause, permit, consent to or approve the issuance of any additional shares of any class of capital stock of any corporation whose shares constitute part of the Pledged Stock unless such shares are duly pledged to the Agent, and certificates representing such shares and stock powers with respect thereto are delivered to the Agent pursuant hereto;

iv) create or assume or permit to exist any Lien or claim on or against the Collateral except as created by this Security and Pledge Agreement and the other Security Documents;

v) without the prior written consent of the Majority Banks, modify, amend, supplement or change the Fund Agreements to which it is a party so as to reduce or eliminate any amounts payable thereunder to such Debtor or so as to otherwise adversely affect in any material respect the rights of such Debtor to payment of amounts thereunder, or cancel or terminate the Fund Agreements to which it is a party or waive, settle or compromise any claim against the payor arising thereunder (except where such claim shall be substituted for a claim of at least equal amount and that payments under any Fund Agreement may be deferred for up to thirty (30) days or, under the circumstances described in the proviso to Section 5.12(a)(ii) of the Credit Agreement, for up to ninety (90) days);

vi) merge into or consolidate with any other person except as permitted by Section 7.4(a) of the Credit Agreement;

vii) change its corporate or partnership name, as the case may be, without at least twenty (20) days' prior written notice to the Agent;

viii) change its chief executive office or the office where its books and records are kept without at least twenty (20) days' prior written notice to the Agent; or

ix) use, store or operate any Collateral in Georgia, other than motor vehicles for which the Agent possesses a certificate of title, or qualify to do business or establish a place of business at any location other than as listed for such Debtor on Schedule III hereto unless AFG shall have given the Agent at least twenty (20) days' prior written notice thereof and the Agent shall have taken all such action as shall be required to perfect the Lien of the Agent, for the ratable benefit of the Agent and the Banks, granted hereunder as a first priority perfected Lien

thereon; provided that in no event shall Collateral be located or leased to a person located outside of the geographical area consisting of the contiguous forty-eight states of the United States and the District of Columbia, Alaska and Hawaii, except that Collateral may be located in Canada if the Agent's lien thereon has been created and perfected to the satisfaction of the Agent (including, if required by the Agent, the rendering of legal opinions), and except that the Debtors shall be permitted to use Collateral consisting of mobile goods (as such term is defined in the UCC) in Mexico for not more than ninety days in any twelve-month period so long as such Collateral located in Mexico shall not at any time exceed 15% of the aggregate appraised value of all such mobile goods.

8. Assignment of Insurance.

With respect to any Collateral leased by a Debtor, such Debtor shall cause the Lessee thereof to maintain insurance in scope and amount on such Collateral as required by the terms of the Lease with respect thereto. Following the occurrence and during the continuance of a Default or Event of Default, each Debtor shall pay over to the Agent, for the ratable benefit of the Agent and the Banks, all sums it receives, whether directly or indirectly, from any Lessee which may have become payable under or in respect of any policy of insurance owned by the Lessee.

9. Fixtures.

It is the intent of the Debtors and the Agent that none of the Collateral is or shall be fixtures, as that term is used or defined in Article 9 of the Uniform Commercial Code as adopted in the State of New York, and each Debtor represents and warrants that it has not made and is not bound by any lease or other agreement which is inconsistent with such intent. Nevertheless, if the Collateral or any part thereof is or is to become attached or affixed to any real estate, each Debtor will, upon request, furnish the Agent with a disclaimer or subordination in form satisfactory to the Agent of any interests in the Collateral from all persons having an interest in the real estate to which the Collateral is attached or affixed, together with the names and addresses of the record owners of, and all other persons having interest in, and a general description of, such real estate.

10. Collections.

In the event that any Event of Default has occurred and is continuing under the Credit Agreement, each Debtor, at the written request of the Agent, shall immediately cause all checks, drafts, payments, cash or other remittances in payment of any of its Leases, accounts, contract rights or general intangibles constituting part of the Collateral, or in payment for any Collateral sold, transferred, leased or otherwise disposed of, or

in payment or on account of its accounts, contracts, contract rights, notes, drafts, acceptances, general intangibles, choses in action and all other forms of obligations relating to any of the Collateral so sold, transferred or otherwise disposed of, to be delivered directly to the Agent accompanied by a remittance report in form supplied or approved by the Agent, such items to be delivered to the Agent in the same form received, endorsed or otherwise assigned by the Debtor where necessary to permit collection of items and, regardless of the form of such endorsement, each Debtor hereby waives presentment, demand, notice of dishonor, protest, notice of protest and all other notices with respect thereto. All such remittances shall be applied and credited by the Agent first to the Debtor Obligations then due and then applied to the Debtor Obligations to become due, or as otherwise required by applicable law, and to the extent not so credited or applied, shall be paid over to the Debtors.

11. Rights and Remedies on Default.

(a) In the event of the occurrence of any Event of Default, the Agent shall at any time thereafter have the right, itself or through any of its agents, with or without notice to the Debtors except such notice as may be required by applicable law, as to any or all of the Collateral, but subject to the extent applicable, to the Lessee's right of quiet enjoyment, by any available judicial procedure, or without judicial process, to take possession of the Collateral and without liability for trespass to enter any premises where the Collateral may be located for the purpose of taking possession of or removing the Collateral, and, generally, to exercise any and all rights afforded to a secured party under the Uniform Commercial Code or other applicable law.

(b) Without limiting the generality of the foregoing, each Debtor agrees that:

i) the Agent shall have the right to sell, lease, or otherwise dispose of all or any part of the Collateral, whether in its then condition or after further preparation or processing, either at public or private sale or at any broker's board, in lots or in bulk, for cash or for credit, with or without warranties or representations, and upon such terms and conditions (including, without limitation, with respect to a sale of Pledged Stock, a requirement that any purchaser of all or any part of the Pledged Stock shall be required to purchase the shares constituting the Pledged Stock for investment and without any intention to make a distribution thereof), as the Agent in its sole discretion may deem advisable, and it shall have the right to purchase at any such sale;

ii) if any Collateral shall require rebuilding, repairing, maintenance, preparation, or is in process or other unfinished state, the Agent shall have the right, at its

option, to do such rebuilding, repairing, preparation, processing or completion of manufacturing, for the purpose of putting the Collateral in such saleable or disposable form as it shall deem appropriate;

iii) any or all shares of the Pledged Stock held by the Agent hereunder may, at the option of the Agent, or shall, at the direction of the Majority Banks, be registered in the name of the Agent, and the Agent may thereafter, without notice, and upon the direction of the Majority Banks shall, exercise all voting and corporate rights at any meeting of the shareholders of such corporation and exercise any and all rights of conversion, exchange, subscription or any other rights, privileges or options pertaining to any shares of the Pledged Stock as if it were the absolute owner thereof, including, without limitation, the right to receive on behalf of the Banks the dividends payable thereon, and the right to exchange, at its discretion or upon the direction of the Majority Banks, any and all of the Pledged Stock upon the merger, consolidation, reorganization, recapitalization or other readjustment of any corporation issuing any of such shares or upon the exercise by any such issuer of any right, privilege or option pertaining to any shares of the Pledged Stock, and in connection therewith, to deposit and deliver any and all of the Pledged Stock with any committee, depositary, transfer agent, registrar or other designated agency upon such terms and conditions as it may determine, all without liability except to account for property actually received by it, but the Agent shall have no duty to exercise any of the aforesaid rights, privileges or options and shall not be responsible for any failure to do so or delay in so doing;

iv) the Agent shall have the right to require that all cash dividends payable with respect to any part of the Pledged Stock be paid to the Agent for the accounts of the Banks, to be applied to the Debtor Obligations in the manner contemplated by Section 11(d) hereof;

v) in addition to all other rights and remedies of the Agent pursuant to any agreements of a Debtor in favor of or assigned to and held by the Agent or pursuant to applicable law or otherwise, the Agent or its successor or designee shall have all rights and benefits under the Fund Agreement to which such Debtor is a party, including, without limitation, any and all rights to indemnification and guarantee, without modifying or discharging any of the Debtor Obligations;

vi) any monies or other proceeds under or in connection with the Fund Agreement to which a Debtor is a party received by such Debtor shall not be commingled with any other property of such Debtor, but shall be segregated, held by the Debtor in trust for, and immediately delivered to, the Agent for application to the payment of the Debtor Obligations;

vii) the Agent may, in its discretion, in its name or a Debtor's or otherwise, notify the obligor under any Fund Agreement to which such Debtor is a party to make payment to the Agent of all amounts due or to become due under such Fund Agreement; and

viii) the Agent may, in its discretion, demand, sue for, collect or receive any money or property at any time payable or receivable on account of or in exchange for the Fund Agreement to which a Debtor is a party, or, with respect to payments which have become due and payable under such Fund Agreement, make any compromise or settlement deemed desirable by the Agent.

(c) Each Debtor hereby agrees that a notice sent at least five (5) days before the time of any intended public sale or of the time after which any private sale or other disposition of the Collateral is to be made, shall be reasonable notice of such sale or other disposition. At the Agent's request, the Debtors shall assemble the Collateral and make it available to the Agent at such reasonable places as the Agent shall select.

(d) The proceeds of any such sale, lease or other disposition of the Collateral shall be applied first, to the expenses of retaking, holding, storing, processing and preparing for sale, selling, lease, leasing and the like, and then to payment of the Debtor Obligations, as follows:

FIRST: To the Agent (in its capacity as agent) in an amount equal to the fees, indemnities, costs and expenses incurred by the Agent through the date of such enforcement or sale, including reasonable compensation for and expenses of the Agent's representatives and counsel, and all charges, expenses, liabilities and advances incurred or made by the Agent in connection with such enforcement or sale, whether provided for under the Credit Agreement, this Agreement or otherwise;

SECOND: To the Banks, in an amount equal to the indemnities, costs, expenses and all other amounts (other than the principal amount of and interest and fees on the Loans) payable to the Banks under the Credit Agreement; provided, however, that if such proceeds (after distribution of a portion thereof to the Agent as provided above) shall be insufficient to pay in full such amounts owed to the Banks, then such payment shall be made to each Bank in proportion to the respective amounts of such indemnities, costs, expenses and other amounts owed to each Bank on such date;

THIRD: To the Banks in an aggregate amount equal to the sum of the unpaid interest and fees, if any, on the principal amount of the Loans; provided, however, that if such proceeds (after distribution of a portion thereof as provided in paragraphs FIRST and SECOND of this subparagraph (d)) shall be insufficient to pay in full such aggregate amount owed to the Banks, then such payment shall be made to each Bank in proportion to the respective amounts of such interest and fees owed to each Bank on such date;

FOURTH: To the Banks in an aggregate amount equal to the sum of the unpaid principal on the Loans; provided, however, that if such proceeds (after distribution of a portion thereof as provided in paragraphs FIRST, SECOND and THIRD of this subparagraph (d)) shall be insufficient to pay in full such aggregate amount owed to the Banks, then such payment shall be made to each Bank in proportion to the outstanding principal amount of its Loans; and

FIFTH: Any surplus then remaining to the Debtor or the Person who may be lawfully entitled to receive the same or as a court of competent jurisdiction may direct.

If, upon the sale, lease or other disposition of the Collateral, the proceeds thereof are insufficient to pay all amounts to which the Agent is legally entitled, the Debtors shall be jointly and severally liable for the deficiency, together with interest thereon, at the rate prescribed in the Credit Agreement, and the reasonable fees of any attorneys employed by the Agent to collect such deficiency; provided, however, that the foregoing shall not be deemed to require the Agent to resort to or initiate proceedings against the Collateral prior to the collection of any such deficiency from the Debtors.

(e) To the extent permitted by applicable law, each Debtor waives all claims, damages and demands against the Agent arising out of the repossession, removal, retention or sale or lease of the Collateral.

(f) Notwithstanding anything in this Security and Pledge Agreement to the contrary, the Agent shall have no recourse to any Collateral owned by a Permitted Transferee, or to any Collateral owned by the Trustee to the extent that such Collateral or Trust Collateral shall secure Obligations of such Permitted Transferee, except to the extent that a Transferee Event of Default, as defined in the Transferee Agreement executed by such Fund, shall have occurred or exist under such Transferee Agreement.

12. Fiduciary Obligations.

The Agent recognizes and agrees that each Debtor which is a general partner or managing trustee, as the case may be, of a Fund has the obligations of a fiduciary with respect to those persons who are limited partners or beneficiaries, as the case may be, of such Fund and that, prior to the occurrence of an Event of Default, the Agent has no intention of exercising the rights and benefits of a general partner or managing trustee. Each Debtor represents and warrants that its execution and delivery of this Security and Pledge Agreement, its performance of its obligations hereunder and the exercise by the Agent of its rights hereunder pursuant to the terms of the Loan Documents shall not breach any fiduciary obligation of such Debtor to such partners or beneficiaries.

13. Costs and Expenses.

Any and all fees, costs and expenses, of whatever kind or nature, other than internal administrative expenses, including the reasonable attorneys' fees and legal expenses incurred by the Agent in connection with the preparation of this Security and Pledge Agreement and all other documents relating hereto and the consummation of the transactions contemplated by the Credit Agreement, the filing or recording of financing statements, this Security and Pledge Agreement, the Guaranty, and other documents (including all taxes in connection therewith) in public offices, the payment or discharge of any taxes, insurance premiums, encumbrances or otherwise protecting, maintaining or preserving the Collateral, or the enforcing, foreclosing, retaking, holding, storing, processing, selling leasing or otherwise realizing upon the Collateral and the Agent's security interest therein, whether through judicial proceedings or otherwise, or in defending or prosecuting any actions or proceedings arising out of or related to the transaction to which this Agreement relates, shall be borne and paid by AFG on demand by the Agent and until so paid shall be added to the Debtor Obligations and shall bear interest at the Post-Default Rate.

14. Agent's Right to Cure

If there shall be a default by a Debtor under this Security and Pledge Agreement or any other Loan Document to which it is a party, for any reason, the Agent may, at its option, without assuming any of the obligations of the Debtor under this Agreement or such other Loan Document and without waiving or releasing such Debtor from any of the terms hereof or thereof, cure the default, and the cost of curing the same (and all necessary and incidental costs and expenses of the Agent in connection therewith, including, but not limited to, reasonable counsel fees), with interest at the highest rate payable on the Debtor Obligations from the time of the advance or advances therefor, shall be deemed part

of the Debtor Obligations, and shall be secured by this Security and Pledge Agreement.

15. Power of Attorney.

Each Debtor authorizes the Agent and does hereby make, constitute and appoint the Agent, and any officer, employee or agent of the Agent, with full power of substitution, as such Debtor's true and lawful attorney-in-fact, effective as of the date hereof, but exercisable only upon the occurrence of an Event of Default, with power, in its own name or in the name of such Debtor, to endorse any notes, checks, drafts, money orders, or other instruments of payment (including payments payable under or in respect of any policy of insurance) in respect of the Collateral that may come into possession of the Agent, including, without limitation, to sign and endorse any invoice, freight or express bill, bill of lading, storage or warehouse receipts, drafts against debtors, assignments, verifications and notices in connection with accounts, and other documents relating to Collateral; to pay or discharge taxes, liens, security interests or other encumbrances at any time levied or placed on or threatened against the Collateral; to demand, collect, receipt for, compromise, settle and sue for monies due in respect of the Collateral; to endorse and submit for notation of Lien or transfer all certificates of title or other title documents for Collateral which are vehicles, to notify Lessees and other persons obligated with respect to the Collateral to make payments directly to the Agent when permitted to do so hereunder or under the Credit Agreement; and, generally, to do, at the Agent's option and at the Debtors' expense, at any time, or from time to time, all acts and things which the Agent deems necessary to protect, preserve and realize upon the Collateral and the Agent's security interest therein in order to effect the intent of this Security and Pledge Agreement and of the Credit Agreement, all as fully and effectually as such Debtor might or could do; and such Debtor hereby ratifies all that said attorney shall lawfully do or cause to be done by virtue hereof; provided that nothing herein shall be deemed to constitute the Agent a general partner of any Fund or give the Agent the right or authority to act as the general partner of any Fund, except in connection with the exercise of its rights and remedies upon the occurrence of an Event of Default. Notwithstanding the foregoing, nothing contained herein shall be deemed to be a waiver by Persons who own any equity, participation or similar interest in a Fund other than such Persons who are Affiliates of AFG, of their right to remove a Debtor as a general partner or managing trustee pursuant to any Fund Agreement and in so doing, terminate payments to such Debtor in such capacity as provided under the provisions of the applicable Fund Agreement or by applicable law, all without the prior consent of the Agent or the Banks. All acts done by the Agent under the foregoing authorization are hereby ratified and approved and neither the Agent nor any designee or agent thereof shall be liable for any acts of commission or omission (other than acts committed or

omitted through gross negligence or willful misconduct), for any error of judgment or mistake of facts or law. This power of attorney shall be irrevocable for the term of this Security and Pledge Agreement and thereafter as long as any of the Debtor Obligations shall be outstanding.

16. Notices.

All notices, requests and other communications pursuant to this Agreement shall be in writing, and shall be delivered personally, by registered or certified mail, postage prepaid, return receipt requested, or by facsimile, with electronic confirmation of receipt, addressed as follows:

(a) if to any Debtor:

American Finance Group
Exchange Place
Boston, Massachusetts 02109
Attention: Vice President--Finance
(and with a separate notice at the same address to the attention of the General Counsel)
Facsimile #:(617) 523-1410

with a copy to:

Peabody & Brown
101 Federal Street
Boston, Massachusetts 02110
Attention: Craig D. Mills, P.C.
Facsimile #:(617) 345-1300

and

(b) if to the Agent:

National Westminster Bank USA
175 Water Street
New York, New York 10038
Attention: Leasing Division
Facsimile #:(212) 602-2180

with a copy to:

Rosenman & Colin
575 Madison Avenue
New York, New York 10022
Attention: Shephard W. Melzer, Esq.
Facsimile #:(212) 940-8574

Any notice, request or communication hereunder shall be deemed to have been duly given when received, if sent by personal delivery, or five (5) Business Days after deposit with a United states Postal Depository, if sent by registered or certified mail, and when transmitted, if sent by facsimile, addressed as aforesaid. Any notice by facsimile shall be confirmed by regular first class or by registered or certified mail, sent to the address as provided above, within one (1) Business Day of transmission of such facsimile notice. Any party may change the person or address to whom or which the notices are to be given hereunder, by notice duly given hereunder; provided, however, that any such notice shall be deemed to have been given hereunder only when actually received by the party to which it is addressed.

17. Other Security.

To the extent that the Debtor Obligations are now or hereafter secured by property other than the Collateral or by the guarantee, endorsement or property of any other Person, then the Agent shall have the right in its sole discretion to pursue, relinquish, subordinate, modify or take any other action with respect thereto, without in any way modifying or affecting any of the Agent's rights and remedies hereunder.

18. Miscellaneous.

(a) Beyond the safe custody thereof, the Agent shall have no duty as to the collection of any Collateral in its possession or control or in the possession or control of any agent or nominee of the Agent, or any income thereon or as to the preservation of rights against prior parties or any other rights pertaining thereto.

(b) No course of dealing between any of the Debtors and the Agent, nor any failure to exercise, nor any delay in exercising, on the part of the Agent with respect to any right, power or privilege hereunder or under the Credit Agreement shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder or thereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The remedies provided herein are cumulative and not exclusive of any remedies provided by law.

(c) All of the Agent's rights and remedies with respect to the Collateral, whether established hereby or by the Credit Agreement, or by any other agreements, instruments or documents or by law shall be cumulative and may be exercised singly or concurrently.

(d) The provisions of this Agreement are severable, and if any clause or provision shall be held invalid or unenforceable in whole or in part in any jurisdiction, then such

invalidity or unenforceability shall affect only such clause or provision, or part thereof, in such jurisdiction and shall not in any manner affect such clause or provision in any other jurisdiction, or any other clause or provision of this Agreement in any jurisdiction.

(e) This Security and Pledge Agreement may not be amended or modified, nor may any provision hereof be waived, except by a writing signed by the parties.

(f) The benefits and burdens of this Agreement shall inure to the benefit of and be binding upon the respective successors and assigns of the parties; provided, however, that the rights and obligations of the Debtors under this Agreement shall not be assigned or delegated without the prior written consent of the Agent, and any purported assignment or delegation without such consent shall be void.

(g) This Security and Pledge Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of New York.

(h) Each Debtor shall be jointly and severally liable for any breach of the representations and warranties given by, and covenants and agreements made by, the other Debtor and each representation and warranty and covenant and agreement made by the Debtors shall be deemed made by them on a joint and several basis.

(i) All agreements, representations and warranties made herein shall survive the delivery of this Security and Pledge Agreement. Each Debtor waives trial by jury in any litigation in any court with respect to, in connection with, or arising out of, this Agreement or any instrument or document delivered pursuant to this Agreement or the validity, protection, interpretation, collection or enforcement thereof. Each Debtor irrevocably consents that any legal action or proceeding against it under, arising out of or in any manner relating to this Agreement or any other instrument or document required to be executed and delivered by it hereunder may be brought in the Supreme Court of the State of New York, County of New York, or in the United States District Court for the Southern District of New York. Each Debtor, by its execution and delivery of this Agreement, expressly and irrevocably assents and submits to the personal jurisdiction of any of such courts in any such action or proceeding. Each Debtor further irrevocably consents to the service of summons, notice, or other process relating to any such action or proceeding by delivery thereof to it by hand or by mail in the manner provided for in this Section 18(i). Each Debtor hereby expressly and irrevocably waives any claim or defense in any such action or proceeding in either such court based on any alleged lack of personal jurisdiction, improper venue or forum non conveniens or any similar basis. Nothing in this Section 18 shall affect or impair in any manner or

to any extent the right of the Agent to commence legal proceedings or otherwise proceed against each Debtor in any jurisdiction or to serve process in any manner permitted by law.

(j) The Agent may take, or release, other security which it may hold for the payment of the Debtor Obligations, may release any party primarily or secondarily liable therefor, and may apply any other security held by it to the satisfaction, or partial satisfaction, of such Debtor Obligations, without prejudice to any of its rights under this Agreement.

(k) Each Debtor agrees that any copy of this Agreement signed by such Debtor and transmitted by telefax for delivery to the Agent shall be admissible in evidence as the original itself in any judicial or administrative proceeding, whether or not the original is in existence.

(l) This Security and Pledge Agreement may be signed in any number of counterparts with the same effect as if the signatures thereto and hereto were upon the same instrument.

19. Indemnity.

(a) Each Debtor jointly and severally covenants and agrees to indemnify and hold harmless the Agent, each Bank and their respective officers, directors, employees, agents, attorneys-in-fact and affiliates, from and against any and all claims, suits, losses, penalties, demands, causes of action and judgments of any nature whatsoever and all liabilities and indebtedness of any and every kind and nature now or hereafter owing, arising, due or payable, including all costs and expenses (including attorneys' fees and expenses) (all of the foregoing being herein collectively called "Liabilities"), which may be imposed on, incurred by or asserted against any of them in connection with (i) the ownership or use of any of the Collateral or the security interest of the Agent in the Collateral, (ii) the failure on the part of any Debtor to comply and to cause the Lessees and users of Collateral to comply in all respects with the laws of the United States of America and other jurisdictions in which the Collateral or any part thereof may be operated and with all lawful acts, rules, regulations and orders of any commissions, boards or other legislative, executive, administrative or judicial bodies or officers having power to regulate or supervise any of the Collateral, (iii) with respect to any action brought by any Lessee against a Debtor under any Lease and (iv) the execution, delivery, consummation, waiver, consent, amendment, enforcement, performance and administration of this Agreement, the Credit Agreement, the Security Documents, the Guaranty and the other Loan Documents, or the use by the Debtors of the proceeds of each extension of credit under the Credit Agreement; provided, however, that the Debtors shall not have any obligation with respect to Liabilities arising solely and

directly from the gross negligence or willful misconduct of the Agent.

(b) The obligations of the Debtors under this Section 19 shall survive the termination of this Security and Pledge Agreement.

20. Release of Security Interest.

Concurrently with (a) the refinancing of Collateral acquired by a Fund pursuant to a Transferee Agreement, (b) the sale of Collateral by the Borrower to a third party, (c) the sale of Collateral by a Permitted Transferee to a third party or (d) the financing of equipment through Non-Recourse Indebtedness permitted under the Credit Agreement, which equipment does not satisfy the requirements for Eligible Equipment or Eligible Receivables from Programs (without reference to any Lien to be granted in favor of the provider of such financing) or, subject to the consent of the Majority Banks, of any other equipment, each such transaction being in accordance with the terms of the Loan Documents, the Agent shall release its Lien on the Collateral proposed to be so financed or sold and such Collateral shall thereafter not be included in the Borrowing Base, but only upon and subject to the following conditions:

i) the Agent shall have received, at least three (3) Business Days' prior to the proposed date of such release, a written request therefor from AFG which shall be accompanied by a Borrowing Base Report dated as of such request showing, on a pro forma basis after giving effect to such exclusion of Collateral from the Borrowing Base, a Borrowing Base in amount in excess of the sum of the outstanding principal amount of the Loans plus the amount of accrued and unpaid interest thereon as of the date of such request;

ii) No Default or Event of Default shall exist or would exist after giving effect to such transaction, including, but not limited to, the exclusion of such Collateral from the Borrowing Base;

iii) the Agent shall have received a description of the specific Collateral being so financed or sold and such other information as the Agent may reasonably request in connection therewith;

iv) AFG shall have delivered to the Agent all Uniform Commercial Code amendments or release statements (if appropriate) and any other agreements, instruments and documents necessary or desirable in connection with such release, and such other agreements, instruments and documents relating to such Indebtedness as the Agent shall request, all in form and substance satisfactory to the Agent, which amendments or release statements

or other agreements the Agent shall use its best efforts to return within five (5) Business Days after its receipt thereof; and

v) AFG shall bear and pay on demand all costs and expenses (including legal fees) in connection with the review, preparation and filing of any and all of the foregoing.

21. Subordination. Any and all rights of AFG to the payment of any and all present and future indebtedness of any other Debtor to AFG shall be subordinate and subject to the rights of the Agent on behalf of the Banks to payment in full of the Debtor Obligations, and, from and after the occurrence and during the continuance of an Event of Default, all of the Debtor Obligations shall be paid in full before any payment or other distribution, whether in the form of cash or otherwise, shall be made by any other Debtor to AFG. In the event that any payment or distribution shall be received by AFG contrary to the provisions of this Section, whether in connection with any insolvency, bankruptcy, liquidation, reorganization, arrangement, readjustment, composition, dissolution or other similar proceeding involving any Debtor, or otherwise, such account of the Agent and the Banks for application to the Debtor Obligations, and AFG hereby irrevocably assigns to the Agent, on behalf of the Agent and the Banks all of its claims against and all rights in and to all indebtedness due to AFG from any other Debtor, and AFG hereby irrevocably authorizes and appoints the Agent to effect the collection of any amounts due thereon for application to the payment of the Debtor Obligations.

22. Term of Agreement.

The term of this Security and Pledge Agreement shall commence on the date hereof and shall continue in full force and effect, and be binding upon the Debtors, until all of the Obligations have been fully paid and performed and such payment and performance has been acknowledged in writing by the Agent, whereupon this Security and Pledge Agreement shall terminate. Notwithstanding the foregoing, if after receipt of any payment of all or any part of the Obligations, the Agent is for any reason compelled to surrender such payment to any person or entity because such payment is determined to be void or voidable as a preference, an impermissible set-off, a diversion of trust funds or for any other reason, this Security and Pledge Agreement shall continue in full force and effect and the Debtors shall be liable to, and shall indemnify and hold the Agent harmless for, the amount of such payment surrendered until the Agent shall have been finally and irrevocably paid in full. The provisions of the foregoing sentence shall be and remain effective notwithstanding any contrary action which may have been taken by the Agent in reliance upon such payment, and any contrary action so taken shall be without prejudice to the rights of the Agent under this Security and Pledge Agreement and shall be deemed to have been conditioned upon such payment having become final and irrevocable.

WITNESS the execution hereof as of the day and year first above written.

DEBTORS:

AMERICAN FINANCE GROUP, INVESTORS ASSET HOLDING CORP., BOTH INDIVIDUALLY AND IN ITS CAPACITY AS OWNER TRUSTEE UNDER THE PLEDGED TRUSTS, AFG LEASING INCORPORATED; AFG LEASING IV INCORPORATED; AFG LEASING VI INCORPORATED; AFG LEASING HOLDINGS, INC.; AF/AIP PROGRAMS LIMITED PARTNERSHIP, By AFG PROGRAMS, INC.; AFG AIRCRAFT MANAGEMENT CORPORATION; AFG ASIT CORPORATION; AFG LEASING ASSOCIATES, By AFG LEASING INCORPORATED; AFG LEASING ASSOCIATES II, By AFG LEASING INCORPORATED

By: _____
Title
Treasurer (except with respect to ~~AFG~~ Programs, Inc., Assistant Treasurer

AGENT:

NATIONAL WESTMINSTER BANK USA, AS AGENT

By: _____
Title
VICE PRESIDENT

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

On the 6th day of October, 1993, before me personally came D. R. Dugan, to me known, who, being by me duly sworn, did depose and say: that he is the Assistant Treasurer of AFG Programs, Inc. and the Treasurer of Investors Asset Holding Corp.; AFG Leasing Incorporated; AFG Leasing IV Incorporated; AFG Leasing II Incorporated, AFG Leasing Holdings, Inc; AFG Aircraft Management Corporation; and AFG ASIT Corporation; the corporations described in and who executed the foregoing instrument; and that he signed his name thereto by order of the Board of Directors of said corporations.

Ellen Warren
Notary Public

ELLEN WARREN
Notary Public, State of New York
No. 31-4647374
Qualified in New York County
Commission Expires July 31, 1995

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

On the 6th day of October, 1993, before me personally came D. R. Dugan, to me known, who, being by me duly sworn, did depose and say: that he is the Treasurer of American Finance Group, a general partnership described in and who executed the foregoing instrument; and that he signed his name thereto by order of the Executive Committee of said partnership.

Notary Public

ELLEN WARREN
Notary Public, State of New York
No. 31-4647374
Qualified in New York County
Commission Expires July 31, 1995

SCHEDULE I

COLLATERAL

The Collateral of each Debtor is all assets and personal property of such Debtor, whether now owned or existing or hereafter at any time acquired by such Debtor or arising and wherever located, including without limitation, all right, title and interest of such Debtor in and to all of the following items:

(a) Accounts. All of such Debtor's accounts, contract rights, rights to payment and other forms of obligations for the payment of money, whether now existing or existing in the future, including, without limitation, all (i) accounts receivable (whether or not specifically listed on schedules furnished to the Agent), all accounts created by or arising from all of such Debtor's sales of goods, financial instruments, documents, permits or other items, or rendition of services, including funds transfer services, made under any of such Debtor's trade names or styles, or through any of such Debtor's Subsidiaries or divisions; and all accounts acquired by assignment in the ordinary course of business; (ii) unpaid seller's rights (including rescission, replevin, reclamation and stopping in transit) relating to the foregoing or arising therefrom; (iii) rights to any goods represented by any of the foregoing, including returned or repossessed goods; (iv) reserves and credit balances held by such Debtor with respect to any such accounts receivable or account debtors; (v) sums due to such Debtor under the Fund Agreements to which it is a party, including, but not limited to, the contracts more particularly described on Schedule IV annexed hereto to which such Debtor is a party, and under any and all additions, amendments, supplements or other modifications thereof, now or hereafter in effect, including, without limitation, all equipment acquisition fees, equipment management fees, advisory fees, servicing fees, remarketing fees, rights to reimbursement for acquisition expenses, management expenses, operating expenses and remarketing expenses, and all amounts distributed or distributable from time to time to such Debtor in payment of or arising as a result of its or their interest in any Fund, including its interest as a general partner or special beneficiary of a Fund and in all other sums due or to become due from time to time by any of the Funds to such Debtor, but excluding any amounts payable on account of interests in or fees payable by the PaineWebber Fund; (vi) guarantees or collateral for any of the foregoing; and (vii) insurance policies or rights relating to any of the foregoing (all of the foregoing property of each of the Debtors and similar property included as Collateral of each of the Debtors under subparagraph (g) below being hereinafter referred to as "Accounts");

(b) Inventory. All of such Debtor's inventory, including, without limitation: (i) all raw materials, work in

process, parts, components, assemblies, supplies and materials used or consumed in such Debtor's business, wherever located and whether in the possession of such Debtor or any other Person; (ii) all goods, wares and merchandise, finished or unfinished, held for sale or lease or leased or furnished or to be furnished under contracts of service, wherever located and whether in the possession of such Debtor or any other Person; and (iii) all goods returned to or repossessed by such Debtor (all of the foregoing property of each of the Debtors and similar property included as Collateral of each of the Debtors under subparagraph (g) below being hereinafter referred to as "Inventory");

(c) Intangibles and Contracts. All of such Debtor's general intangibles, instruments, securities (including, without limitation, United States of America Treasury Bills) and interests in any Funds, beneficial interest in the Pledged Trusts or any other trusts, credits, claims, demands, documents, letters of credit and letter of credit proceeds, chattel paper, documents of title, certificates of title, certificates of deposit, warehouse receipts, bills of lading, books and records, leases, deposit accounts, money, tax refund claims, contract rights which are permitted to be assigned or pledged, Intellectual Property (as hereinafter defined), and other rights (including all rights to the payment of money) (but excluding any subscription funds held in escrow from proposed investors in any Fund of which such Debtor is a general partner or managing trustee) (all of the foregoing property of each of the Debtors and similar property included as Collateral of each of the Debtors under subparagraph (g) below being hereinafter referred to as "Intangibles");

(d) Equipment. All of such Debtor's equipment, including, without limitation, machinery, equipment, office equipment and supplies, cash machines, computers, including mainframe processors and remote terminals, and related equipment, furniture, furnishings, tools, tooling, jigs, dies, fixtures, manufacturing implements, fork lifts, trucks, trailers, motor vehicles, and other equipment (all of the foregoing property of each of the Debtors and similar property included as Collateral of each of the Debtors under subparagraph (g) below being hereinafter referred to as "Equipment");

(e) Intellectual Property. All of such Debtor's intellectual property, including, without limitation, patents, patent applications, trademarks, trademark applications, service marks, service mark applications, tradenames, technical knowledge and processes, formal or informal licensing arrangements which are permitted to be assigned or pledged, blueprints, technical specifications, computer software (including proprietary software), copyrights, copyright applications and other trade secrets, and all embodiments thereof, and rights thereto and all of such Debtor's rights to use the patents, trademarks, service marks, or other property of the aforesaid nature of other Persons

now or hereafter licensed to such Debtor, together with the goodwill of the business symbolized by or connected with such Debtor's trademarks, service marks, licenses and the other rights under this subsection (all of the foregoing property of each of the Debtors and similar property included as Collateral of each of the Debtors under subparagraph (g) below being hereinafter referred to as "Intellectual Property");

(f) Pledged Stock.

(g) After-acquired Collateral and Proceeds. The Collateral of such Debtor includes all right, title and interest of such Debtor in all items described in this Schedule I, whether now or hereafter in the possession or custody of or in transit to the Agent for any purpose, including safekeeping, collection or pledge, for the account of such Debtor, or as to which such Debtor may have any right or power, and includes all replacements, additions, accessions, substitutions, repairs, proceeds and products relating thereto or therefrom, and all documents, ledger sheets and files of such Debtor relating thereto. Proceeds hereunder include (i) whatever is now or hereafter received by such Debtor upon the sale, exchange, collection or other disposition of any item of such Debtor's Collateral, whether such proceeds constitute inventory, accounts, accounts receivable, general intangibles, instruments, securities (including, without limitation, United States of America Treasury Bills), credits, claims, demands, documents, letters of credit and letter of credit proceeds, chattel paper, documents of title, certificates of title, certificates of deposit, warehouse receipts, bills of lading, leases, deposit accounts, money, tax refund claims, contract rights, goods or equipment, (ii) any such items which are now or hereafter acquired by such Debtor with any proceeds of such Debtor's Collateral hereunder and (iii) any insurance now or hereafter payable by reason of loss or damage to any item of such Debtor's Collateral or any proceeds thereof.

SCHEDULE II

PLEDGED STOCK

Subsidiary	No. of Shares	Name of Stockholder	% of Outstanding Shares
AFG ASIT Corporation	1,000	American Finance Group	100%
AFG Leasing Holdings, Inc.	100	American Finance Group	100%
AFG Leasing Incorporated	100,000	AFG Leasing Holdings, Inc.	100%
AFG Aircraft Management Corporation	1,000	AF/AIP Programs Limited Partnership	100%
AFG Leasing VI Incorporated	110	AF/AIP Programs Limited Partnership	100%
AFG Leasing IV Incorporated	1,000	AF/AIP Programs Limited Partnership	100%
Investors Asset Holding Corp.	100	AF/AIP Programs Limited Partnership	100%
American Finance Group Securities Corp.	1,000	American Finance Group	100%
AFC Management Corporation	1,685,000	American Finance Group (1,685,000)	59.815%
*AFG Assignor Corp.	10,000	American Finance Group	100%
*AFG Capital Management Corp.	1,000	American Finance Group	100%
*AFG Realty Corp.	100	American Finance Group	100%
*AFG Financial Services Inc.	1	American Finance Group	100%
*AFG Credit Corp.	100	American Finance Group	100%
*AFG Distributors Inc.	1,000	American Finance Group	100%
*AFG Mortgage Corp.	1	American Finance Group	100%

Subsidiary	Partnership Interests	Name of Owner
**AFG Leasing Associates	99% G.P.	AFG Leasing, Inc.
**AFG Leasing Associates II	98.875% G.P.	AFG Leasing, Inc.
**AF/AIP Programs, L.P.	49.5% G.P. 49.5% L.P.	AFG Leasing Holdings, Inc American Finance Group

SCHEDULE III

LOCATIONS

Offices for Books of Accounts & Records of all Debtors

Exchange Place, 14th Floor
Boston, MA 02109

See Additional Office Locations (next page)

Locations of Inventory and Equipment of the Borrower or the Trustee*

Boston, MA
Victoria, TX
McAllen, TX
San Antonio, TX
Sequin, TX
San Diego, CA
Augusta, GA
Franklin, KY
Mansfield, MA
Lexington, MA
Green Bay, WI
Bolton, NC
Vidalia, CA
Gordon, GA
Griffith, IN
Kansas City, MO
Nashville, TN
Jackson, TN
San Francisco, CA
Hammond, LA
Austin, TX
Kingwood, TX
Oviedo, FL
Baton Rouge, LA
Port Allen, LA
Houston, TX
Spring, TX
Woodlands, TX
Dallas, TX
League City, TX

Warehouse and Storage Locations

None

* All other assets are located at Exchange Place, Boston office

SCHEDULE III (Cont'd)

Additional Office Locations for the Borrower and Locations of Registered Agents of the General Partners:

California -	465 California Street Suite 832 San Francisco, CA 94104
	209 Cypress Place Sausalito, CA 94905
	3151 Evening Way Suite H La Jolla, CA 92037
	(Registered Agent) The Prentice-Hall Corporation System, Inc. 1455 Response Rd. Suite 250 Sacramento, CA 95815
Connecticut -	Currently No Office
	(Registered Agent) The Prentice-Hall Corporation System, Inc. 30 High Street Hartford, CT 06103
Georgia -	Currently No Office
	(Registered Agent) The Prentice-Hall Corporation System, Inc. 66 Luckie Street Suite 604 Atlanta, GA 30303
Illinois -	7115 Virginia Road Suite 108 Crystal Lake, IL 60014
	113 Fairfield Way Suite 203 Bloomingdale, IL 60108
	(Registered Agent) CT Corporation System 208 S. LaSalle Street Chicago, IL 60604

New Jersey -	Currently No Office
	(Registered Agent) The Prentice-Hall Corporation System, Inc. 830 Bear Tavern Road West Trenton, NJ 08628
New York -	20 East 80th Street New York, NY 10021
	(Registered Agent) The Prentice-Hall Corporation System, Inc. 170 Washington Avenue Albany, NY 12210
North Carolina -	Currently No Office
	(Registered Agent) The Prentice-Hall Corporation System, Inc. 327 Hillborough Street Raleigh, NC 27602
Texas -	16801 Greenspoint Park Drive Suite 130 Houston, TX 77060
	225 Alcalde Moreno San Antonio, TX 78232
	(Registered Agent) The Prentice-Hall Corporation System, Inc. 807 Brazos Austin, TX 78701

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SCHEDULE IV

FUND AGREEMENTS

American Income 1 Limited Partnership
Amended and Restated Agreement and Certificate of Limited Partnership dated December 27, 1984, as amended.

Management Agreement dated December 27, 1984 by and among American Income 1 Limited Partnership, AFG Leasing Associates, as General Partner, and American Finance Group, Inc. as manager.

Agreement dated April 1, 1986 by and between American Finance Group, Inc. and AFG Leasing Incorporated.

AFG Leasing Associates Amended and Restated Partnership Agreement dated September 3, 1985, as amended.

* Carried Interest: 1% (GP)

American Income 2 Limited Partnership
Amended and Restated Agreement and Certificate of Limited Partnership dated June 28, 1985, as amended.

Management Agreement dated June 28, 1985 by and among American Income 2 Limited Partnership, AFG Leasing Associates, as General Partner, and American Finance Group, Inc. as manager.

Agreement dated April 1, 1986 by and between American Finance Group, Inc. and AFG Leasing Incorporated.

AFG Leasing Associates Amended and Restated Partnership Agreement dated September 3, 1985, as amended.

Carried Interest: 1% (GP)

American Income 3 Limited Partnership
Amended and Restated Agreement and Certificate of Limited Partnership dated December 17, 1985, as amended.

Management Agreement dated December 17, 1985 by and among American Income 3 Limited Partnership, AFG Leasing Associates, as General Partner, and American Finance Group, Inc. as manager.

Agreement dated April 1, 1986 by and between American Finance Group, Inc. and AFG Leasing Incorporated.

AFG Leasing Associates Amended and Restated Partnership Agreement dated September 3, 1985, as amended.

Carried Interest: 1% (GP)

* In each case Carried Interest is held by the General Partner of the Fund.

American Income 4 Limited Partnership
Amended and Restated Agreement and Certificate of Limited Partnership dated April 30, 1986, as amended.

Management Agreement dated April 30, 1986 by and among American Income 4 Limited Partnership, American Finance Group, Inc., as manager, and AFG Leasing Associates II, as General Partner.

Agreement dated April 1, 1986 by and between American Finance Group, Inc. and AFG Leasing Incorporated.

AFG Leasing Associates II Partnership Agreement dated August 26, 1985, as amended.

Carried Interest: 1% (GP)

American Income 5 Limited Partnership
Amended and Restated Agreement and Certificate of Limited Partnership dated June 27, 1986, as amended.

Management Agreement dated June 27, 1986 by and among American Income 5 Limited Partnership, American Finance Group, Inc., as manager, and AFG Leasing Associates II, as General Partner.

Agreement dated April 1, 1986 by and between American Finance Group, Inc. and AFG Leasing Incorporated.

AFG Leasing Associates II Partnership Agreement dated August 26, 1985, as amended.

Carried Interest: 1% (GP)

American Income 6 Limited Partnership
Amended and Restated Agreement and Certificate of Limited Partnership dated September 30, 1986, as amended.

Management Agreement dated September 30, 1986 by and among American Income 6 Limited Partnership, American Finance Group, Inc., as manager, and AFG Leasing Associates II, as General Partner.

Agreement dated April 1, 1986 by and between American Finance Group, Inc. and AFG Leasing Incorporated.

AFG Leasing Associates II Partnership Agreement dated August 26, 1985, as amended.

Carried Interest: 1% (GP)

American Income 7 Limited Partnership
Amended and Restated Agreement and Certificate of Limited Partnership dated December 30, 1986, as amended.

Management Agreement dated December 31, 1986 by and among American Income 7 Limited Partnership, American Finance Group, Inc., as manager, AFG Leasing Associates II, as General Partner.

Agreement dated April 1, 1986 by and between American Finance Group, Inc. and AFG Leasing Incorporated.

AFG Leasing Associates II Partnership Agreement dated August 26, 1985, as amended.

Carried Interest: 1% (GP)

American Income 8 Limited Partnership
Amended and Restated Agreement and Certificate of Limited Partnership dated March 31, 1987, as amended.

Management Agreement dated March 31, 1987 by and among American Income 8 Limited Partnership, American Finance Group, Inc., as manager, and AFG Leasing Associates II, as General Partner.

Agreement dated April 1, 1986 by and between American Finance Group, Inc. and AFG Leasing Incorporated.

AFG Leasing Associates II Partnership Agreement dated August 26, 1985, as amended.

Carried Interest: 1% (GP)

AMERICAN INCOME PARTNERS III

American Income Partners III-A Limited Partnership
Amended and Restated Agreement and Certificate of Limited Partnership dated June 29, 1987, as amended.

Management Agreement dated June 29, 1987 by and among American Finance Group, Inc., as manager, American Income Partners III-A Limited Partnership and AFG Leasing Incorporated, as Managing General Partner.

Agreement dated April 1, 1986 by and between American Finance Group, Inc. and AFG Leasing Incorporated.

Custodial Account Agreement dated as of November 30, 1990 by and between American Finance Group and American Income Partners III-A Limited Partnership.

Carried Interest: 1% (GP)

American Income Partners III-B Limited Partnership
Amended and Restated Agreement and Certificate of Limited Partnership dated September 29, 1987, as amended.

Management Agreement dated September 30, 1987 by and among American Income Partners III-B Limited Partnership, American Finance Group, Inc., as manager, and AFG Leasing Incorporated, as Managing General Partner.

Agreement dated April 1, 1986 by and between American Finance Group, Inc. and AFG Leasing Incorporated.

Custodial Account Agreement dated as of November 30, 1990 by and between American Finance Group and American Income Partners III-B Limited Partnership.

Carried Interest: 1% (GP)

American Income Partners III-C Limited Partnership
Amended and Restated Agreement and Certificate of Limited Partnership dated December 30, 1987, as amended.

Management Agreement dated December 30, 1987 by and among American Income Partners III-C Limited Partnership, American Finance Group, Inc., as manager, and AFG Leasing Incorporated, as Managing General Partner.

Agreement dated April 1, 1986 by and between American Finance Group, Inc. and AFG Leasing Incorporated.

Custodial Account Agreement dated as of November 30, 1990 by and between American Finance Group and American Income Partners III-C Limited Partnership.

Carried Interest: 1% (GP)

American Income Partners III-D Limited Partnership
Amended and Restated Agreement and Certificate of Limited Partnership dated April 15, 1988, as amended.

Management Agreement dated April 15, 1988 by and among American Income Partners III-D Limited Partnership, American Finance Group, Inc., as manager, and AFG Leasing Incorporated, as Managing General Partner.

Agreement dated April 1, 1986 by and between American Finance Group, Inc. and AFG Leasing Incorporated.

Custodial Account Agreement dated as of November 30, 1990 by and between American Finance Group and American Income Partners III-D Limited Partnership.

Carried Interest: 1% (GP)

AMERICAN INCOME PARTNERS IV

American Income Partners IV-A Limited Partnership
Amended and Restated Agreement and Certificate of Limited Partnership dated September 29, 1988, as amended.

Management Agreement dated September 29, 1988 by and among American Income Partners IV-A Limited Partnership, American Finance Group, as manager, and AFG Leasing IV Incorporated, as General Partner.

Second Amended and Restated Agreement dated April 18, 1990 by and between American Finance Group and AFG Leasing IV Incorporated.

Custodial Account Agreement dated as of November 30, 1990 by and between American Finance Group and American Income Partners IV-A Limited Partnership.

Carried Interest: 1% (GP)

American Income Partners IV-B Limited Partnership
Amended and Restated Agreement and Certificate of Limited Partnership dated December 29, 1988, as amended.

Management Agreement dated December 29, 1988 by and among American Income Partners IV-B Limited Partnership, American Finance Group, as manager, and AFG Leasing IV Incorporated, as General Partner.

Second Amended and Restated Agreement dated April 18, 1990 by and between American Finance Group and AFG Leasing IV Incorporated.

Custodial Account Agreement dated as of November 30, 1990 by and between American Finance Group and American Income Partners IV-B Limited Partnership.

Carried Interest: 1% (GP)

American Income Partners IV-C Limited Partnership
Amended and Restated Agreement and Certificate of Limited Partnership dated March 30, 1989, as amended.

Management Agreement dated March 30, 1989 by and among American Income Partners IV-C Limited Partnership, American Finance Group, as manager, and AFG Leasing IV Incorporated, as General Partner.

Second Amended and Restated Agreement dated April 18, 1990 by and between American Finance Group and AFG Leasing IV Incorporated.

Custodial Account Agreement dated as of November 30, 1990 by and between American Finance Group and American Income Partners IV-C Limited Partnership.

Carried Interest: 1% (GP)

American Income Partners IV-D Limited Partnership
Amended and Restated Agreement and Certificate of Limited Partnership dated July 6, 1989, as amended.

Management Agreement dated July 6, 1989 by and among American Income Partners IV-D Limited Partnership, American Finance Group, as manager, and AFG Leasing IV Incorporated, as General Partner.

Second Amended and Restated Agreement dated April 18, 1990 by and between American Finance Group and AFG Leasing IV Incorporated.

Custodial Account Agreement dated as of November 30, 1990 by and between American Finance Group and American Income Partners IV-D Limited Partnership.

Carried Interest: 1% (GP)

AMERICAN INCOME PARTNERS V

American Income Partners V-A Limited Partnership
Amended and Restated Agreement and Certificate of Limited Partnership dated September 29, 1989, as amended.

Management Agreement dated September 29, 1989 by and among American Income Partners V-A Limited Partnership, American Finance Group, as manager, and AFG Leasing IV Incorporated, as General Partner.

Second Amended and Restated Agreement dated April 18, 1990 by and between American Finance Group and AFG Leasing IV Incorporated.

Custodial Account Agreement dated as of November 30, 1990 by and between American Finance Group and American Income Partners V-A Limited Partnership.

Carried Interest: 5% (GP)

American Income Partners V-B Limited Partnership
Amended and Restated Agreement and Certificate of Limited Partnership dated December 27, 1989, as amended.

Management Agreement dated December 27, 1989 by and among American Income Partners V-B Limited Partnership, American Finance Group, as manager, and AFG Leasing IV Incorporated, as General Partner.

Second Amended and Restated Agreement dated April 18, 1990 by and between American Finance Group and AFG Leasing IV Incorporated.

Custodial Account Agreement dated as of November 30, 1990 by and between American Finance Group and American Income Partners V-B Limited Partnership.

Carried Interest: 5% (GP)

American Income Partners V-C Limited Partnership
Amended and Restated Agreement and Certificate of Limited Partnership dated April 18, 1990, as amended.

Management Agreement dated April 18, 1990 by and among AF/AIP Programs Limited Partnership, American Income Partners V-C Limited Partnership and AFG Leasing IV Incorporated, as General Partner.

Management Agreement dated April 18, 1990 by and between AF/AIP Programs Limited Partnership and American Finance Group, as manager.

Second Amended and Restated Agreement dated April 18, 1990 by and between American Finance Group and AFG Leasing IV Incorporated.

Custodial Account Agreement dated as of November 30, 1990 by and between American Finance Group and American Income Partners V-C Limited Partnership.

Carried Interest: 5% (GP)

American Income Partners V-D Limited Partnership
Amended and Restated Agreement and Certificate of Limited Partnership dated September 27, 1990, as amended.

Management Agreement dated September 27, 1990 by and among AF/AIP Programs Limited Partnership, American Income Partners V-D Limited Partnership and AFG Leasing IV Incorporated, as General Partner.

Management Agreement dated September 27, 1990 by and between AF/AIP Programs Limited Partnership and American Finance Group, as manager.

Second Amended and Restated Agreement dated April 18, 1990 by and between American Finance Group and AFG Leasing IV Incorporated.

Custodial Account Agreement dated as of November 30, 1990 by and between American Finance Group and American Income Partners V-D Limited Partnership.

Carried Interest: 5% (GP)

AMERICAN INCOME FUND I

American Income Fund I-A, a Massachusetts Limited Partnership
Amended and Restated Agreement of Limited Partnership dated December 31, 1990, as amended.

Management Agreement dated December 28, 1990 by and among AF/AIP Programs Limited Partnership and American Income Fund I-A, a Massachusetts Limited Partnership, and AFG Leasing VI Incorporated, as General Partner.

Management Agreement dated December 28, 1990 by and between AF/AIP Programs Limited Partnership and American Finance Group, as manager.

Agreement dated March 5, 1990 by and between American Finance Group and AFG Leasing VI Incorporated.

Carried Interest: 5% (GP)

American Income Fund I-B, a Massachusetts Limited Partnership
Amended and Restated Agreement of Limited Partnership dated March 1, 1991, as amended.

Management Agreement dated March 1, 1991 by and among AF/AIP Programs Limited Partnership and American Income Fund I-B, a Massachusetts Limited Partnership, and AFG Leasing VI Incorporated, as General Partner.

Management Agreement dated March 1, 1991 by and between AF/AIP Programs Limited Partnership and American Finance Group , as manager.

Agreement dated March 5, 1990 by and between American Finance Group and AFG Leasing VI Incorporated.

Carried Interest: 5% (GP)

American Income Fund I-C, a Massachusetts Limited Partnership
Amended and Restated Agreement of Limited Partnership dated May 31, 1991, as amended.

Management Agreement dated May 31, 1991 by and among AF/AIP Programs Limited Partnership and American Income Fund I-C, a Massachusetts Limited Partnership, and AFG Leasing VI Incorporated, as General Partner.

Management Agreement dated May 31, 1991 by and between AF/AIP Programs Limited Partnership and American Finance Group , as manager.

Agreement dated March 5, 1990 by and between American Finance Group and AFG Leasing VI Incorporated.

Carried Interest: 5% (GP)

American Income Fund I-D, a Massachusetts Limited Partnership
Amended and Restated Agreement of Limited Partnership dated August 30, 1991, as amended.

Management Agreement dated August 30, 1991 by and among AF/AIP Programs Limited Partnership and American Income Fund I-D, a Massachusetts Limited Partnership, and AFG Leasing VI Incorporated, as General Partner.

Management Agreement dated August 30, 1991 by and between AF/AIP Programs Limited Partnership and American Finance Group , as manager.

Agreement dated March 5, 1990 by and between American Finance Group and AFG Leasing VI Incorporated.

Carried Interest: 5% (GP)

American Income Fund I-E, a Massachusetts Limited Partnership
Amended and Restated Agreement of Limited Partnership dated December 4, 1991, as amended.

Management Agreement dated December 4, 1991 by and among AF/AIP Programs Limited Partnership and American Income Fund I-E, a Massachusetts Limited Partnership, and AFG Leasing VI Incorporated, as General Partner.

Management Agreement dated December 4, 1991 by and between AF/AIP Programs Limited Partnership and American Finance Group , as manager.

Agreement dated March 5, 1990 by and between American Finance Group and AFG Leasing VI Incorporated.

Carried Interest: 5% (GP)

AIRFUND International Limited Partnership
Amended and Restated Agreement and Certificate of Limited Partnership dated July 26, 1989.

Management Agreement dated July 26, 1989 by and among AIRFUND International Limited Partnership, American Finance Group, as manager, and AFG Aircraft Management Corporation, as General Partner.

Agreement dated October 4, 1988 by and between American Finance Group and AFG Aircraft Management Corporation.

Custodial Account Agreement dated as of November 30, 1990 by and between American Finance Group and AIRFUND International Limited Partnership.

Carried Interest: 5% (GP)

AIRFUND II International Limited Partnership
Amended and Restated Agreement of Limited Partnership dated May 17, 1990, as amended.

Management Agreement dated May 17, 1990 by and among AF/AIP Programs Limited Partnership, AIRFUND II International Limited Partnership, and AFG Aircraft Management Corporation, as General Partner.

Management Agreement dated May 17, 1990 by and between AF/AIP Programs Limited Partnership and American Finance Group, as manager.

Agreement dated October 4, 1988 by and between American Finance Group and AFG Aircraft Management Corporation.

Custodial Account Agreement dated as of November 30, 1990 by and between American Finance Group and AIRFUND II International Limited Partnership.

Carried Interest: 5% (GP)

AFG INVESTMENT TRUST

AFG Investment Trust A
Amended and Restated Declaration of Trust dated May 29, 1992, as amended.

Advisory Agreement dated May 29, 1992 by and among American Finance Group, as advisor, AFG ASIT Corporation, as Managing Trustee, and AFG Investment Trust A.

Agreement dated August 13, 1991 by and between American Finance Group and AFG ASIT Corporation.

Carried Interest: 9 1/4% (GP)

AFG Investment Trust B
Amended and Restated Declaration of Trust dated September 1, 1992, as amended.

Advisory Agreement dated September 8, 1992 by and among American Finance Group, as advisor, AFG ASIT Corporation, as Managing Trustee, and AFG Investment Trust B.

Agreement dated August 13, 1991 by and between American Finance Group and AFG ASIT Corporation.

Carried Interest: 9 1/4% (GP)

AFG Investment Trust C
Amended and Restated Declaration of Trust dated December 15, 1992, as amended.

Advisory Agreement dated December 15, 1992 by and among American Finance Group, as advisor, AFG ASIT Corporation, as Managing Trustee, and AFG Investment Trust C.

Agreement dated August 13, 1991 by and between American Finance Group and AFG ASIT Corporation.

Carried Interest: 9 1/4% (GP)

AFG Investment Trust D
Declaration of Trust dated September 22, 1993.

Agreement dated August 13, 1991 by and between American Finance Group and AFG ASIT Corporation.

Carried Interest: 9 1/4% (GP)

ADDITIONAL AGREEMENTS

Management Agreement dated January 1, 1992 by and between American Finance Group and American Finance Group Securities Corp.

AFG Management Agreement dated April 14, 1990 by and between AFC Management Corporation and American Finance Group.

EXHIBIT A

FORM OF IRREVOCABLE PROXY

KNOW ALL MEN BY THESE PRESENTS that the undersigned does hereby make, constitute and appoint NATIONAL WESTMINSTER BANK USA, as agent (the "Agent") for the Banks which are parties to that certain Credit Agreement, dated as of October __, 1993 among AMERICAN FINANCE GROUP (the "Borrower"), the Banks and the Agent, and each of the Agent's officers and employees, its true and lawful attorneys, for it and in its name, place and stead, to act as its proxy in respect of all of the shares or other equity interests constituting Pledged Stock, which it now or hereafter may own or hold in any Subsidiary, including, without limitation, the right, on its behalf, to demand the call by any proper officer of such Subsidiary pursuant to the provisions of its articles of organization or by-laws or other organizational document and as permitted by law of a meeting of its stockholders or other equityholders or participants and at any such meeting of stockholders or other equityholders or participants, annual, general or special, to vote for the transaction of any and all business that may come before such meeting, or at any adjournment thereof, including, without limitation, the right to vote for the sale of all or any part of the assets of such Subsidiary and/or the liquidation and dissolution of such Subsidiary; giving and granting to its said attorneys full power and authority to do and perform each and every act and thing whether necessary or desirable to be done, as fully as it might or could do if personally present with full power of substitution, appointment and revocation, hereby ratifying and confirming all that its said attorneys shall do or cause to be done by virtue hereof.

This Proxy is given to the Agent and to its officers and employees in consideration of the loans made by the Banks to the Borrower, of which the undersigned is a Subsidiary, and in order to carry out the covenant of the undersigned contained in a certain Security and Pledge Agreement (the "Security and Pledge Agreement") of even date herewith by and among the other Debtors (as defined therein), the undersigned and the Agent, and this Proxy shall not be revocable or revoked by the undersigned, shall be binding upon its successors and assigns until the payment in full of all of the Debtor Obligations (as such term is defined in the Security and Pledge Agreement) and may be exercised only after an Event of Default under the Credit Agreement (as such terms are defined in the Security and Pledge Agreement).

IN WITNESS WHEREOF, the undersigned has executed this Irrevocable Proxy this __ day of October, 1993.

[ ]

By:_____
Name:
Title:

EXHIBIT B

TRUST AGREEMENT
"Equipment Holding Trust"

Dated as of July 19, 1990

Between

American Finance Group, as Trustor

and

Investors Asset Holding Corp.
as Owner Trustee

PRELIMINARY STATEMENT

Whereas, American Finance Group, as agent (the "Agent") and as Trustor (the "Trustor") in the execution hereof, desires to enter into a Trust Agreement with Investors Asset Holding Corp. (the "Trustee" or the "Owner Trustee") for the purpose of facilitating the ownership and leasing of over-the-road tractors, trailers and other capital equipment described in Rental Schedules to the Leases (as hereinafter defined), and set forth and described in Schedules to this Trust Agreement (the "Equipment"); and

WHEREAS, the Trustor desires to create pursuant hereto an arrangement whereby separate trusts may be created from time to time by investment partnerships and other investors for the purposes of acquiring certain equipment and leasing such equipment to various lessees in separate and distinct transactions;

WHEREAS, each such separate trust is to be created pursuant to a separate Authorization and Direction referred to below;

WHEREAS, the Owner Trustee desires to appoint the Agent as its agent hereunder and the Agent is willing to accept such appointment;

WHEREAS, Trustor desires to appoint Owner Trustee as trustee of the trust; and

WHEREAS, Owner Trustee is willing to become trustee of the trust and accept such appointment and assume such estates, properties, rights, powers, duties and obligations of such trustee under this Trust Agreement; and

WHEREAS, the Owner Trustee is willing to accept the duties and obligations imposed hereby on the terms and conditions set forth herein and in any acceptable Authorization and Direction;

Now, therefore, the Trustor and the Owner Trustee for good and valuable consideration hereby agree as follows:

ARTICLE I
Definitions

Section 1.01. Definitions. For purposes of this Agreement, this Trust shall be known as "Equipment Holding Trust" and the following terms shall have the following meanings:

Parties:

"Lessee" (in the plural "Lessees") means each lessee under a Lease.

"Beneficiary" (in the plural "Beneficiaries") means American Finance Group, a Massachusetts general partnership, each Related Beneficiary under an Authorization and Direction, and their successors and assigns.

"Related Beneficiary" (in the plural "Related Beneficiaries") means an investment partnership or other investor which becomes a Beneficiary

"Owner Trustee" means Investors Asset Holding Corp., a Massachusetts Corporation, not in its individual capacity but solely as Owner Trustee hereunder having its principal place of business at c/o American Finance Group, Exchange Place, Boston, MA 02109, its successors and assigns.

"Trustor" means American Finance Group, a Massachusetts general partnership having its principal place of business at Exchange Place, 14th Floor, Boston, MA 02109.

B. Basic Documents:

"Agreement" or "Trust Agreement" means this Trust Agreement.

"Lease" (in the plural "Leases") means, with respect to the Equipment, each Rental Schedule executed pursuant to a Master Equipment Lease Agreement thereto between the Owner Trustee as lessor and a Lessee;

"Mortgage" means permanent debt financing of the Equipment or various items thereof provided by a Lender and evidenced by a Note and Security Agreement.

"Note and Security Agreement" means the note and security agreement (i) entered into between a Lender and the Trustor, as borrower, or assigned to and assumed by the Trustor, as borrower, as the case may be, and which is to be assigned to and assumed by the Owner Trustee or (ii) entered into between a Lender and the Owner Trustee for the Beneficiary, as borrower.

C. Other:

"Beneficial Interest" shall mean the interest of the Beneficiary in the Trust.

"Equipment" means the capital equipment listed and identified in Schedules hereto as executed from time to time and related equipment subject to the Purchase Documents.

"Lender" means a bank, insurance company or other institutional lender providing debt financing for the Equipment.

"Manufacturers" means the manufacturers of the Equipment.

"Seller" means the seller of the Equipment to the Owner Trustee.

"Trust" means each trust established pursuant to the Trust Agreement.

"Trust Agreement" means this Trust Agreement "Equipment Holding Trust" dated as of July 19, 1990 between American Finance Group, as Trustor, and Investors Asset Holding Corp., as Owner Trustee

"Trust Estate" shall have the meaning ascribed to it in Section 3.01 of the Trust Agreement.

"Trust Indemnities" shall have the meaning ascribed to them in Section 3.01 of the Trust Agreement.

ARTICLE IA
Owner Trustee Authorizations and Directions

(a) Upon receipt from time to time of an Authorization and Direction substantially in the form of Exhibit A hereto (the "Authorization and Direction") signed by the Trustor and each Related Beneficiary, which Authorization and Direction shall be identified by the date thereof and by the designation of the trust (herein called a "Trust") created thereby, the Owner Trustee shall be authorized and directed to receive any funds transmitted by each Related Beneficiary concurrent with the delivery of such Authorization and Direction and to hold such funds in trust under the terms and conditions of the Trust Agreement and the applicable Authorization and Direction; or

(i) if so indicated in such Authorization and Direction,

(A) to execute and deliver the Equipment lease (the "Related Lease") identified in such Authorization and Direction by reference to the date thereof, the lessee thereunder, the rental schedule, lease supplement or other identifying characteristic (the "Related Lessee");

(B) to accept delivery from time to time of the leased Equipment, as such term is defined in the Related Lease, by executing and delivering through a representative, who may be an employee of the Related Lessee unless otherwise directed in the Authorization and Direction, a Certificate of Acceptance, as such term is defined in the Related Lease; and

(C) to execute and deliver the documents necessary to purchase the leased Equipment from the manufacturer or seller thereof; and

(ii) to take such other action in connection with any of the foregoing as the Related Beneficiaries may from time to time direct.

ARTICLE II
Appointment of Owner Trustee and Owner Trustee's Authorizations and Directions

Section 2.01. The Owner Trustee is hereby appointed "Owner Trustee" of each Trust effective as of the date set forth on the Authorization and Direction and shall have all of the rights, powers, obligations and duties from and after the date hereof as set forth herein.

Section 2.02. The Beneficiary by its execution of an Authorization and Direction hereby authorizes and directs the Owner Trustee:

(a) to execute and deliver, the Lease or the Lease through the execution of one or more Assignment and Assumption Agreements and all documents necessary to consummate the transactions contemplated hereunder or thereunder;

(b) to finance the Equipment and in connection therewith grant liens on the Equipment in favor of the Lender or Lenders in question and to execute and deliver Notes and Security Agreements and all documents necessary to consummate such financing;

(c) to accept delivery of and to acquire and lease the Equipment as contemplated by the Leases and to execute the Certificates of Acceptance under the Leases, if required, and to accept delivery of any and all bills of sale and invoices covering the Equipment (it being understood that such acceptance may be made hereunder by representatives of the Owner Trustee, who may be employees of the Lessee); all items of titled Equipment may be titled in the name of the Trust;

(d) to make such payments relating to payment of the purchase price of the Equipment as the Beneficiary or the Trustor on behalf of the Beneficiary may direct and with funds from time to time furnished to the Owner Trustee for such purpose;

(e) subject to the terms of this Trust Agreement and any Note and Security Agreement hereinafter executed by or assigned to the Owner Trustee in connection with the debt financing of the Equipment to exercise the rights and perform the duties of Lessor under the Leases and of borrower or debtor under any such Note and Security Agreement;

(f) to take such other actions not inconsistent with the terms of this Agreement, in connection with any of the foregoing, as directed, requested, or notified from time to time by the Beneficiary or Trustor on behalf of the Beneficiary; notwithstanding any other provision of this Agreement, provided, that the Owner Trustee, unless notified to the contrary in writing by any Beneficiary, may rely under this Agreement on any direction, request by or notice of the Trustor on behalf of the Beneficiary.

Section 2.03. The Owner Trustee shall not have any authority to manage, control, use, sell, dispose or otherwise deal with the Equipment or any other part of the Trust Estate, or to otherwise take or refrain from taking any action under, or in connection with, the Leases, any Note and Security

Agreement, except as expressly provided by the terms of this Agreement or as expressly provided in written instructions from the Beneficiary or from the Trustor on behalf of the Beneficiary duly given pursuant to the terms of Section 5.01 or Section 5.02 hereof; and no implied authority shall be read into this Trust Agreement against the Owner Trustee.

Section 2.04 The Beneficiary shall pay or provide for the payment to or for the account of the Owner Trustee in immediately available funds sufficient funds to enable the Owner Trustee to pay to the seller from whom the Owner Trustee is to purchase any item of Equipment in a timely manner the amounts and at the terms required to be paid pursuant to bills of sale or invoices to be delivered in connection with the Owner Trustee's purchase of items of Equipment. The payments hereinbefore provided for shall be made by the Beneficiary to the Owner Trustee or for the Owner Trustee's account by federal wire transfer or as otherwise may be agreed by the Owner Trustee and Beneficiary.

ARTICLE III
Declaration of Trust

Section 3.01. The Owner Trustee does hereby accept appointment as Owner Trustee of each Trust created hereunder and hereby declares that it will hold all estate, right, title and interest in and to the Equipment, the Leases, any Note and Security Agreement and the documents delivered to the Owner Trustee pursuant to Section 2.02(b) of this Agreement, including, without limitation, all amounts of rent, insurance proceeds, indemnity and other payments of any kind for or with respect to the Equipment, but excluding all amounts paid or payable by the Lessee pursuant to the Leases (hereinafter referred to as the "Owner Trustee Indemnities") to indemnify the Owner Trustee in its individual capacity for losses or expenses for which the Lessee is obligated under the Lease, (all such estate, right, title and interest, excluding the Owner Trustee Indemnities, being herein sometimes called the "Trust Estate"), upon the trusts hereinafter set forth for the use and benefit of the Beneficiary of the Trust in question, subject, however, to the obligations of the Owner Trustee to make payments to the Sellers in accordance with the terms of, and to the extent expressly provided in, Section 2.04 hereof and subject to the rights and interests of the Lender pursuant to any Note and Security Agreement.

ARTICLE IV
Receipt, Distribution and Application of Income from the Trust Estate

Section 4.01. Except as otherwise provided in Section 4.02 or 4.04 hereof and subject to the terms and conditions of any Note and Security Agreement, the Owner Trustee shall apply each payment received by it under the Lease as follows:

(a) First, to payment in full of the principal of and termination premium, if any, interest and all other sums due under any Note and Security Agreement, each such payment shall be applied to the payment of the Owner Trustee's obligations under and pursuant to any Note and Security Agreement to the extent such payments are not otherwise discharged.

(b) After application in accordance with subsection (a), the balance, if any, shall be paid to or as directed by the Beneficiary.

Section 4.02. Each payment at any time received by the Owner Trustee from or on behalf of the Lessee pursuant to the Lessee's indemnities contained in the applicable sections of the Lease to the extent such sums are not due and owing to the Lender under a Note and Security Agreement, including but not limited to the Owner Trustee's Indemnities, shall be applied, first, to any cost or expense or liability incurred or loss suffered by the Owner Trustee or fees due to the Owner Trustee, and second, to payment to, or as directed by, the Beneficiary.

Section 4.03. Any payment received by the Owner Trustee, other than payments referred to in the other Sections of this Article IV, for which provision as to the application thereof is made in a Lease and/or a Note and Security Agreement, shall be applied to the purpose for which such payment was made in accordance with the terms of such Lease and Note and Security Agreement; and any payment received by the Owner Trustee for which no provision as to the application thereof is made in the Lease, Note and Security Agreement, if any, or in this Article IV shall, unless the Beneficiary shall have instructed the Owner Trustee otherwise in writing, be distributed to the Beneficiary.

Section 4.04. Notwithstanding anything in this Article IV to the contrary, any payments and amounts received by the Owner Trustee which are required to be distributed in any manner specified in a Note and Security Agreement shall be distributed in such manner.

ARTICLE V
Duties of the Owner Trustee

Section 5.01. In the event the Owner Trustee shall have knowledge of an Event of Default under a Lease or an event of default under a Note and Security Agreement, the Owner Trustee shall take such action with respect to such Event of Default or event of default as shall be directed by written notice to the Owner Trustee from the Beneficiary of the Trust in question, including, without limitation, the application of moneys furnished by such Beneficiary and, moneys in the Trust Estate available for the purpose in accordance with Article IV hereof to the payment of any termination premiums and the principal of, and interest on the Note and Security Agreement in question, subject, however, in all respects to the terms and provisions of such Note and Security Agreement and the rights of the Lender thereunder, and subject further to the terms of Section 5.03 hereof. For all purposes of this Trust Agreement, the Owner Trustee shall not be deemed to have knowledge of such an Event of Default or an event of default unless it has received notice in writing by the Beneficiary, by a Lender or by a Lessee.

Section 5.02. Subject in all respects to the terms and provisions of any Note and Security Agreement and any Lease and the rights of the Lender and the Lessee, respectively, thereunder, and subject further to the terms of Sections 5.01 and 5.03 hereof, upon the written request at any time and from time to time of the Beneficiary of the Trust in question, the Owner Trustee will take such of the following actions as may be specified in such request:

(a) give such notice or direction or exercise such right or power under the Lease with respect to the Equipment, including, without limitation, the right to transfer, assign or convey the Owner Trustee's interest in any Lease, or the Equipment as shall be specified in such request; and

(b) after the expiration or earlier termination of the Lease with respect to an item of Equipment, convey all the Owner Trustee's right, title and interest in and to such item of Equipment for such account, on such terms and to such purchaser or purchasers as shall be designated in such request, or retain, lease or otherwise dispose of such an item of Equipment as shall be designated in such request; and

(c) execute and file any and all required fiduciary income tax returns which have been prepared by the Beneficiary.

Section 5.03. The Owner Trustee shall not be required to take any action under Section 5.01 or Section 5.02 hereof unless the Owner Trustee and the Beneficiary of the Trust in question shall have agreed upon compensation therefor as contemplated by Section 6.09 and the Owner Trustee shall have been indemnified and held harmless by the Beneficiary of the Trust in question in manner and form satisfactory to the Owner Trustee, against any liability, cost or expense (including counsel fees) which may be incurred in connection with such action. The Owner Trustee shall not be required to take any action under Section 5.01 or Section 5.02 hereof, nor shall any other provision of this Trust Agreement be deemed to impose a duty on the Owner Trustee to take any action, if the Owner Trustee shall determine, or shall have been advised by counsel, that such action is more likely than not to result in personal liability or is contrary to the terms of any Lease, or any Note and Security Agreement or is otherwise contrary to law.

Section 5.04. It is agreed that the Owner Trustee shall not have any authority, duty or obligation to manage, control, use, sell, dispose or otherwise deal with the Equipment or any other part of the Trust Estate, or to otherwise take or refrain from taking any action under, or in connection with, the Leases, or a Note and Security Agreement, except as expressly provided by the terms of this Trust Agreement or as expressly provided in written instructions from the Beneficiary of the Trust in question duly given pursuant to the terms of Section 5.01 or Section 5.02 hereof; and no implied authority, duties or obligations shall be read into this Trust Agreement against the Owner Trustee.

Section 5.05. The Owner Trustee agrees that it will not manage, control, use, sell, dispose or otherwise deal with the Equipment or any other part of the Trust Estate except (a) as required by the terms of the Leases or a Note and Security Agreement or (b) in accordance with the powers granted to, or the authority conferred upon, the Owner Trustee pursuant to this Trust Agreement or (c) in accordance with written instructions duly given by the Beneficiary of the Trust in question pursuant to Section 5.01 or Section 5.02 hereof, provided that such instructions do not violate the terms of the Leases and Notes and Security Agreements, or the powers and authority granted to the Owner Trustee pursuant to this Trust Agreement.

Section 5.06. The Owner Trustee shall deliver to the Beneficiary of the Trust in question a copy of any written notice which it receives pursuant to a Note and Security Agreement or the Lease, unless the Owner Trustee reasonably believes the

Beneficiary has received such notice from the party giving it, and will provide notice to the Beneficiary of any legal or tax proceedings instituted against the Owner Trustee with respect to the Leases or the Equipment.

Section 5.07. Nothing contained in this Article V shall limit in any manner (a) the obligation of the Owner Trustee to perform and observe all the terms and provisions of the Notes and Security Agreements imposed upon the Borrower thereunder or (b) the obligations of the Owner Trustee set forth in Article IV hereof.

Section 5.08. (a) The Beneficiary of the Trust in question covenants and agrees that it will not, directly or indirectly, create or incur or suffer to be incurred or exist (and if so created or incurred will cause to be removed) any mortgage, pledge, security interest, encumbrance, lien or charge of any kind on any of the Equipment or upon the Lease or upon any rentals, casualty payments, termination payments, insurance proceeds, indemnity payments or other sums due and to become due under or in respect of any thereof, whether any such items of Equipment or Lease are now owned or hereafter acquired except:

(i) liens, charges or encumbrances arising by or through a lessee under the Lease and expressly permitted by the terms of the Lease;

(ii) a Security Agreement entered into or assigned to and assumed by the Owner Trustee with respect to the Trust in question pursuant to a Assignment and Assumption Agreement; and

(iii) liens granted in favor of the Beneficiary of the Trust in question in connection with the sale of any portion of its Beneficial Interest,

(b) The Owner Trustee in its individual capacity covenants and agrees that the Equipment, the Lease and any rentals, casualty payments, termination payments, insurance proceeds, indemnity payments (excluding the Owner Trustee Indemnities) or other sums due and to become due under or in respect thereof, whether the Equipment or the Lease is now owned or hereafter acquired, shall be free of any mortgage, pledge, security interest, encumbrance, lien or charge of any kind resulting from claims against the Owner Trustee which are not related to its ownership of the Equipment or to the administration of the Trust Estate of the Trust in question (an "Unrelated Lien"), and shall cause to be removed any such Unrelated Lien except:

(i) liens, charges or encumbrances arising by or through a lessee under the Lease and expressly permitted by the terms of the Lease;

(ii) a Note and Security Agreement;

provided however, that the Owner Trustee shall be deemed to be in compliance with this provision so long as, after reasonable advance written notice to the Beneficiary of the Trust in question of its intended action, it contests in good faith the validity of any such unrelated liens by appropriate proceedings promptly initiated and diligently prosecuted; and provided further, that no such contest shall be permitted hereunder if, in the reasonable opinion of the Beneficiary of the Trust in question, such contest would result in any danger of the sale, forfeiture, loss or impairment of all or any portions of the Trust Estate of the Trust in question, or result in any other detriment to the Beneficiary or conflict with the performing by the Owner Trustee of any of its duties or obligations under this Agreement.

Section 5.09. (a) The Owner Trustee shall have no duty or obligation with respect to a particular Trust to manage, control, use, sell, dispose, or otherwise deal with the leased Equipment subject to the related Lease or any other part of the related Trust Estate or to otherwise take or refrain from taking any action under or in connection with the related Lease or any other document or any other action with respect to such leased Equipment except as expressly provided by the terms of this Trust Agreement and the Authorization and Direction creating such Trust, or as expressly provided in written instructions from each Related Beneficiary and no implied duties or obligations shall be read into this Trust Agreement against the Owner Trustee. The Owner Trustee nevertheless agrees that it will, at its own cost and expense, promptly take such action as may be necessary with respect to a particular Trust to duly discharge any liens or encumbrances on any part of the related Trust Estate arising as a result of claims against the Owner Trustee not related to its ownership of the leased Equipment subject to the Related Lease or resulting from the administration of the related Trust Estate.

ARTICLE VI
The Owner Trustee

Section 6.01. The Owner Trustee accepts the trusts hereby created and agrees to perform the same but only upon the terms of this Trust Agreement. The Owner Trustee shall not be answerable or accountable to the Trustor or any Beneficiary under any circumstances, except for its or his own willful misconduct or gross negligence.

Section 6.02. Except in accordance with written instructions duly furnished pursuant to Section 5.02 hereof and subject to the terms of Section 5.03 hereof, and without limitation of the generality of Sections 5.04 and 5.07 hereof, the Owner Trustee shall have no duty:

(a) to see to any registration of the Equipment or any recording, filing or depositing of the Lease, the Note and Security Agreement or of this Trust Agreement, or of any amendment or supplement thereto or of any other documents contemplated thereby or to see to the maintenance of any such registration, recording or filing or depositing or to any rerecording, refiling or redepositing of any thereof provided, however, the Owner Trustee, through the Lessee, shall be responsible for registering with the Motor Vehicle title offices of any state maintaining such registrations of any item of Equipment to which it holds legal title in its capacity as Owner Trustee hereunder;

(b) to see to any insurance on the Equipment or to effect or maintain any such insurance;

(c) to see to the payment or discharge of any tax, assessment or other governmental charge or any lien or encumbrance of any kind owing with respect to or assessed or levied against any part of the Trust Estate of any Trust;

(d) to conform or verify any reports of the Lessee other than to furnish the Beneficiary of the Trust in question with a copy of each such report furnished the Owner Trustee by the Lessee pursuant to a Lease; or

(e) to inspect the Equipment at any time or ascertain or inquire as to the performance or observance of any Lessee's covenants under the related Lease with respect to the Equipment.

Section 6.03. The Owner Trustee makes no representation or warranty to any Beneficiary:

(a) AS TO THE VALUE, CONDITION, DESIGN, OPERATION, MERCHANTABILITY OR FITNESS FOR USE OF THE EQUIPMENT OR FITNESS FOR A PARTICULAR PURPOSE OR AS TO THEIR TITLE THERETO OR AS TO THE ABSENCE OF LATENT OR OTHER DEFECTS, WHETHER OR NOT DISCERNABLE, OR AS TO THE ABSENCE OF ANY INFRINGEMENT OF ANY PATENT, TRADEMARK OR COPYRIGHT, OR ANY OTHER REPRESENTATION OR WARRANTY WITH RESPECT TO THE EQUIPMENT WHATSOEVER;

(b) as to the validity, execution, sufficiency, legality or enforceability of this Trust Agreement, any Note and Security Agreement, any Lease or any document contemplated thereby (except as to its own authority to execute the same and the due execution thereof by and enforceability thereof against the Owner Trustee), or as to the correctness of any statement contained in any thereof;

(c) with respect to the Lessee's obligations under the Leases or with respect to the performance or observance of the terms or conditions of a Note and Security Agreement or the Leases by any party thereto (other than the Owner Trustee), and the Owner Trustee shall have no responsibility for any of the foregoing; and

(d) as to the allowability of any deduction or credit, the excludability of any income, or the securing of any other tax benefit by reason of any Beneficiary's holding any interest in any Trust or as to the value of any property or services of or relating to the Trust.

Section 6.04. The Owner Trustee shall have no liability or responsibility hereunder with respect to monies except to the extent that such monies are actually received by the Owner Trustee. No monies received by the Owner Trustee hereunder need be segregated in any manner except to the extent required by law and the Owner Trustee shall not be liable for any interest thereon.

Section 6.05. The Owner Trustee shall not incur any liability to the Trustor or any Beneficiary or any other person or entity in acting upon any signature, instrument, notice, resolution, request, consent, order, certificate, report, opinion, bond or other document or paper believed by it to be genuine and believed by it to be signed by the proper party or parties. The Owner Trustee may accept a copy of a resolution of the Board of Directors of any corporation, certified by the Secretary or an Assistant Secretary of said corporation, as duly adopted and in full force and effect, as conclusive evidence that such resolution has been duly adopted by said Board and that the same is in full force and effect. As to any fact or matter the manner of ascertainment of which is not specifically described herein, the Owner Trustee may for all purposes hereof rely on a certificate, signed by or on behalf of the proper party executing the same, as to such fact or matter, and such certificate shall constitute full protection to the Owner Trustee for any action taken or omitted to be taken in good faith in reliance thereon. In the

administration of the Trusts hereunder, the Owner Trustee may execute any of the trusts or powers hereof and perform its powers and duties hereunder directly or through other agents or attorneys and may, at the expense of the Trust Estate of the Trust in question, seek advice of counsel, accountants and other skilled persons to be selected and employed by them, and the Owner Trustee shall not be liable for anything done, suffered or omitted in good faith by it in accordance with the advice or opinion of any such counsel, accountants or other skilled persons.

Section 6.06. In accepting and performing the trusts hereby created, the Owner Trustee acts solely as trustee hereunder and not, except as expressly set forth herein, in its individual capacity; and all persons, other than any Beneficiary of the Trust in question, having any claim against the Owner Trustee by reason of the transactions contemplated hereby shall look only to the Trust Estate of the Trust in question for payment or satisfaction thereof.

Section 6.07. The Owner Trustee from time to time serving hereunder shall have the absolute right, acting independently, to take any action and to exercise any right, remedy, power or privilege conferred upon the Owner Trustee hereunder; and any action taken by the Owner Trustee from time to time serving hereunder shall be binding upon the Beneficiary of the Trust in question and no person dealing with the Owner Trustee from time to time serving hereunder shall be obligated to confirm the power and authority of the Owner Trustee to act.

Section 6.08. (a) At any time or times, for the purpose of meeting any legal requirements of any jurisdiction in which any part of the Trust Estate may at the time be located, the Beneficiary of the Trust in question, by a written instrument signed by such Beneficiary, may appoint one or more individuals or corporations (and the Owner Trustee may appoint one or more of its officers) to act as separate trustee(s) or co-trustee(s) of all or any part of the Trust Estate of the Trust in question to the full extent that local law makes it necessary for such separate trustee or separate trustees to act alone.

(b) The Owner Trustee shall execute, acknowledge and deliver all such instruments as may be required by any such separate trustee or separate trustees for more fully confirming such title, rights or duties to such separate trustee or separate trustees. Upon the acceptance in writing of such appointment by any such separate trustee or separate trustees, it, he or they shall be vested with such title to the Trust Estate of the Trust in question created hereunder or any part thereof, and with such rights and duties, as shall be specified in the instrument of appointment, jointly with the Owner Trustee (except insofar as local law makes it necessary for any such separate trustee or separate trustees to act alone) subject to all the terms of this Trust Agreement. Any separate trustee or separate trustees may, at any time by an instrument in writing, constitute the Owner Trustee its, his or their attorney-in-fact and agent, with full power and authority to do all acts and things and to exercise all discretion on its, his or their behalf and in its, his or their name. In case any such separate trustee shall die, become incapable of acting, resign or be removed, the title to the Trust Estate and all rights and duties of such separate trustee shall, so far as permitted by law, vest in and be exercised by the Owner Trustee, without the appointment of a successor to such separate trustee.

(c) All provisions of this Trust Agreement which are for the benefit of the Owner Trustee shall extend to and apply to each separate trustee appointed pursuant to the foregoing provisions of this Section, including without limitation Article VII hereof which provides for indemnification of the Owner Trustee by the Beneficiary.

Section 6.09. Notwithstanding any provision of this Trust Agreement to the contrary, any individual Owner Trustee shall act as and be such upon the following terms and conditions:

(a) All rights, powers, duties and obligations conferred or imposed upon the Owner Trustee shall be conferred or imposed solely upon and solely exercised and performed by the corporate Owner Trustee except to the extent that under any laws of any jurisdiction in which any particular act or acts are to be performed (including the act of owning and leasing property therein) the corporate Owner Trustee shall be incompetent or unqualified to perform such act or acts, in which event such rights, powers, duties and obligations shall be exercised and performed by the individual Owner Trustee, if any.

(b) No power granted by this Agreement to, or which this Trust Agreement with respect to any Trust provides may be exercised by an individual Owner Trustee except jointly with, or with the consent in writing of, the corporate Owner Trustee.

(c) All moneys which may be received or collected by an individual Owner Trustee, either as a co-trustee or separate trustee, shall be paid over to the corporate Owner Trustee.

(d) Any individual Owner Trustee, to the extent permitted by law, does hereby constitute the corporate Owner Trustee or its successor in the trusts hereunder his agent or attorney in fact, with full power and authority to do any and all acts and things and exercise any and all discretion authorized or permitted by him, in his behalf and in his name.

(e) In case at any time the Beneficiary in question shall file with the corporate Owner Trustee an opinion of counsel to the effect that it is no longer required that one of the trustees shall be an individual, any individual Owner Trustee shall forthwith cease to be a trustee, and all powers of such individual Owner Trustee shall forthwith terminate, as shall his right, title or interest in and to the Trust Estate or the Trust in question, and no successor to such individual Owner Trustee shall be appointed, and all the title, rights and powers of the individual Owner Trustee shall devolve upon the corporate Owner Trustee alone.

(f) Any individual Trustee appointed as contemplated by this Article VI would act as such Trustee solely with respect to the single Trust established hereunder where the Beneficiary of such Trust agreed in writing to any such appointment.

Section 6.10. To the extent not otherwise received, the Owner Trustee shall receive as compensation for its ordinary services hereunder such fees as are fair, reasonable, and customary for the performance of such services and as may heretofore and from time to time hereafter be agreed upon between the Owner Trustee and the Beneficiary of the Trust in question and the Owner Trustee shall be entitled to be reimbursed for its reasonable expenses hereunder. The Owner Trustee shall also receive for any extraordinary services rendered hereunder such additional

fees as are fair, reasonable, and customary for the performance of such services and as may from time to time hereafter be agreed upon between the Owner Trustee and the Beneficiary of the Trust in question. For such fees and expenses, the Owner Trustee shall have recourse to the Trust Estate of the Trust in question (and only to such Trust Estate) and to secure payment of such fees and expenses the Owner Trustee shall have a lien against the Trust Estate of the Trust in question (and only to such Trust Estate) which is prior to any interest therein of the Beneficiary of the Trust in question, and the Owner Trustee shall have recourse to the Beneficiary of the Trust in question.

Section 6.11. No Owner Trustee hereunder shall be personally liable by reason of any act taken, omitted or suffered by any other Owner Trustee or by any other person or entity hereunder.

ARTICLE VII
Indemnification of Owner Trustee by the Beneficiary and Beneficiary's Liability

Section 7.01. The Beneficiary of a Trust hereby agrees, and whether or not any of the transactions contemplated hereby shall be consummated, to assume liability for, and does hereby indemnify, protect, save and keep harmless the Owner Trustee of the Trust in question and its respective successors, assigns, legal representatives, agents and servants, and, in the case of any individual Owner Trustee, his executors, heirs, administrators and personal trust estates, from and against, any and all liabilities, obligations, losses, damages, penalties, taxes (the term "taxes" or the term "tax" as used in this Section 7.01 shall include all taxes specifically related to this Trust Agreement and the Trust Estate created hereby excluding, however, any income taxes on fees or other compensation received by the Owner Trustee in its capacity as Owner Trustee), claims, actions, suits, costs, expenses, fines or disbursements (including legal fees and expenses) of any kind and nature whatsoever which may be imposed on, incurred by or asserted against the Owner Trustee (whether or not also indemnified against by the manufacturer of any item of Equipment or any other person) in any way relating to or arising out of this Trust Agreement as it relates to a Trust, the Leases, any Note and Security Agreement, or any document contemplated thereby, or the performance or enforcement of any of the terms hereof or of any thereof, or in any way relating to or arising out of the Equipment or the manufacture, purchase, acceptance, rejection, ownership, delivery, lease, possession, use, operation, condition, sale, return, storage or other disposition of any item of Equipment (including, without limitation, latent and other defects, whether or not discoverable, any claim for patent, trademark or copyright infringement), or in any way relating to or arising out of the administration of the Trust Estate of a particular Trust, or in any way relating to or arising out of the payment or deposit of any monies hereunder, or in any way arising out of the acts or failure to act of the Beneficiary of the Trust in question or any designated agent of the Owner Trustee which is reasonably chosen by the Owner Trustee or the action or inaction of the Owner Trustee hereunder, except only in the case of willful misconduct or gross negligence on the part of the Owner Trustee in the performance of its duties hereunder. The indemnities contained in this Section 7.01 shall survive the termination of this Trust Agreement with respect to the Trust in question or the removal or resignation of the Owner Trustee or any successor thereof pursuant to the terms of Article VIII hereof. In addition, if necessary, the Owner Trustee shall be entitled to indemnification from the Trust Estate of the Trust in question for any liability, obligation, loss, damage, penalty, claim, action, suit, cost,

expense or disbursement indemnified against pursuant to this Section 7.01 to the extent not reimbursed by the Lessee, Manufacturer, Seller, the Beneficiary or any other person; and, to secure the same, the Owner Trustee shall have a lien on the Trust Estate to the Trust (and only such Trust) with respect to which such liability, obligation, loss, damage, penalty, claim, action, suit, cost or disbursement arose prior to any interest therein of the Beneficiary but subject and subordinate to the rights and interests of the Lessee under the Lease and of the Lender under the Security Agreement.

Section 7.02. The Beneficiary of a Trust shall have personal liability with regard to any claim of any kind and nature whatsoever which may be imposed upon it with regard to his interest in the Trust Estate of the Trust in question; provided, however, that, with regard to any non-recourse contractual obligation with regard to the Trust Estate, the Beneficiary shall have no personal liability with respect thereto except to the extent that the Beneficiary has personally assumed such personal liability; provided further that this Section 7.02 shall not be deemed to increase the liability of the Owner Trustee hereunder or to limit the indemnifications under Section 7.01 hereof.

Section 7.03. Notwithstanding any other provision of this Agreement, the obligations of the Beneficiary under and pursuant to this Article VII shall be solely the responsibility of the Beneficiary of the Trust owning the Equipment and Lease, or obligated under the Note and Security Agreement, with respect to which any claim for indemnification hereunder has arisen.

ARTICLE VIII
Successors to the Owner Trustee

Section 8.01 (a) The Owner Trustee or any successor thereto may resign with respect to a Trust at any time without cause by giving at least 90 days prior written notice with respect to any Trust to the related Beneficiary, such resignation to be effective on the date of appointment of a successor trustee as hereinafter provided. In addition, any Beneficiary may at any time remove the Owner Trustee with respect to the trust in question without cause by an instrument in writing delivered by each of them to the Owner Trustee; and the Beneficiary shall remove the Owner Trustee if the Owner Trustee shall cease to be engaged in business, make an assignment for the benefit of creditors, admit in writing its inability to pay its debts as they become due, or a petition under any provision of the Federal Bankruptcy Code (as it now exists or may hereafter be amended) is filed by or against it, or a trustee, receiver or liquidator of all or a substantial portion of their assets or properties is appointed for it.

In the case of the resignation or removal of the Owner Trustee with respect to a Trust ,the related Beneficiary shall appoint a successor corporate trustee by a written instrument signed by the Beneficiary. If the Beneficiary shall not have appointed a successor corporate trustee within 30 days after notice of such resignation or removal, the Owner Trustee shall continue as Owner Trustee and may apply to any court of competent jurisdiction to appoint a successor corporate trustee to act until such time, if any, as a successor shall have been appointed by the Beneficiary. Any successor corporate trustee so appointed by such court shall immediately and without further act be superseded by any successor corporate trustee appointed by the Beneficiary and in no event later than one year from the date of the appointment by such court.

In case at any time an individual trustee, if any, shall resign or shall be removed or shall die or shall become incapable of acting, a successor may be appointed by the Beneficiary of the related Trust and, upon the request of the Owner Trustee, the Beneficiary shall for such purpose join with the Owner Trustee in the execution delivery and performance of all instruments and agreements necessary or proper to appoint such successor. In the event that the Beneficiary shall not have joined in such appointment within 30 days after the receipt by it of a request so to do, the Owner Trustee alone shall have power to make such appointment.

(a) A successor trustee hereunder with respect to any Trust shall be deemed a "Owner Trustee" for all purposes hereof, and each reference herein to the Owner Trustee shall thereafter be deemed to include such successor.

(b) Any successor trustee, whether appointed by a court or by a Beneficiary or the Owner Trustee shall execute and deliver to its or his predecessor trustee an instrument accepting such appointment, and thereupon such successor trustee, without further act, shall become vested with all the estates, properties, rights, powers, duties and trusts of the predecessor trustee in the trusts hereunder with like effect as if originally named as Owner Trustee herein; but nevertheless upon the written request of such successor trustee such predecessor trustee shall execute and deliver an instrument transferring to such successor trustee, upon the trusts herein expressed, all the estates, properties, rights, powers and trusts of such predecessor trustee, and such predecessor trustee shall duly assign, transfer, deliver and pay over to such successor trustee any property or moneys then held by such predecessor trustee upon the trusts herein expressed.

(c) Any corporation into which the Owner Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Owner Trustee shall be a party, or any corporation to which substantially all the corporate trust business of the Owner Trustee may be transferred, shall, subject to the terms of this Section 8.01, be the Owner Trustee under this Trust Agreement without any further act.

(d) A successor trustee shall have the same duties, powers and discretion conferred herein on the Owner Trustee and shall succeed in all respects to the duties and obligations and the estate, right, title and interest of the Owner Trustee with respect to the Trust Estate of the Trust in question. A successor trustee may accept the assets of the Trust Estate delivered to it by its predecessor trustee as constituting the entire Trust Estate, and shall not be required to take any action to determine what constitutes the Trust Estate or to obtain possession of any assets thereof or to investigate any acts, omissions or misconduct of his predecessor trustee.

ARTICLE VIIIA
Transfer of a Related Beneficiary's Interest

Section 8.01. A Beneficiary may transfer its beneficial interest in the related Trust Estate to one or more transferees with the prior written consent of the related Owner Trustee; upon any such transfer, each such transferee shall, for all purposes, become a Beneficiary hereunder to the extent of its interest in the Trust Estate of the Trust in question as set forth in the instrument pursuant to which they become Beneficiaries hereunder.

SECTION 8.02 (a) Each Related Beneficiary agrees that each transferee or assignee shall execute and deliver an agreement in form and content satisfactory to the Trustee and all other Related Beneficiaries of such Trust, if any, whereby such transferee or assignee confirms that it shall be deemed a party to this Trust Agreement, agrees to be bound by all of the terms of, and to undertake all of the obligations of, the Related Beneficiary making such transfer or assignment.

(b) Nothwithstanding anything to the contrary herein contained, should there be more than one Related Beneficiary, no Related Beneficiary shall have the right to sell, assign, encumber, hypothecate or in any other way transfer all or any part of its interest hereunder with respect to such Trust or in the related Trust Estate unless it shall have first received the prior written consent to such sale, assignment, encumbrance, hypothecation or other transfer from all other Related Beneficiaries having an interest in such Trust and in such related Trust Estate.

ARTICLE IX
Supplements and Amendments to this Trust Agreement and Other Documents

Section 9.01. At any time and from time to time, upon the written request of a Beneficiary (a) the Owner Trustee and such Beneficiary shall execute a supplement hereto for the purpose of adding provisions to, or changing or eliminating provisions of, this Trust Agreement as specified in such request, solely with respect to the related Trust, including, without limitation, the substitution of a successor Beneficiary as provided in section 9.02 and (b) the Owner Trustee shall enter into or consent to such written amendment of or supplement to the Lease, a Note and Security Agreement as the Lessee, or the Lender, as the case may be, may agree to and as may be specified in such request, or execute and deliver such written waiver or modifications of the terms of the Leases or such Note and Security Agreement as may be specified in such request; provided, however, that any supplement, consent, amendment, waiver or other instrument executed pursuant to paragraph (a) of this Section 9.01 shall be effective only upon the written consent thereto of the Lender and any supplement, covenant, amendment, waiver or other instrument executed pursuant to paragraph (b) of this Section 9.01 shall be effective only upon the written consent thereto of the Lender, if any. It shall not be necessary for any such written request to specify the particular form of the proposed document to be executed pursuant to this Section 9.01, but it shall be sufficient if such request shall indicate the substance thereof.

Section 9.02. If in the opinion of the Owner Trustee any document required to be executed pursuant to the terms of Section 9.01 hereof imposes any additional or greater liability or duty of responsibility on, or limits or decreases any right of, or immunity or indemnity in favor of, the Owner Trustee under this Trust Agreement with respect to a Trust or under a Note and Security Agreement or under a Lease in respect of which such document is proposed to be executed, the Owner Trustee may decline to execute such document.

ARTICLE X
Termination, Revocation and Miscellaneous

Section 10.01. In the event of any dispute with respect to delivery or ownership or right to possession of any funds or documents or any other assets constituting part of a Trust Estate or held by the Owner Trustee the Owner Trustee may, without liability to the Beneficiary, retain such funds, documents or assets until such dispute has been settled by agreement of the parties, or by final order, decree or judgment of a tribunal having jurisdiction, or the Owner Trustee may, at its option, deposit such funds, documents or assets with the clerk of any state or federal court having jurisdiction and interplead the disputing claimants.

Section 10.02. This Trust Agreement and the trusts created hereby in any event shall terminate and this Trust Agreement shall be of no further force or effect upon the earlier of (a) the sale, transfer or other final disposition by the Owner Trustee of all property, including all right, title and interest of the Owner Trustee in and to a Note and Security Agreement, the Leases and the Equipment and the final distribution by the Owner Trustee of all money, other property and proceeds constituting the Trust Estate, or (b) 21 years less one day after the date of the earliest acknowledgement of the execution of this Trust Agreement by any party hereto; otherwise this Trust Agreement and the trusts created hereby shall continue in full force and effect in accordance with the terms hereof.

No later than the effective date of termination of this Trust, the Owner Trustee shall execute and deliver to each Beneficiary of each Trust created hereunder (or Beneficiary's successors or assigns, as the case may be) or otherwise to any person designated in writing by the Beneficiary (or the Beneficiary's successors or assigns, as the case may be) a bill of sale and/or any other documents necessary to evidence the transfer of legal title to the Trust Estate to the Beneficiary or to any such person, in form and content reasonably requested by the Beneficiary or such other person prior to such termination. Such bill of sale and documents shall be without recourse or warranty with respect to the Owner Trustee except for the Owner Trustee's representation and warranty that no mortgage, security interest, pledge, charge, lien, encumbrance or claim with respect to title to the Trust Estate has arisen as a result of any act, omission or claim against the Owner Trustee, in its individual capacity or as a result of the gross negligence or willful misconduct of the Owner Trustee.

Section 10.03. No Beneficiary shall have legal title to any part of the related Trust Estate, unless and until this trust is terminated in accordance with Section 10.02 hereof. No transfer, by operation of law or otherwise, of the right, title and interest of the Beneficiary to or in the Trust Estate or hereunder shall operate to terminate this Trust Agreement or the trusts hereunder or entitle any successor or transferee of any Beneficiary to an account or to the transfer to it of legal title to any part of the Trust Estate.

Section 10.04. The Beneficiary by its execution of a Consent to this Agreement irrevocably understands and agrees that the Owner Trustee may bring any suit, action or other legal proceeding arising out of this Trust Agreement, the Lease, the Note or the Security Agreement, if any, in the courts of the Commonwealth of Massachusetts or the courts of the United States for the Commonwealth of Massachusetts, (b) irrevocably consents to the jurisdiction of each such court in any suit, action or proceeding, and (c) irrevocably waives any objection which it may have to the laying of the venue of any suit, action or proceeding in any of such courts.

Section 10.05. Unless otherwise expressly specified or permitted by the terms hereof, all notices required or permitted to be given hereunder shall be in writing and shall be deemed given when delivered or when deposited in the United States mails, certified, postage prepaid, and addressed with the full name and address of the appropriate party set forth above.

Section 10.06. Any provision of this Trust Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Section 10.07. No term or provision of this Trust Agreement as it relates to any Trust may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against whom enforcement of the change, waiver, discharge or termination is sought and during the time a Note and Security Agreement shall remain outstanding and any portion thereof unpaid with respect to any such Trust, consented to in writing by the Lender; and any waiver of the terms hereof shall be effective only in the specific instance and for the specific purpose given.

Section 10.08. This Trust Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

Section 10.09. All covenants and agreements contained herein shall be binding upon, and inure to the benefit of, the Owner Trustee and its successors and assigns, and any Beneficiary and its successors and assigns. Any request notice, direction, consent, waiver or other instrument or action by a Beneficiary shall bind its successors and assigns.

Section 10.10. The headings of the various articles herein are for convenience of reference only and shall not define or limit any of the terms or provisions hereof.

Section 10.11. This Trust Agreement shall in all respects be governed by, and construed in accordance with, the laws of the Commonwealth of Massachusetts, including all matters of construction, validity and performance.

Section 10.12. This Agreement and all documents relating hereto (other than any Note and Security Agreement) previously or hereafter furnished to any party may be reproduced by such party by any photographic, photostatic, microfilm, microcard, miniature photographic or other similar process and such party may destroy any original document so reproduced. The parties hereto agree and stipulate that any such reproduction shall be admissible in evidence as the original itself in any judicial or administrative proceeding (whether or not the original is in existence and whether or not such reproduction was made by a party in the regular course of business) and that any enlargement, facsimile or further reproduction of such reproduction shall likewise be admissible in evidence.

Section 10.14. (a) In the event the Owner Trustee reasonably determines (i) that it is required to take or refrain from taking an action (a "Proposed Action") with respect to the Trust Estate of a Trust or the Beneficiary thereof and (ii) that insufficient direction has been provided hereunder as to whether such Proposed Action should be taken, the Owner Trustee shall give written notice of such Proposed Action to the Beneficiary in question as provided in Section 10.15(b) below. Such notice shall solicit the Beneficiary approval or disapproval of such Proposed Action.

(b) Any notice, request, demand, statement, or other communication provided for in this Agreement shall be in writing and shall be deemed to have been duly given or delivered on the day mailed if placed in a post paid envelope and deposited with the United States mail, certified or registered, return receipt requested, directed to the parties at the addresses listed after their respective names on the signature page hereto (or such other address of which any party may have given written notice to the others). In the event a Beneficiary fails to respond to any request by the Owner Trustee for the Beneficiary consent within 15 days following the mailing thereof, the Owner Trustee may treat the Beneficiary as having consented.

ARTICLE XI
Separate Trusts

SECTION 11.00. Notwithstanding any other provision of this Trust Agreement, each Trust created hereunder shall be a separate and distinct trust, and no Beneficiary or Lender (and their successors and assigns) except those listed on the Authorization and Direction related to a Trust shall have any rights of any kind in the Trust Estate of such Trust. None of the provisions of this Agreement shall be for the benefit of or be enforceable by any creditor of a Beneficiary other than the Beneficiary listed on the Authorization and Direction related to a Trust.

(The rest of this page intentionally left blank.)

IN WITNESS WHEREOF, the Owner Trustee, and the Beneficiary, each pursuant to due authority, have caused this instrument to be executed, each as of the date first above written.

TRUSTOR:
American Finance Group

By: _____
Name: John L. Lee
Title: Secretary
Exchange Place 14th Floor
Boston, MA 02109

OWNER TRUSTEE:
Investors Asset Holding Corp., not in its individual capacity but solely as Owner Trustee.

By: _____
Name: _____
Title: Vice President
c/o American Finance Group
Exchange Place 14th Floor
Boston, MA 02109

BENEFICIARY:
Consented To: American Finance Group

By: _____
Name: John L. Lee
Title: Secretary
Exchange Place 14th Floor
Boston, MA 02109

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EXHIBIT A TO EQUIPMENT HOLDING TRUST

AUTHORIZATION AND DIRECTION

under and pursuant to the

EQUIPMENT HOLDING TRUST AGREEMENT

Dated as of July 17, 1990

AMERICAN FINANCE GROUP, as Trustor,

AND

INVESTORS ASSET HOLDING CORP.
not in its individual capacity but solely as Owner Trustee

Pursuant to Article IA of the Equipment Holding Trust Agreement (the "Trust Agreement") and subject to the terms and provisions thereof, the Trustor and the undersigned Related Beneficiary or Beneficiaries hereby deliver to the Owner Trustee this Authorization and Direction with respect to the creation of a Trust thereunder, which Trust shall be identified by the date of this Authorization and Direction and shall be designated as the Series _____ Trust.

Related Beneficiary:_____

Related Lease:_____

Related Lease Rental Schedule:_____

Related Lessee:_____

Designation of Trust:_____

Lender:_____

Each Related Beneficiary hereby agrees to become a party to, and to be bound by, the terms and provisions of the Trust Agreement as it relates to the Trust created hereby, confirms the authorization of the Owner Trustee under the Trust Agreement, directs the Owner Trustee to take such action with respect to the Trust created hereby as shall be required pursuant to the terms and provisions of the Trust Agreement, including, specifically, the provisions of Article IA thereof and agrees that, from and after the date hereof, the Trustor shall have no further duties or obligations under the Trust Agreement with respect to the Trust other an the duties and obligations under Article IXA of the Trust Agreement and that it has no rights of any kind with respect to the Equipment, Leases and other property owned by any other Trust created pursuant to the Trust Agreement.

(The rest of this page intentionally left blank.)

This Authorization and Direction dated: _____

TRUSTOR:
AMERICAN FINANCE GROUP

By: _____

Name: _____

Title: _____

RELATED BENEFICIARY;

_____

By: _____

Name: _____

Title: _____

CONSENTED TO:
INVESTORS ASSET HOLDING CORP.

By: _____

Name: _____

Title: _____

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