

BINGHAM, DANA & GOULD

150 FEDERAL STREET
BOSTON, MASSACHUSETTS 02110-1726

TEL: 617.951.8000
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19728

November 29, 1995

BY MESSENGER

Interstate Commerce Commission
Room 2311
12th Street & Constitution Avenue, N.W.
Washington, D.C. 20423

Attention: Secretary

Ladies and Gentlemen:

Enclosed for recording with the Commission pursuant to Section 11303 of Title 49 of the U.S. Code are one original and one copy of the fully executed, notarized document described below.

This document is a Security Agreement and Assignment, a primary document dated as of November 28, 1995, among Rail Equipment Associates, L.P. 1993-A (the "Debtor") and BancBoston Leasing Inc. (the "Secured Party"), covering certain rolling stock and other properties and rights of the Debtor. A description of the rolling stock is attached to the Security Agreement and Assignment as Schedule A and Schedule B.

The names and addresses of the parties to the Security Agreement and Assignment are as follows: the Debtor is Rail Equipment Associates, L.P. 1993-A, whose chief executive office is located at c/o RS Capital, Inc., 200 Galleria Parkway, Suite 1750, Atlanta, Georgia 30339; the Secured Party is BancBoston Leasing Inc., whose head office is located at 100 Federal Street, Boston, Massachusetts 02110.

Included in the property covered by the aforesaid Security Agreement and Assignment are rail cars and other rolling stock intended for use related to interstate commerce, or interests therein, owned by the Debtor at the date of said Security Agreement.

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

"A Security Agreement and Assignment, dated as of November 28, 1995, between Rail Equipment Associates, L.P. 1993-A as the debtor, and BancBoston Leasing Inc. as the secured party, covering certain of the debtor's rolling stock and other properties and rights of the debtor. A description of the rolling stock is attached to the Security Agreement and Assignment as Schedule A and Schedule B."

BOS-BUS:221141.1

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11/29/95 10:15 AM
11/29/95 10:15 AM

BINGHAM, DANA & GOULD

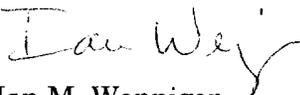
Interstate Commerce Commission
November 29, 1995
Page 2

Also enclosed is a check in the amount of \$21.00, payable to the Interstate Commerce Commission, to cover the recording fee prescribed by the Commission in its rules and regulations.

Please acknowledge receipt of the enclosed documents by stamping and returning to our messenger the enclosed copy of this letter together with the Security Agreement as filed.

If you have any questions with respect to the enclosed documents, please call me collect at (617) 951-8773.

Sincerely,


Ian M. Wenniger

Enclosures

cc: William S. Barrett, Esq.



Interstate Commerce Commission
Washington, D.C. 20423-0001

11/29/95

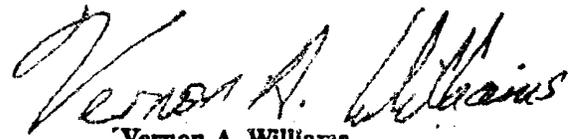
Office Of The Secretary

Ian M. Wenninger
Bingham, Dana & Gould
150 Federal Street
Boston, Massachusetts 02110-1726

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 11/29/95 at 1:20PM , and assigned recordation number(s).19728.

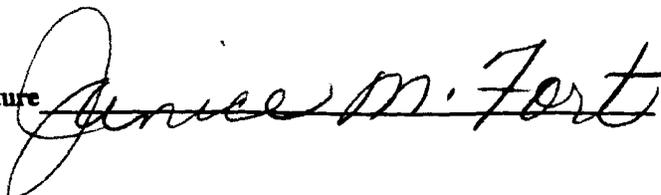
Sincerely yours,


Vernon A. Williams
Secretary

Enclosure(s)

\$ 21.00 The amount indicated at the left has been received in payment of a fee in connection with a document filed on the date shown. This receipt is issued for the amount paid and in no way indicates acknowledgment that the fee paid is correct. This is accepted subject to review of the document which has been assigned the transaction number corresponding to the one typed on this receipt. In the event of an error or any questions concerning this fee, you will receive a notification after the Commission has had an opportunity to examine your document.

Signature



SECURITY AGREEMENT AND ASSIGNMENT

This Security Agreement and Assignment ("Security Agreement") is entered into as of the 28th day of November 1995 between Rail Equipment Associates, L.P. 1993-A ("Debtor") and BancBoston Leasing Inc. ("Secured Party").

WHEREAS, Pursuant to (i) that certain Lease Agreement dated as of May 1, 1995 between Interail, Inc. ("Interail"), as manager and agent for Debtor, as lessor and Canadian National Railway Company ("CN") as lessee (together with any amendment, modification, rider, exhibit and attachment, the "CN Lease"), (ii) that certain Lease Agreement dated June 20, 1990 between Debtor (as successor to Chrysler Rail Transportation Corporation) as lessor and Illinois Central Railroad Company ("IC") as lessee (together with any amendment, modification, rider, exhibit and attachment, the "IC Lease"), (iii) that certain Agreement dated as of February 29, 1988 between Debtor (as successor to Maryland and Pennsylvania Railroad Company and Chrysler Rail Transportation Corporation) as lessor and Burlington Northern Railroad Company ("BN") as lessee (together with any amendment, modification, rider, exhibit and attachment, the "First BN Lease"), and (iv) that certain letter agreement dated December 17, 1992 between Debtor (as successor to Chrysler Rail Transportation Corporation) as lessor and BN as lessee (together with any amendment, modification, rider, exhibit and attachment, the "Second BN Lease"), Debtor has leased the rail cars described on Schedule A hereto (collectively the "Equipment" or individually a "Rail Car") and as further described in the CN Lease, the IC Lease, the First BN Lease and the Second BN Lease (collectively the "Leases" and individually a "Lease") to CN, IC and BN (collectively the "Lessees" and individually a "Lessee") respectively; and

WHEREAS, upon the expiration of any Lease other than the CN Lease, Debtor intends to refurbish and repair the Equipment subject to such Lease, and upon the completion of such refurbishment and repair to lease such Equipment to one or more new lessees (a "Subsequent Lessee") under one or more new leases (a "Subsequent Lease"); and

WHEREAS, Debtor has entered into a Management Agreement dated December 22, 1993 (the "Management Agreement") with Railcar, Ltd ("Railcar") pursuant to which Railcar is to manage the Equipment for Debtor; and

WHEREAS, Railcar has in turn entered into (i) that certain Lease With Trust Agreement dated March 1, 1995 (together with any amendment, modification, rider, exhibit and attachment, the "GNRR Agreement") with Georgia Northeastern Railroad Company, Inc. ("GNRR") pursuant to which GNRR has leased to Railcar (as agent for Debtor) the "GNRR" car marks for use on the Equipment; (ii) that certain Car Hire Service Agreement dated March 1, 1995 (together with any amendment, modification, rider, exhibit and attachment, the "RMI Agreement") with Railcar Management, Inc. ("RMI") pursuant to which RMI has agreed, among other things, to collect any revenues generated by certain of the Equipment and remit them to the parties entitled thereto; (iii) that certain Management Agreement dated as of December 5, 1991 ("Interail Management Agreement") between Emergent Group, Inc. and Birch Leasing Corporation, together with those certain letter agreements attached hereto as Exhibit B (collectively, the Interail Management Agreement and such letter agreements, together with any amendment, modification, rider, exhibit and attachment, the "Interail Agreement") pursuant to which

Interail has agreed, among other things, to collect any revenues generated by certain of the Equipment and remit them to the parties entitled thereto; and (iv) that certain Assignment dated March 1, 1995 (the "Assignment") pursuant to which Railcar has assigned to Debtor its rights under the GNRR Agreement, the RMI Agreement and the Interail Agreement; and

WHEREAS, In order to finance the repair of the Equipment, Debtor proposes to borrow from Secured Party up to the sum of approximately \$700,000.00 (more or less), as represented by the aggregate principal amount of all Notes issued pursuant hereto (the "Loan"), and to give to Secured Party Debtor's Secured Notes (whether one or more than one, the "Note") in such aggregate principal amount;

NOW THEREFORE, In order to induce Secured Party to make the Loan, and in consideration of its doing so, and for other good and valuable consideration, the receipt and sufficiency of which Debtor hereby acknowledges, Debtor and Secured Party hereby agree as follows:

1. **Grant of Security Interest and Subordination.** In order to secure the due and punctual payment of the sums due and to become due under the Note, Debtor hereby:

a. grants to Secured Party a continuing security interest in the following things (the "Collateral"): (i) the Equipment (including all warranties and indemnities pertaining thereto, and any claim for damages for breach thereof, and any additions, modifications, upgrades and improvements thereto which become the property of the Debtor; (ii) the Leases; (iii) all Subsequent Leases and all other leases of the Equipment (in either case, also the "Leases"); (iv) all sums due under the Leases or any extension thereof (including, without limitation, rentals, car hire, interest, late charges, payments, taxes, income, revenues, issues, profits, insurance proceeds, awards and proceeds in respect of any taking, casualty, salvage, damage or termination, and all other amounts, of every kind and nature, now or hereafter payable to or receivable by the Debtor in respect of the Equipment or the Leases); (v) all Debtor's rights under the Management Agreement, the GNRR Agreement, the RMI Agreement, the Interail Agreement, and the Assignment (together the "Railcar Agreements"); and (vi) all sums due to Debtor under the Railcar Agreements;

b. absolutely and unconditionally subordinates each and every right and interest the Debtor may now have or hereafter acquire in the Collateral (whether as owner, lessor, lessee, secured party or otherwise) to the security interest and other interests therein which are granted to Secured Party pursuant to this Security Agreement; and

c. agrees that such security interest and other interests granted to Secured Party shall be and remain prior in right and senior to the interests of Debtor in the Collateral as if such security interest and other interests had been granted and perfected prior in time to any interest which Debtor has or may acquire therein.

2. **Assignment.** In addition to the security interests granted in §1 above, and as a transfer separate and distinct therefrom, Debtor hereby presently and unconditionally

assigns and sets over to Secured Party as additional collateral all of its right, title and interest in the Leases and the Railcar Agreements, including:

a. all sums due thereunder or any extension thereof, including, without limitation, rentals, car hire, interest, late charges, payments, taxes, income, revenues, issues, profits, insurance proceeds, awards and proceeds in respect of any taking, casualty, salvage, damage or termination, and all other amounts, of every kind and nature, now or hereafter payable to or receivable by the Debtor in respect of the Equipment, the Leases or the Railcar Agreements (hereinafter "Payments");

b. all claims, rights, privileges, options, elections, powers and remedies, now existing or hereafter arising, of Debtor under or pursuant to any provision of the Leases or the Railcar Agreements; and

c. all other rights of Debtor to give, make, enter into or receive any agreement, amendment, notice, consent, demand, waiver or approval with, to or from the Lessee or any other party under or in respect of any Lease, the Railcar Agreements or the Equipment, and to accept surrender of any of the Equipment, or to terminate or cancel any Lease or any of the Railcar Agreements;

in each case together with full power and authority, in the name of Debtor or Secured Party, to enforce, collect, receive and receipt for any or all of the foregoing. The foregoing assignment is effective immediately and is not conditioned on the occurrence of any Event of Default or any other event or contingency. In no event shall the foregoing assignment impose on Secured Party any obligation whatsoever of the lessor under any Lease or of either party under the Railcar Agreements. It is expressly agreed that, anything herein contained to the contrary notwithstanding, Debtor shall remain liable under the Leases and the Railcar Agreements to perform all the obligations assumed by it thereunder. The lessee under any other or subsequent Lease of the Equipment shall also be referred to as a "Lessee."

3. **Notice and Acknowledgment of Assignment.** Pursuant to a letter to each of Interail and RMI of even date herewith constituting a Notice and Acknowledgment of Assignment (each a "Notice"), Debtor has (a) directed Interail to continue to remit all or the applicable portion of the Payments to RMI as agent and trustee for Secured Party unless and until directed by Secured Party to remit Payments directly to Secured Party, and (b) has directed RMI to retain any Payments received from Interail or any Lessee, as agent and trustee for Secured Party unless and until directed by Secured Party to remit Payments directly to Secured Party; provided, however, that in the case of Payments due from Interail, Interail shall remit such Payments directly to Secured Party only upon receipt of written notice from Secured Party that an Event of Default hereunder has occurred and is continuing, and provided further that, so long as (i) no Event of Default hereunder has occurred and is continuing and (ii) provision is made for pre-payment of principal under the Notes if any Rail Car shall then have been lost or destroyed such that a Casualty Amount (as defined in §5f below) is payable, RMI may remit to Debtor the portion of any Payments in excess of the amounts then due and owing to Secured Party under this Security Agreement or any Note.

4. **Termination of Security Interest and Assignment.** Upon payment in lawful money of the United States of America and performance in full of the Note, Secured Party shall execute and deliver to Debtor, at the expense of Debtor, such documents as Debtor shall reasonably request to evidence the termination of the foregoing security interest, subordination and assignment of the Leases and the Railcar Agreements granted by Debtor.

5. **Representations and Warranties of Debtor.** In order to induce Secured Party to make the Loan and accept the Note, Debtor hereby represents and warrants as follows:

a. Debtor is a limited partnership duly organized, validly existing and in good standing under the laws of the State of Georgia. The chief executive offices and principal place of business of Debtor are located at c/o RS Capital, Inc., 200 Galleria Parkway, Suite 1705, Atlanta, Georgia 30339.

b. Debtor is the sole owner of the Equipment, free and clear of all liens, claims, encumbrances or charges other than the Leases.

c. Debtor is the sole lessor with respect to the Equipment under the Leases, and has full and sole right to assign its right, title and interest in the Leases to Secured Party pursuant to Sections 1 and 2 above.

d. The Monthly Rental due under the CN Lease is based on the Umler "Hourly and Mileage Car Hire Rate Tables" ("Umler Rates") of the Association of American Railroads ("AAR") in effect from time to time during the Term of the CN Lease plus the Additional Usage Rental provided in the CN Lease. As of May 1, 1995, the average Umler Rates provided for a minimum Monthly Rental per Rail Car of \$352.86 (allowing for up to 144 hours per month of free usage by Lessee). If any Rail Car subject to the CN Lease (a "CN Rail Car") should from time to time during the Term of the CN Lease be in use on the lines of a railroad other than CN (a "User Line") such that the 144 hours per month of free usage did not apply, the average Umler Rates in effect on May 1, 1995 provide for a minimum average Monthly Rental per CN Rail Car of \$438.00.

e. During the entire Term of the CN Lease, except with respect to any CN Rail Car which shall have been lost, destroyed or damaged within the meaning of Section 8(b) of the CN Lease or which is out of service for repairs pursuant to Rule 8 of the AAR Car Hire Rules, all CN Rail Cars shall earn revenue at the applicable Umler Rate (less up to 144 hours per month of free usage by Lessee) plus Additional Usage Rental (if any), whether such revenue be due from CN or from a User Line.

f. In the event of the loss, destruction or damage of a CN Rail Car within the meaning of Section 8(b) of the CN Lease, the amount payable in settlement thereof under the current (as of the date hereof) Rule 107 of the AAR Field Manual (the "Casualty Amount") will at all times during the term of any Note be adequate to pay at least the pro rata portion of all principal due under all Notes then outstanding under this Security Agreement (i.e. one fifty-first (1/51) of such principal if 51 CN Rail Cars are then in service, one fiftieth (1/50) of such principal if 50 CN Rail Cars are then in service, etc.), and Debtor hereby agrees to apply any such Casualty Amount to prepay a Note or Notes in the amount of such pro rata portion of principal.

g. No door or door area repairs to any CN Rail Car were required at the time of initial inspection by CN, or if any such repairs were required they have now been completed to CN's satisfaction and CN has no further right to require any such repairs with respect to such CN Rail Car.

h. Debtor will use its best efforts to re-lease the Equipment subject to the First BN Lease and the Second BN Lease to one or more Subsequent Lessees, whereupon, if required by the applicable Subsequent Lessee, Debtor will refurbish and repair any such Equipment so re-leased prior to the inception of the applicable Subsequent Lease.

i. Upon the expiration of the IC Lease, Debtor will use its best efforts to re-lease the Equipment subject to the IC Lease to one or more Subsequent Lessees, whereupon, if required by the applicable Subsequent Lessee, Debtor will refurbish and repair any such Equipment so re-leased prior to the inception of the applicable Subsequent Lease.

j. The execution, delivery and performance by Debtor of this Security Agreement, the Note, and each Notice (together the "Loan Documents") are within Debtor's powers, have been duly authorized by all necessary action on its part, and are not in contravention of law or the rights of its creditors nor in contravention of the terms of its governing documents or of any provision of any indenture, agreement or undertaking to which it is a party or by which it or any of its assets may be bound. The Loan Documents, and their respective execution and delivery, will constitute the legal valid and binding obligations of Debtor, enforceable against it in accordance with their respective terms except as such enforceability is limited by public policy or by bankruptcy, insolvency, reorganization, moratorium, usury or other laws affecting creditors' rights generally, and except as the remedy of specific performance or of injunctive or other equitable relief is subject to the discretion of the court before which any proceeding therefor may be brought.

k. Debtor has not entered into any agreement which would limit the rights of Secured Party under the Loan Documents.

l. No event of default and no event which, with the passing of time or the giving of any notice or both, would constitute an event of default, has occurred and is continuing under either the Security Agreement or, to the best of Debtor's knowledge, any Lease.

m. Upon (i) the due recordation with the United States Interstate Commerce Commission ("ICC") and (if applicable) the Canadian Transport Commission ("CTC") of a copy of this Security Agreement and of a Memorandum of Lease Agreement (or similar document) with respect to the CN Lease and any Subsequent Lease, and (ii) the due filing of the appropriate financing statements and other appropriate documents in the appropriate jurisdictions, Secured Party will have a first priority lien and security interest in the Equipment, free and clear of all claims, liens, security interests and other encumbrances (collectively, "Liens") except the rights of the respective Lessees under the Leases. The Leases are in full force and effect, and Debtor's rights in and to the Leases and to the rents and other sums payable thereunder, are free and clear of all Liens except those specified above.

n. Debtor has timely recorded with the ICC a copy of a Memorandum of Lease Agreement (or similar document) with respect to the CN Lease; and Debtor will timely record with the ICC a copy of a Memorandum of Lease Agreement (or similar document) with respect to any Subsequent Lease.

o. Secured Party has been provided with physical possession of the original documents of the CN Lease which, together with any filings pursuant to §5m above, shall be sufficient for a security interest in the CN Lease to be perfected; and Secured Party will thereby have, under the laws of any applicable jurisdiction in either the United States or Canada, a first priority lien and security interest in the CN Lease, free and clear of all Liens except the rights of CN under the CN Lease.

p. Upon the execution of any Subsequent Lease, Secured Party will be provided with physical possession of the original documents of such Subsequent Lease which, together with any filings pursuant to §5m above, shall be sufficient for a security interest in such Subsequent Lease to be perfected; and Secured Party will thereby have, under the laws of any applicable jurisdiction in either the United States or Canada, a first priority lien and security interest in such Subsequent Lease, free and clear of all Liens except the rights of the Subsequent Lessee under such Subsequent Lease.

q. Except for the Leases, the Railcar Agreements and the Loan Documents, there exist no material agreements, commitments or understandings to which Debtor is a party or by which Debtor is bound relating to the Collateral which have not been delivered to Secured Party.

r. There is no action, suit, proceeding or investigation before any court, public board or body, or arbitrator, pending or, to Debtor's knowledge, threatened against Debtor which could adversely affect the transactions contemplated by or the validity or enforceability of the Loan Documents.

s. Except for the recordation referred to in §5m above, no approval, consent or withholding of any objection is required to be obtained by Debtor from any governmental authority with respect to the entering into or performance by Debtor of any of its obligations hereunder.

t. Debtor has filed all tax returns required by law and has paid in full all taxes levied on or, to the knowledge of Debtor, assessed against it or any of its assets which are now due and payable, and no deficiency assessment for federal or state income taxes, or proposed adjustment of such taxes, is pending or, to Debtor's knowledge, threatened against Debtor, except for taxes, assessments or adjustments currently being contested in good faith by appropriate proceedings and with respect to which Debtor has set aside reserves reasonably deemed by it to be adequate.

u. The transactions contemplated in the Loan Documents will not violate or result in a violation of the Securities Act of 1933 as amended, the Securities Exchange Act of 1934 as amended, or any regulations issued pursuant thereto, including, without limitation, Regulation U of the Board of Governors of the Federal Reserve System, 12 C.F.R., Chapter II. Neither Debtor nor any agent, broker, dealer or other person authorized by it has offered the Note for sale to any prospective purchaser other than Secured Party.

6. **Affirmative Covenants.** Debtor hereby covenants and agrees that, so long as the Note remains unpaid or otherwise unperformed, in whole or in part, it will:

a. preserve and maintain its existence as a limited partnership duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, and (if in the reasonable opinion of Secured Party such qualification is necessary to the enforcement of its rights under any Lease against the applicable Lessee) duly qualified as a foreign limited partnership authorized to transact business in a jurisdiction in which a lessor of the Equipment is required to be so qualified;

b. promptly notify Secured Party in writing of any change in its name or in the location of its chief place of business from its address specified herein (or any address specified by it pursuant thereto);

c. hold in trust for the exclusive benefit of Secured Party all Collateral received by it (other than the monthly rents due under any Lease prior to the date of the first Installment Payment under any Note), and taxes relating thereto and forthwith deliver to Secured Party the identical checks, drafts, cash and other forms of payment received with such endorsements and assignments thereof as Secured Party may reasonably request;

d. keep accurate and proper books of account and records relating to the Collateral and furnish to Secured Party, at Secured Party's expense, copies of such records, and permit representatives of Secured Party to discuss the Collateral or any part thereof with its officers, at such times and as often as may be reasonably requested, and furnish to Secured Party such information concerning the Collateral or any part thereof as Secured Party from time to time may reasonably request in writing.

7. **Negative Covenants.** Debtor hereby covenants and agrees that, so long as the Note remains unpaid or otherwise unperformed, in whole or in part, it will not:

a. without the prior written consent of Secured Party further sell, lease, assign or otherwise dispose of all or any part of its right, title and interest in and to the Collateral;

b. assert any claim or exercise any right, privilege, option, election, power or remedy, now existing or hereafter existing, under or pursuant to any of the provisions of any Lease or any of the Railcar Agreements to the extent that such assertion or exercise would adversely affect Secured Party's interest in the Collateral;

c. waive or consent to the breach of any warranties and indemnities forming part of the Collateral;

d. take any action in connection with any Collateral which could impair or jeopardize the validity, priority or perfection of any security interest granted herein, the effectiveness of the assignment contained herein or the value of any of the Collateral;

e. create, incur, assume or suffer to exist any lien or encumbrance on any of its right, title and interest in and to any of the Collateral, except (i) the respective liens

created by the Leases, this Security Agreement and the Railcar Agreements, (ii) liens which a Lessee is obligated to discharge in accordance with the express terms of the applicable Lease, and (iii) until the Loan is made, any purchase money security interest in the Equipment.

8. **Events of Default.** Each of the following is an "Event of Default":

a. Default (for any reason, but subject to cure by a Lessee or by Debtor within the same grace periods as are provided to such Lessee under the applicable Lease, and, in the case of a Default in payment due under a Lease, five (5) days after the giving of written notice thereof by Secured Party) in the due and punctual payment of any installment of principal and interest on the Note.

b. Default in the due observance and performance of any other covenant, agreement, obligation or undertaking on the part of Debtor contained in this Security Agreement, and the continuance thereof for thirty (30) days after the giving of written notice thereof by Secured Party;

c. Debtor (i) applies for or consents to the appointment of, or the taking of possession by, a receiver, custodian, trustee or liquidator of it or of all or a substantial part of its property, or (ii) is generally unable, or admits in writing its inability, to pay its debts as they become due, or (iii) makes a general assignment for the benefit of creditors, or (iv) commences a voluntary case under the United States or Canadian bankruptcy laws (as now or hereafter in effect), or (v) is adjudicated a bankrupt or insolvent, or (vi) files a petition in bankruptcy or a petition or an answer seeking reorganization or a composition or arrangement with creditors or to take advantage of any insolvency law or an answer admitting the material allegations of a petition filed against it in any bankruptcy, reorganization or insolvency proceedings, or (vii) acquiesces in writing to, or fails to controvert in a timely or appropriate manner, any petition filed against it in an involuntary case under such bankruptcy laws, (viii) ceases doing business, dissolves, liquidates or terminates its existence, or (ix) authorizes any of the foregoing actions;

d. A case or other proceeding shall be commenced against Debtor seeking its liquidation, reorganization, dissolution, winding up, or composition or readjustment of debts, or the appointment of a trustee, receiver, custodian, liquidator or the like of it or of all or a substantial part of its assets, or any similar action with respect to it under any laws relating to bankruptcy, insolvency, reorganization, winding up or composition or adjustment of debts, and such case or proceeding shall continue undismissed, or unstayed and in effect, for a period of thirty (30) days, or an order for relief against the Debtor shall be entered in an involuntary case under the United States or Canadian bankruptcy laws (as now or hereafter in effect);

e. Any representation or warranty (whether or not conditioned upon the accuracy of representations and warranties made by others) made by Debtor in this Security Agreement, or made by any Subsequent Lessee, RMI or Interail in the applicable Notice, or made by Debtor or a Lessee in any certificate or instrument furnished hereunder or thereunder or in connection herewith or therewith, shall prove to have been incorrect in any material respect when made; or

f. The occurrence of any Event of Default (as defined in any Lease, but excluding any event or circumstance which is an Event of Default under §8a above) under such Lease or the breach by RMI, Interail or any Subsequent Lessee of any provision of the applicable Notice, provided that such Event of Default or such breach shall not have been cured within five (5) days after the giving of written notice thereof by Secured Party.

9. **Acceleration.** If an Event of Default shall have occurred and be continuing, Secured Party may by written notice to Debtor declare the entire unpaid principal balance of, premium (if any) then due on, and all interest accrued and unpaid on the Note to be immediately owing and payable; and the entire unpaid principal balance of the Note, such premium, and all interest accrued and unpaid thereon shall thereupon become forthwith due and payable without any presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived by Debtor. Debtor shall have the right, but not the obligation, to pay to Secured Party the full amount due and payable in accordance with the preceding sentence plus any other amounts due under this Security Agreement, in which case the security interest, subordination and assignment granted hereunder shall terminate in accordance with §4 hereof, and thereafter Secured Party shall have no interest in the Equipment, the Leases, the Railcar Agreements or any Payments, nor shall Secured Party have any further rights or remedies pursuant to this Security Agreement.

10. **Remedies.**

a. In case an Event of Default shall have occurred and be continuing, and regardless of whether the right of acceleration under the preceding Section is exercised, Secured Party shall have all of the rights, options and remedies of a secured party, and Debtor shall have the rights and duties of a debtor, under the Massachusetts Uniform Commercial Code as then in effect.

b. Secured Party also shall be entitled, and is hereby authorized and empowered, whether or not the right of acceleration under the preceding Section is exercised, to pursue any other remedy (including, without limitation, injunctive relief and specific performance) available to Secured Party by statute, at law, in equity or otherwise to enforce payment of the Note, its rights under the Leases, the Railcar Agreements, any Notice, and this Security Agreement and its rights in, and to dispose of, the Collateral or any part thereof, including, without limitation, but subject in all cases to (i) the rights of the Lessee under any Lease, (ii) the rights of each of RMI, GNR and Interail under any applicable Railcar Agreement, and (iii) any mandatory requirements of applicable law, the right:

(i) to take immediate possession of all or any part of the Collateral not then in its possession, and to remove such Collateral from the possession of Debtor and all other persons, and to hold, operate and manage the Collateral and receive all earnings, income, rents, issues and proceeds accruing with respect thereto or any part thereof, Secured Party being under no liability for or by reason of any such taking of possession, holding, operation or management;

(ii) without regard to the adequacy of the security for the Note by virtue of this Security Agreement, any Collateral or other security or source of payment, or

to the solvency of Debtor or any Lessee, to institute legal proceedings for the sale of any of the Collateral under the order of a court of competent jurisdiction or under other legal process;

(iii) to dispose of the Collateral, or any part thereof, on the premises of Debtor or, if such shall be permitted under the applicable Lease or otherwise by the applicable Lessee, on the premises of such Lessee or to require Debtor to assemble the Collateral or any part thereof and make it available to Secured Party at a place to be designated by Secured Party which is reasonably convenient to Secured Party and Debtor;

(iv) to dispose of the Collateral or any part thereof by public or private proceedings, as a whole or from time to time in part, and if in part in such order and manner as Secured Party, in its sole discretion, shall elect, either for cash or on credit and on such terms as Secured Party shall determine;

(v) to exercise all claims, rights, powers, privileges, options, elections and remedies of Debtor in respect of the Collateral, either in the name of Debtor or in the name of Secured Party, but for the use and benefit of Secured Party; and

(vi) to perform any covenant, condition or agreement contained in any Lease on the part of Lessor or the applicable Lessee to be observed or performed, which covenant, condition or agreement Lessor or such Lessee has failed to observe or perform, provided that Secured Party shall at no time be under any obligation to perform any such covenant, condition or agreement.

c. In the event reasonable notice is required to be given to Debtor under any applicable law, such notice shall be deemed to have been given if mailed, postage prepaid, certified or registered mail, return receipt requested, at least ten (10) days prior to the happening of the event for which such notice is being given, to Debtor at its address specified in Section 24 hereof (or the last address specified by Debtor pursuant thereto).

d. At any sale of the whole or any part of the Collateral, Secured Party may purchase the same or any part thereof, and there may be applied upon the purchase price the unpaid principal balance of, premium (if any) and all interest (including interest at the Overdue Rate provided in the Note) accrued and unpaid on the Note.

e. In case of any sale of the Collateral or any part thereof, pursuant to any judgment or decree of any court or otherwise, in connection with the enforcement of any of the terms of this Security Agreement, the Note, if not previously due, all premium due thereon, and all interest accrued and unpaid thereon, shall at once become immediately due and payable.

f. In case any proceeding to enforce any right under this Security Agreement, the Note, any Notice, any Lease or any of the Railcar Agreements, or under any law for foreclosure, sale, entry or otherwise, shall have been discontinued or abandoned for any reason or shall have been determined adversely, then and in every such case Debtor and Secured Party shall be restored to their former positions, rights and obligations hereunder and thereunder as if such proceeding had not been brought.

11. **Receipt a Sufficient Discharge.** Upon any sale of the Collateral or any part thereof or any interest therein, whether pursuant to foreclosure or power of sale or otherwise, the receipt of the officer making the sale under judicial proceedings or of Secured Party shall be sufficient discharge to the purchaser for the purchase money, and such purchaser shall not be obligated to see to the application thereof. Secured Party shall not be required in any such sale to make any representations or warranties with respect to the Collateral or any part thereof, and Secured Party shall not be chargeable with any of the obligations or liabilities of Debtor with respect thereto.

12. **Waiver of Appraisalment, Valuation, Etc.** The right of Secured Party to take possession of and sell any of the Collateral in compliance with the provisions of this Security Agreement shall not be affected by the provisions of any applicable reorganization or other similar law of any jurisdiction; and Debtor covenants that it shall not take advantage of any such law or agree to allow any agent, assignee or other person to take advantage of such law in its place, to which end Debtor, for itself and all who may claim through it, as far as it or they now or hereafter lawfully may do so, hereby waives, to the fullest extent permitted under applicable law, any rights or defenses arising under any such law, and hereby agrees that any court having jurisdiction to foreclose upon and against the security interest granted in this Security Agreement may order the sale of the Collateral subject to such jurisdiction as an entirety or severally. Debtor hereby waives, to the full extent it may lawfully do so, the benefit of all appraisalment, valuation, stay, extension and redemption laws now or hereafter in force and all rights of marshaling in the event of any sale of the Collateral or any part thereof or any interest therein.

13. **Sale a Bar.** Any sale of the Collateral or any part thereof or any interest therein, whether pursuant to foreclosure or power of sale or otherwise hereunder, shall be free and clear of any right, claim, equity title or interest of Debtor therein, and shall forever be a perpetual bar against Debtor.

14. **Application of Proceeds.** All monies and other proceeds of the exercise of any remedy hereunder shall be paid or applied as follows:

a. first, to the costs and expenses of any suit or other proceeding to collect any or all of the amounts due under the Note, the Leases or the Railcar Agreements, to foreclose or otherwise take possession of or collect upon the Collateral or any part thereof or to enforce or protect any or all of the Collateral or Secured Party's rights or interests therein, to the costs and expenses of re-taking, holding, preparing for sale or disposition and selling and disposing of the Collateral and other similar expenses, and to the payment of all taxes, assessments and liens on the Equipment, if any there be, superior to any security interest granted herein (except any of the same subject to which any sale of the Collateral was made), including, without limitation, the curing of any breach of the applicable Lessee's covenants contained in any Lease (together with interest on each amount so expended by the Secured Party to cure any such breach, at the Overdue Rate under the Note, from the time of expenditure until paid), and reasonable compensation of Secured Party's agents, brokers, attorneys and counsel paid in connection with any of the foregoing;

b. second, to the payment of all principal, premium and interest at the time due and payable on the Note, together with interest on each such amount, from its due date until paid, at the Overdue Rate under the Note; and in case such moneys shall be insufficient to pay in full the amounts so due and unpaid upon the Note, then, with such priority of application between principal, premium and interest as the Secured Party may determine in its sole discretion;

c. third, to the payment of the surplus, if any, to Debtor or to whomever may be lawfully entitled to receive the same.

15. **Appointment of Attorney.** Until the security interest granted herein shall terminate, but without limiting the assignment made in Section 2 hereof, Debtor hereby irrevocably appoints Secured Party its true and lawful attorney, with power of substitution, for Debtor and in Debtor's name or Secured Party's name, for the use and benefit of Secured Party, to collect, receive payment of, receipt for and give discharges and releases of all claims of amounts due and to become due under the Note, any Lease or the Railcar Agreements, to make demand with respect to, settle, compromise, compound or adjust any claims in respect of the Collateral, to commence and prosecute in Secured Party's name or in Debtor's name or otherwise any suits, actions or proceedings at law or in equity, in any court of competent jurisdiction, to collect any such claims or to enforce any rights in respect thereof, generally to sell, assign, transfer, pledge, make any agreement with respect to or otherwise deal with any of such claims and also (if an Event of Default shall have occurred and be continuing) all of the Collateral as fully and completely as though Secured Party were the absolute owner thereof for all purposes, and to file and record such copies or memoranda of this Security Agreement and financing statements, continuation statements and other instruments or documents with respect to the security interest granted herein as Secured Party may deem desirable fully to protect its interests hereunder and thereunder, and for such purpose Debtor hereby authorizes Secured Party to effect any such filings or recordings without the signature of Debtor to the extent permitted by applicable law. For the purposes of exercising Secured Party's rights under this Section, Secured Party may endorse, in the name of Debtor, checks and drafts given in full or partial payment of all claims. The powers conferred on Secured Party by this Section are solely to protect its interests and shall not impose any duties upon Secured Party to exercise any such powers. Notwithstanding any provision hereof to the contrary, unless and until an Event of Default hereunder shall have occurred and be continuing, Secured Party agrees (i) not to sell, assign, transfer, pledge, make any agreement with respect to, or otherwise deal with the Collateral except to the extent expressly made subject to Debtor's rights therein, and (ii) except as provided in §23 hereof, to remit to Debtor any payments received by Secured Party with respect to the Collateral in excess of the amounts then due and owing to Secured Party under the Note or this Security Agreement.

16. **Obligations of Secured Party; Exercise of Rights and Remedies.** Secured Party shall not assume or be obligated to perform any duties, obligations or liabilities of Debtor in respect of the Collateral or any part thereof for any reason or at any time. Secured Party shall have no duty as to the collection or protection of any of the Collateral or any income with respect thereto, nor as to the preservation of rights against any Lessee,

Debtor or any other person, nor as to the preservation of any rights pertaining to any of the Collateral beyond reasonable care in its custody. Secured Party may exercise its rights and remedies with respect to any of the Collateral without resort or regard to other security or sources of payment.

17. **Limitation of Liability.** Any provision of the Note, the Security Agreement or any certificate, opinion or document of any nature whatsoever to the contrary notwithstanding, except as provided in this §17, Secured Party shall not have any claim, remedy or right to proceed (at law or in equity) against Debtor, or any partner or employee of Debtor, for any obligation under the Loan Documents from any source other than the Collateral. Secured Party hereby waives and releases any personal liability of Debtor, or any partner or employee of Debtor, for or on account of any obligation under the Loan Documents, and Secured Party hereby agrees to look solely to the Collateral for the payment or performance of any obligation under the Loan Documents. Debtor acknowledges that it shall nevertheless be personally liable for any damages caused by fraud, misapplication of funds, or materially false representation or warranty (other than the covenant to pay principal, premium and interest payable on the Note or any amounts due under this Security Agreement) made by Debtor and contained in this Security Agreement or the Note or any certificate or other document delivered in connection with the transaction contemplated hereby or thereby.

18. **Further Assurances.** At any time or from time to time upon Secured Party's written request, Debtor will, at its expense, execute and deliver such further documents and do such other acts and things as Secured Party may reasonably request in order fully to effectuate the purposes of this Security Agreement, to provide for the payment and performance of the Note, the Leases and the Railcar Agreements in accordance with the terms thereof, and to vest more completely in and assure to Secured Party its rights under this Security Agreement and in and to the Collateral, and its rights to, and its interest created by the Leases and the Railcar Agreements in, the Equipment.

19. **Waivers; Rights Cumulative.** Debtor agrees that Secured Party shall be entitled to exercise any of its rights and remedies under this Security Agreement, or under applicable law, without resort to judicial process, and Debtor hereby waives, to the extent permitted by law, its rights to notice and hearing under any law to determine whether probable cause exists entitling Secured Party to any such exercise. No failure to exercise, and no delay in exercising, on Secured Party's part, any right, power or privilege under this Security Agreement, the Note, any Notice, any Lease, or under applicable law or otherwise, 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 rights and remedies of Secured Party herein and therein are cumulative and not exclusive of any rights or remedies now or hereafter provided at law, in equity or by statute.

20. **Terms Subject to Applicable Law.** All rights, powers and remedies provided herein may be exercised only to the extent that the exercise thereof does not violate any applicable law, and are intended to be limited to the extent necessary so that they will not

render this Security Agreement invalid, unenforceable or not entitled to be recorded, registered or filed under any applicable law. If any term of this Security Agreement or any application thereof shall be held to be invalid, illegal or unenforceable, the validity of the other terms of this Security Agreement or any other application of such term shall in no way be affected thereby.

21. **Successors and Assigns.** This Security Agreement shall inure to the benefit of and be binding upon the successors and assigns of each of the parties, including, in the case of Secured Party, the holder from time to time of the Note.

22. **Amendment and Waiver.** This Security Agreement may be amended, and the observance of any term of this Security Agreement may be waived, only by an instrument in writing signed by Secured Party and Debtor.

23. **Cash Deposit and Pledge.**

a. At the closing of each Loan, Debtor shall deposit with Secured Party cash in an amount equal to the sum of the first two installments due under each Note. Secured Party shall promptly invest such funds in interest-bearing time deposits, certificates of deposit, or money market instruments (issued by The First National Bank of Boston or by any other national or state bank or financial institution having deposits insured by the FDIC) or in obligations of (or guaranteed by) the United States of America. Any such deposit, certificate or instrument shall be issued in Debtor's name, but shall be held by Secured Party as pledgee. The maturity of any such deposit, certificate or instrument shall not exceed the term of the applicable Note without Debtor's consent.

b. As additional security for the due and punctual payment of the sums due and to become due under any Note, Debtor hereby grants Secured Party a security interest in and assigns to Secured Party any such deposit, certificate or instrument and all proceeds thereof on the same terms and conditions as apply with respect to the security interest granted in §1 hereof and the assignment made in §2 hereof.

24. **Miscellaneous.**

a. The headings in this Security Agreement are for the purpose of reference only, and shall not limit or otherwise affect the meaning hereof.

b. All notices required or permitted to be delivered under this Security Agreement, and all communications in respect hereof, shall be in writing and shall be deemed to have been given when deposited in the United States mails, certified, first-class, postage prepaid and addressed to the parties at their respective addresses as follows:

(i) if to Debtor:

Rail Equipment Associates, L.P. 1993-A
c/o RS Capital, Inc.
200 Galleria Parkway, Suite 1705
Atlanta, GA 30339
Attn: Mr. J. Randolph Seckman

(ii) if to Secured Party:

BancBoston Leasing Inc.
100 Federal Street
Boston, MA 02110
Attn: President

or addressed to such other address or to the attention of such other person as the addressee shall have specified in a notice delivered pursuant to this subsection.

c. This Security Agreement may be executed in one or more counterparts. Each of such counterparts, when executed, shall be deemed an original, but such counterparts together shall constitute one and the same agreement, which shall be sufficiently evidenced by one of such original counterparts.

d. This Security Agreement shall be construed and enforced in accordance with and governed by the laws of the Commonwealth of Massachusetts.

IN WITNESS WHEREOF, Debtor has caused these presents to be executed and delivered to Secured Party in Boston, Massachusetts by its officer hereunto duly authorized as of the day and year first above written.

BANCBOSTON LEASING INC.

RAIL EQUIPMENT ASSOCIATES L.P. 1993-A
By Its General Partner
RS Capital, Inc.

By: Courtnuff OH White
Title: Assistant Vice President

By: J. Randolph Seckman
Title: President

State of Georgia)
) ss.:
County of Fulton)

On the 28th day of November 1995 personally appeared before me J. Randolph Seckman to me personally known, who being by me duly sworn, said that he is the President of RS Capital, Inc., that the seal affixed to the foregoing instrument is the corporate seal of such corporation, that such instrument was signed and sealed on behalf of such corporation, as general partner of Rail Equipment Associates, L.P. 1993-A, by the authority of its board of directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of such corporation.

Stephanie Hines

Notary Public

Notary Public, Cobb County, Georgia
My commission expires My Commission Expires Jan. 9, 1999

Commonwealth of Massachusetts)
) ss.:
County of Suffolk)

On the 24th day of November 1995 personally appeared before me Courtney A. O'H White to me personally known, who being by me duly sworn, said that she is the Assistant Vice President of BancBoston Leasing Inc., that the seal affixed to the foregoing instrument is the corporate seal of such corporation, that such instrument was signed and sealed on behalf of such corporation by the authority of its board of directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of such corporation.

Jean V. Baird
Notary Public

My commission expires My Commission Expires June 18, 1999

SCHEDULE A
To
Security Agreement and Assignment
Dated As of November 28, 1995

Eighty-Eight (88) 50-Foot (approximately), 70-Ton, Rigid Underframe, Plate C, Boxcars bearing reporting marks as follows, including such boxcars as they were formerly marked and as they may subsequently be remarked:

New		Old/Current		New		Old/Current	
Mark	Number	Mark	Number	Mark	Number	Mark	Number
GNRR	4200	MISS	62028	GNRR	7143	MISS	140524
GNRR	7100	DVS	40497	GNRR	7144	MISS	140525
GNRR	7101	DVS	40498	GNRR	7145	MISS	140526
GNRR	7102	DVS	40512	GNRR	7146	MISS	140529
GNRR	7103	DVS	40516	GNRR	7147	MISS	140531
GNRR	7104	DVS	40518	GNRR	7148	MISS	140532
GNRR	7105	DVS	40522	GNRR	7149	MISS	140535
GNRR	7106	DVS	40530	GNRR	7150	MISS	140536
GNRR	7107	DVS	40533	n/a	n/a	ICG	501598
GNRR	7108	DVS	40567	n/a	n/a	ICG	501599
GNRR	7109	MISS	54052	n/a	n/a	MISS	62000
GNRR	7110	MISS	66000	n/a	n/a	MISS	62001
GNRR	7111	MISS	66001	n/a	n/a	MISS	62002
GNRR	7112	MISS	66002	n/a	n/a	MISS	62003
GNRR	7113	MISS	66003	n/a	n/a	MISS	62004
GNRR	7114	MISS	66004	n/a	n/a	MISS	62005
GNRR	7115	MISS	66005	n/a	n/a	MISS	62007
GNRR	7116	MISS	66006	n/a	n/a	MISS	62008
GNRR	7117	MISS	66007	n/a	n/a	MISS	62009
GNRR	7118	MISS	66009	n/a	n/a	MISS	62010
GNRR	7119	MISS	66010	n/a	n/a	MISS	62011
GNRR	7120	MISS	66011	n/a	n/a	MISS	62012
GNRR	7121	MISS	66012	n/a	n/a	MISS	62013
GNRR	7122	MISS	66013	n/a	n/a	MISS	62014
GNRR	7123	MISS	66014	n/a	n/a	MISS	62015
GNRR	7124	MISS	66015	n/a	n/a	MISS	62016
GNRR	7125	MISS	66016	n/a	n/a	MISS	62017
GNRR	7126	MISS	66019	n/a	n/a	MISS	62018
GNRR	7127	MISS	140491	n/a	n/a	MISS	62019
GNRR	7128	MISS	140492	n/a	n/a	MISS	62020
GNRR	7129	MISS	140493	n/a	n/a	MISS	62022
GNRR	7130	MISS	140494	n/a	n/a	MISS	62025
GNRR	7131	MISS	140496	n/a	n/a	MISS	62026
GNRR	7132	MISS	140501	n/a	n/a	MISS	62027
GNRR	7133	MISS	140503	n/a	n/a	MISS	62029
GNRR	7134	MISS	140504	n/a	n/a	MISS	140555
GNRR	7135	MISS	140505	n/a	n/a	MISS	140559
GNRR	7136	MISS	140509	n/a	n/a	MISS	140560
GNRR	7137	MISS	140510	n/a	n/a	MISS	140561
GNRR	7138	MISS	140513	n/a	n/a	MISS	140563
GNRR	7139	MISS	140515	n/a	n/a	MISS	140565
GNRR	7140	MISS	140517	n/a	n/a	MISS	140566
GNRR	7141	MISS	140519	n/a	n/a	MISS	140568
GNRR	7142	MISS	140521	n/a	n/a	MISS	701301

SCHEDULE B
To
Security Agreement and Assignment
Dated as of November 28, 1995

MEMORANDUM OF LEASE OF RAILROAD EQUIPMENT

This Memorandum of Lease of Railroad Equipment is intended to evidence the lease of Equipment pursuant to Rider No. 2 to that certain Lease Agreement dated May 1, 1995 (collectively the "Lease") between Rail Equipment Associates L.P. 1993-A ("Associates") as lessor by assignment from Interail, Inc., and Canadian National Railway Company, having an address at 935 De La Gauchetiere Street West, Montreal, Quebec H3B 2M9, Canada, as lessee. Associates, which is a Georgia limited partnership having an address at Galleria Parkway, Suite 1705, Atlanta, Georgia 30339, has collaterally assigned the Lease and Equipment subject thereto to BancBoston Leasing Inc., a Massachusetts corporation having an address at 100 Federal Street, Boston Massachusetts 02110. The Equipment subject to the Lease is more fully described as follows:

Fifty-one (51) 50-foot (approximately), 70-Ton, Rigid Underframe, Plate C, Boxcars bearing reporting marks (as of November 1, 1995) as follows, including such boxcars as they were formerly marked and as they may subsequently be re-marked:

GNRR	7100	GNRR	7126
GNRR	7101	GNRR	7127
GNRR	7102	GNRR	7128
GNRR	7103	GNRR	7129
GNRR	7104	GNRR	7130
GNRR	7105	GNRR	7131
GNRR	7106	GNRR	7132
GNRR	7107	GNRR	7133
GNRR	7108	GNRR	7134
GNRR	7109	GNRR	7135
GNRR	7110	GNRR	7136
GNRR	7111	GNRR	7137
GNRR	7112	GNRR	7138
GNRR	7113	GNRR	7139
GNRR	7114	GNRR	7140
GNRR	7115	GNRR	7141
GNRR	7116	GNRR	7142
GNRR	7117	GNRR	7143
GNRR	7118	GNRR	7144
GNRR	7119	GNRR	7145
GNRR	7120	GNRR	7146
GNRR	7121	GNRR	7147
GNRR	7122	GNRR	7148
GNRR	7123	GNRR	7149
GNRR	7124	GNRR	7150
GNRR	7125		