

BAUER, HERMANN, FOUNTAIN & RHOADES

A PROFESSIONAL CORPORATION FOR THE PRACTICE OF LAW

1100 COMMONWEALTH BUILDING • 421 S W SIXTH AVENUE • PORTLAND, OREGON 97204

RECORDATION NO **16969** FILED 1425

MICHAEL T PURCELL

AUG 14 1990 - 11 05 AM

August 6, 1990

INTERSTATE COMMERCE COMMISSION

Sidney Stricklin
Secretary, Interstate Commerce Commission
Washington, D.C. 20423

0-226A024

RE: DOCUMENTS FOR RECORDATION
Our File Number: 690026-00501

Dear Secretary:

I have enclosed an original and one copy of the document described below, to be recorded pursuant to Section 11303 of the Title 49 of the United States Code.

This document is an Indenture Agreement dated July 12, 1990.

The names and addresses of the parties to this document are as follows:

Grantor: Pacific Northwest Chapter, National Railway Historical Society, Inc.
Room 1, Union Station
800 N.W. Sixth Avenue
Portland, Oregon 97209

Grantee: Alan R. Viewig, Trustee
Suite 910,
812 SW Washington Street
Portland, Oregon 97205

A description of the six pieces of equipment covered by the document follows:

General Description: All cars are kept at the Brooklyn Yards of the Southern Pacific Railroad in Portland, Oregon, when not in operation, except that some cars may be leased out to shortline railroads in the Pacific Northwest area.

U.S. DEPT. OF JUSTICE
OFFICE OF RECORDATION
AUG 14 1990

Sidney Stricklin
August 6, 1990
Page 2

Specific Descriptions:

Car No. 1: 22 seat lounge/sleeper railway passenger car, with body of lightweight carbon steel smoothside construction, and painted in the GN **Empire Builder** paint scheme. The car number "600," and the car name, "The Mount Hood" are painted on each side.

Car No. 2: Combined chair/baggage car with body of smoothside stainless steel, and painted in the **Daylight** color scheme. The car number "3300," and car name "Miln D. Gillespie" are painted on each side.

Car No. 3 44-seat coach, with body of lightweight fluted stainless steel construction. The car has been assigned the name "Golden Gate" by the grantor. The car number "4461" is painted on both sides.

Car No. 4 56 seat coach, with a body of lightweight fluted stainless steel construction. The car has been assigned the name "Silver Meteor" by the Grantor. The car number "6200" is painted on both sides.

Car No. 5 Coach with body of lightweight carbon steel and painted in the SP **Daylight** paint scheme. The car name "Red River" and the car number "6800" are painted on both sides.

Car No. 6 60 seat coach, with body of lightweight carbon steel smoothside construction. The car has been given the name "Empire Builder" by the chapter, and the number "1220" has been painted on both sides.

A fee of \$15 is enclosed. Please return the original and any extra copies not needed by the Commission for recordation to my office, at 421 SW Sixth Avenue, Suite 1100, Portland, Oregon 97204.

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

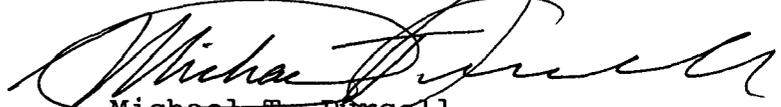
"Indenture Agreement between the Pacific Northwest Chapter, National Railway Historical Society, Inc., Room 1, Union Station 800 N.W. Sixth Avenue, Portland, Oregon 97209, as Grantor, and Alan R. Viewig, Trustee Suite 910, 812 SW Washington Street Portland, Oregon 97205, as Grantee, to secure repayment of \$250,000 worth of Series 1990-A Limited Obligation Bonds, the proceeds of which are to be used to rehabilitate six historic railway passenger cars."

Sidney Stricklin
August 6, 1990
Page 3

Thank you for your kind assistance. Please contact me if you have any questions or comments.

Sincerely,

BAUER, HERMANN, FOUNTAIN & RHOADES,
A Professional Corporation



Michael T. Purcell

MTP:tv
\\69026pac\501\transmit.icc

Encl.

cc: Mr. Bob Hoffman
Mr. Al McCready
David Van Sickle, M.D.
(all without enclosures)

BAUER, HERMANN, FOUNTAIN & RHOADES

A PROFESSIONAL CORPORATION FOR THE PRACTICE OF LAW

1100 COMMONWEALTH BUILDING • 421 S W SIXTH AVENUE • PORTLAND, OREGON 97204

MICHAEL T PURCELL

August 10, 1990

Sidney Stricklin
Secretary, Interstate Commerce Commission
Washington, D.C. 20423
Attn: Document Recordation (Elizabeth)

RE: DOCUMENTS FOR RECORDATION--PACIFIC NORTHWEST CHAPTER,
NATIONAL RAILWAY HISTORICAL SOCIETY, INC.

Dear Secretary:

Enclosed please find a check for \$15 to complete the document recordation for the above corporation.

Thank you for your kind assistance. Please contact me if you have any questions or comments.

Sincerely,

BAUER, HERMANN, FOUNTAIN & RHOADES,
A Professional Corporation



Michael T. Purcell

MTP:tv
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encl.

Interstate Commerce Commission
Washington, D.C. 20423

8/17/90

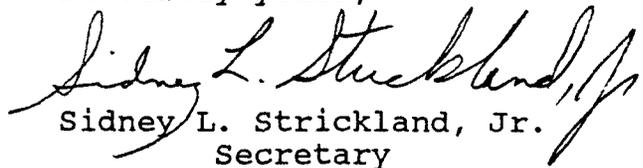
OFFICE OF THE SECRETARY

Michael T. Purcell
Bauer Hermann Fountain & Rhoades ..
1100 Commonwealth Building
421 S.W. Sixth Avenue
Portland, Oregon 97204

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 8/14/90 at 11:05am , and assigned recordation number(s). 16969

Sincerely yours,


Sidney L. Strickland, Jr.
Secretary

NOTARY'S CERTIFICATE

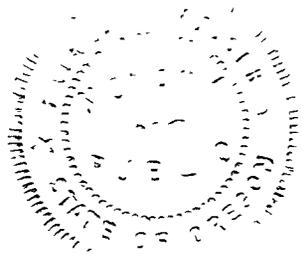
AUG 14 1990 - 11 05 AM

INTERSTATE COMMERCE COMMISSION

I, Trish Visser, certify that I have compared the attached copy of an Indenture Agreement dated July 12, 1990, and found it to be complete and identical in all respects to the original document.

Trish Visser

Trish Visser



Notary Public for Oregon
My Commission Expires: 1-31-93

18969

RECORDATION NO. FILED 1425

AUG 14 1990 -11 05 AM

INTERSTATE COMMERCE COMMISSION

THE PACIFIC NORTHWEST CHAPTER OF THE NATIONAL RAILWAY HISTORICAL SOCIETY

INDENTURE AGREEMENT

Dated as of

July 12, 1990

Series 1990-A Limited Obligation Bonds

Five Year Maturity

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PARTIES AND RECITALS

INDENTURE, dated _____, 1990, between THE PACIFIC NORTHWEST CHAPTER OF THE NATIONAL RAILWAY SOCIETY, An Oregon non-profit corporation, ("the Chapter") and ALAN A VIEWIG, Attorney at Law ("Trustee").

WHEREAS the Chapter has duly authorized the issue of Bonds in the form prescribed below, and taken all steps necessary to ensure that the Bonds, when issued, will be valid obligations of the Chapter and in consideration of the mutual promises recited in this Indenture,

THE PARTIES AGREE as follows, for the benefit of the Holders of the Chapter's Series 1990-A Bonds:

**ARTICLE I
DEFINITIONS**

Section 1.01. Definitions

"Bankruptcy Laws" means Title 11, U.S. Code or any similar Federal or State law for the relief of debtors.

"Board of Directors" or Board means the Board of Directors of the Chapter or any authorized committee of the Board.

"Bona Fide Purchaser" has the meaning assigned to it in Article Eight of the Uniform Commercial Code, and generally means a purchaser for value in good faith without any notice of any adverse claim to the Bond or Bonds at issue.

"Bonds" means the Bonds described above issued under this Indenture.

"Cars" means certain Railway passenger coaches which are the security for the bonds and which are more fully described in Exhibit A, "Security Property," under the heading of "Rolling Stock."

"Chapter" means the party named as such above until a successor replaces it and thereafter means the successor.

"Columbia Daily Income Fund or "CDIF" means Columbia Daily Income Fund, Inc., an Oregon corporation licensed under the Investment Companies Act of 1940, or any legal successor thereto.

"Custodian" means any receiver, trustee, assignee, liquidator or similar official under any Bankruptcy Law.

"Gross Receipts" means in the case of revenue derived from excursions arranged by the Chapter or its agents, the total receipts from the sales of tickets, refreshments, memorabilia, car leases and other items related to an Operation. In the case of revenues derived from leasing of the Cars to third parties, "Gross Receipts" meanings total lease payments and other fees paid by the lessee.

"Holder" or "Bondholder" means a person in whose name a Bond is registered.

"Indenture" means this Indenture Agreement as amended from time to time.

"Net Bond Earnings" means Gross Receipts minus any and all expenses reasonably attributable to an Operation, including by way of illustration, insurance costs, fees to railroads for use of right of way and other railroad services, depot use fees, hotel and food costs, etc. and any advances made by the Chapter to pay any such costs, and minus an amount equal to 50% of the remainder for ongoing expenses of the Chapter.

"Officer" means the President, any Vice-President, the Treasurer, the Secretary, and the National Director.

"Operation" means a scenic excursion trip using the Cars, which is advertised in the Chapter's customary manner, and open to the public. "Operation" also means leasing of any Car to a private party or a railroad.

"Security Property" means the Cars, any unspent proceed from this Bond issue, and certain revenues derived from or related to the Cars, as more fully described in Exhibit A.

"Secretary" means the duly elected secretary of the Chapter, or whomsoever as he or she shall designate for the purposes of carrying out the Secretary's duties under this Indenture.

"Trustee" means the trustee signatory hereto and any successor trustee.

"U.S. Government Insured Accounts" means accounts in commercial banks and savings and loans institutions which are insured by an agency of the United States.

Section 1.02. Other Definitions.

<u>Term</u>	<u>Defined in Section</u>
"Maturity"	3.01
"Event of Default"	5.01
"Rehabilitation Account"	3.13(1)
"Excursion Account"	3.13(2)
"Trust Account"	3.13(3)

Section 1.03. Rules of Construction.

Unless the context otherwise requires:

- (1) a term has the meaning assigned to it;
- (2) any accounting term not otherwise defined has the meaning assigned to it in accordance with generally accepted accounting principles;
- (3) "or" is not exclusive;
- (4) words in the singular include the plural, and in the plural include the singular; and
- (5) provisions apply to successive events and transactions.

Section 1.04. Exhibits.

All exhibits shall be deemed to be fully incorporated by reference into this Indenture and are a part hereof.

**ARTICLE 2
THE BONDS**

Section 2.01. Form and Dating.

The Bonds shall be substantially in the form of Exhibit B. The Bonds may bear any notations, legends or endorsements required by law. Each Bond shall be dated on the date of its execution and issuance.

Section 2.02. Execution.

The Bonds shall be issued on the letterhead of the Chapter. The President and the Secretary of the Chapter shall sign the Bonds for the Chapter by manual signature. The Chapter may execute Bonds for original issue up to the aggregate principal amount of \$250,000.00, or such lesser amount as shall be duly authorized by the Members in accordance with the Charter, Articles of Incorporation and By-Laws of the Chapter. The aggregate principal amount of Bonds outstanding at any time may not exceed that amount except as provided in Section 2.06.

Section 2.03. Registration, Payment, and Transfer Functions.

The Chapter may maintain an office or other place where Bonds may be presented for registration, transfer, or payment, all of which functions shall be performed by the Board of Directors, or its Officers or duly authorized agents.

Section 2.04. Bondholder Register.

The Secretary shall maintain a Register of Bondholders, in substantially the same form as Exhibit C, showing the name and address of the original purchasers and any subsequent transferees of the Bonds. The Secretary shall provide the Trustee with a copy of the Bond

Register and shall promptly provide the Trustee with an amended Register in case of any Transfer of a Bond.

Section 2.05. Transfer.

When a Bond is presented for transfer, the Secretary shall notify the Board, and await the Board's direction as to whether to record such transfer. Before directing the Secretary to register the transfer, the Board shall be satisfied in its sole discretion that the proposed transfer meets the requirements contained in the restrictive legend on the reverse of the Bond or Bonds to be transferred. The proposed transferee shall furnish such information as may be requested by the Board, and, if requested to do so, shall furnish an opinion of counsel acceptable to the Board of Directors stating that such transfer will be in full compliance with all applicable federal and state securities laws. The Board of Directors may charge a reasonable fee for any costs incurred, including legal fees, if any, for effecting a registration of transfer.

Before due presentment for transfer, the Chapter, any agent of the Chapter, or the Trustee may treat the Person in whose name any Bond is registered as its owner for all purposes whatsoever, and neither the Chapter or the Trustee shall be affected by any notice to the contrary.

Presentment for transfer must be made in person to the Secretary, unless a written waiver of personal appearance is granted by the Board of Directors.

Section 2.06. Replacement Bonds.

If the Secretary or any other Officer of the Chapter is notified that a Holder of a Bond claims that the Bond has been lost, destroyed or wrongfully taken, the Secretary shall report the claim to the Board of Directors. At the direction of the Board, the President and Secretary shall issue and authenticate a replacement Bond. The Board may require as a condition precedent that the Holder agree to indemnify the Chapter against any loss, including costs and attorneys fees arising out of the replacement of the Bond, and furnish an indemnity bond issued by a surety company acceptable to the Board of Directors in an amount deemed sufficient by the Board to protect it from any such loss. The Holder shall also comply with such other requirements as the Board may reasonably impose under the circumstances. The Board may charge for its reasonable expenses, including legal fees, if any, in replacing a Bond.

Every replacement Bond is an obligation of the Chapter to the same extent as was the Bond replaced, which, unless held by a Bona Fide Purchaser, shall be deemed cancelled for all purposes.

Section 2.07. Outstanding Bonds.

The Bonds outstanding at any time are all of the Bonds executed by the Chapter except for those cancelled by it, those delivered to it for cancellation, and those described in this Section as not outstanding. If a Bond is replaced pursuant to Section 2.06, it ceases to be outstanding unless the Secretary receives proof satisfactory to it that the replaced Bond is held by a Bona Fide Purchaser. A Bond does not cease to be outstanding because the Chapter holds the Bond.

Section 2.08. Cancellation.

The Secretary shall cancel all Bonds surrendered for registration of transfer, exchange, redemption or cancellation and shall dispose of cancelled Bonds as it deems appropriate.

Section 2.09. Escrow of Proceeds.

Proceeds from the sale of the Bonds shall be held in escrow pursuant to an agreement in substantially the same form as Exhibit D, until such time as \$28,000 shall have been realized from the sale of the Bonds, in which case this requirement shall end.

**ARTICLE 3
PARTICULAR COVENANTS OF THE CHAPTER**

Section 3.01. Payment of Bonds; Maturity.

For each Bond issued, the Chapter shall cause to be paid to each Bondholder, or registered assigns, on a date five years after the date of each Bond's issue, the sum of One Hundred Dollars (\$100.00) in principal and simple interest on the principal amount from the date thereof at the rate of eight percent (8%) per year.

Section 3.02. Limited Recourse for Bondholders.

Principal and interest of each Bond shall be payable only out of Net Bond Earnings. In the event of default on any Bond, no recourse may be had to any person or property other than the Security Property. No recourse may be had for the payment of the principal or interest of any Bond or for any claim based thereon against any other revenues or assets of the Chapter, or against the Trustee or any Officer, director, or member, past, present, or future, of the Chapter, either directly or indirectly, by virtue of any statute or constitutional provision or by enforcement of any assessment or otherwise. All such liability shall be expressly waived and released by acceptance of any Bond.

Section 3.03. Payment of Interest.

The Board of Directors shall cause interest and principal to be paid on the Bonds at Maturity. Payment shall be considered paid if the Bond is surrendered to the Secretary on the date due by the Registered Bondholder, and if on that date, the Treasurer tenders the Bondholder a check to the order of the Bondholder for the full amount of the principal represented by the surrendered Bonds.

The Board of Directors shall cause to be paid interest on overdue principal at the rate borne by the Bonds. The Board of Directors shall cause to be paid interest on overdue installments of interest at the same rate to the extent lawful.

Section 3.04. General Operating Restrictions.

The Chapter shall limit its activities to non-profit historical and educational activities, as defined in the Articles of Incorporation and By-Laws of the Chapter, as are extent on the date hereof, and as may be set forth in the Internal Revenue Code of the United States and in the Revised Statutes of the State of Oregon. The Chapter shall further comply with all applicable provisions of the Constitution of the National Railway Historical Society, Inc..

The Chapter and the Trustee shall keep or invest all funds in U.S. Government Insured Accounts or in the shares of the Columbia Daily Income Fund.

Section 3.05. Optional Early Redemption.

Notwithstanding anything to the contrary herein, the Bonds may be redeemed at any time at the election of the Board of Directors. Such election shall be evidenced by a resolution of the Board, and communicated by the Secretary to each holder of Bonds to be redeemed no less

Notwithstanding anything to the contrary herein, the Bonds may be redeemed at any time at the election of the Board of Directors. Such election shall be evidenced by a resolution of the Board, and communicated by the Secretary to each holder of Bonds to be redeemed no less than thirty (30) nor more than sixty (60) days before the redemption date fixed by the Board. Such notice shall conform in all material respects to that set out as Exhibit E.

Section 3.06. Redemption by Lot.

Except as provided in Section 3.08, if less than all the Bonds outstanding are to be redeemed, the particular Bonds to be redeemed shall be selected by lot not more than 45 days before the redemption date fixed by the Board of Directors.

Section 3.07. Optional Hardship Redemption.

If a Bondholder suffers a substantial, adverse, and unexpected change in financial position, the Board of Directors may, in its sole discretion, redeem some or all of the Holder's Bonds.

Section 3.08. Annual Reports and Certificates; Withholding

The Treasurer shall provide to the Holder of each Bond a statement as to interest paid which may be in IRS Form 1099 or such other form and at such time or times as may be required by the Internal Revenue Service. Additionally, the Treasurer shall withhold from any payment of interest any amount so required to be withheld by state and federal tax laws and regulations. The Treasurer shall provide the Trustee a certificate signed by an Officer certifying that the Chapter is in compliance with the terms and conditions of this Indenture Agreement. The interest payment checks for the prior year will be mailed on the second business day of January of each subsequent year. On or before January 31st of each year a statement of interest paid the previous year will be sent to each Holder of record for the previous year.

Section 3.09. Establishment of Trust.

A Trust is established. The property of the Trust shall be the Security Property. Subject to the terms of this Indenture, the Trustee shall be deemed to hold legal title to the Security Property for the benefit of the Bondholders, and each Bondholder shall hold an undivided equitable interest in the Security Property. The Trustee's duties shall be as set forth in this Indenture.

Section 3.10. Security Agreement.

To secure performance of its obligations under this Indenture, the Chapter grants to the Trustee a security interest in the Security Property, to be held for the benefit of the Bondholders, and agrees to execute all documents necessary for the perfection of such interest.

Section 3.11. Discharge of Trust and Release of Security Interest.

Upon the redemption or cancellation of any Bond, the trust established by Section 3.10 shall be terminated, and to the extent that the Bonds held by the Bondholder are redeemed or cancelled, the Chapter shall be the full legal and equitable owner of the Security Property. Likewise, upon such redemption or cancellation, the security interest granted to the Trustee pursuant to Section 3.11 shall to a like extent be terminated. The Trustee and each former Holder of any redeemed or cancelled Bond will execute any documents necessary to evidence the Chapter's full legal title to the Security Property upon redemption or cancellation.

Section 3.12. Amendments May Not Impair Trust or Security Interest.

Notwithstanding any other provision herein, no amendment to this Indenture, however approved, may prejudice or defeat the Bondholder's beneficial interests created pursuant to Section 3.10 or Section 3.11, without the written consent of the Bondholder or Bondholders

Section 3.13. Unclaimed Moneys.

Any moneys held by the Trustee or by the Chapter in trust for the payment of principal or interest on any Bond and remaining unclaimed for 6 years after such principal and interest has become due and payable shall be paid to the Chapter on the Treasurer's request, or (if then held by the Chapter in trust) shall be discharged from such trust. The Bonds on which such moneys remain unclaimed shall then be cancelled and rendered of no effect, and all liability of any and all persons for payment thereon shall be extinguished.

Section 3.14. Maintenance of Existence.

Subject to the provisions of Article Four, the Chapter at its own cost and expense, will do or cause to be done all things necessary to preserve and keep in full force and effect its existence, rights and franchises as a non-profit corporation under Oregon law, and as a tax exempt institution under Section 501(c)(3) of the Internal Revenue Code and equivalent state tax statutes.

However, the Board of Directors need not preserve any right or franchise if the Board shall determine that it is no longer desirable in the conduct of the business of the Chapter and that its loss is not disadvantageous in any material respect to the Bondholders.

Section 3.15. Treasurer to Maintain Books of Record and Account

The Treasurer will keep proper books of record and account in which full and correct entries will be made of its transactions in accordance with sound bookkeeping practice. All bank accounts maintained by the Treasurer pursuant to this Indenture must require the signatures of two Officers for every withdrawal, draft, or check. One of those officers must be the Treasurer. With respect to the Trust Account required by subsection (3) below, the other officer must be the President.

At a minimum, the Treasurer shall employ the following procedure for accounting for revenues and expenses:

(1) Rehabilitation Account. After any funds are raised from the sale of Bonds, or disbursed from Escrow pursuant to the terms of Exhibit D, the Treasurer shall place these funds in a separate checking account, which shall be designated as the "Rehabilitation Account." Funds from this account may only be used to pay for rehabilitation of the Cars according to the Rehabilitation Schedule set out in Exhibit F. Funds from this account may not be disbursed to pay for ongoing maintenance of the Cars, which is the sole responsibility of the Chapter, and which must be paid out of the Chapter's general revenues.

(2) Excursion Accounts; Calculation of Net Bond Earnings. The Treasurer will establish and maintain a separate checking account for each excursion using one or more of the Cars, except for leasing operations, which shall have a single account into which all Gross Receipts therefrom may be commingled. All moneys advanced from the Chapter's general funds to pay expenses of the Operation, and the Gross Receipts from the Operation shall be deposited in this account. Only expenses reasonably attributable to the Operation (as defined in Section 1.01, under the head of "Gross Receipts") for each excursion shall be paid out of this account.

After all advances and revenues have been deposited in the account, and all expenses paid, the Treasurer shall then divide the remainder in half. The Treasurer will deposit one half into the Chapter's general account, which the chapter may use immediately for any purpose within its Charter and By-laws, and one half into the Trust Account established pursuant to subsection (3) below. Once this division of funds is accomplished, the Treasurer shall close the Excursion Account in question, and shall report the Gross and Net Bond Earnings in the next monthly newsletter, in accordance with Section 3.16.

(3) The Trust Account. The Treasurer shall establish a Trust Account, which shall be a savings account in a U.S. Government Insured Depository Institution, or a share account in the Columbia Daily Income Fund. All Net Bond Earnings from all excursions undertaken and leases entered into after the date hereof, and any other Operations of the Cars shall be deposited into the Trust Account. No moneys shall be disbursed from the Trust Account except to pay interest and repay principal on the Bonds. The interest paid on the Trust Account shall be accumulated and used to discharge interest on the Bonds. The Trust Account must reflect its trust status on the face of the certificate of deposit or other evidence of account.

Section 3.16. Inspection Rights of Trustee and Bondholders.

The Treasurer will permit the Trustee and the Bondholders at all reasonable times, to examine and copy all the Chapter's books of record and account and will from time to time furnish the Trustee and any Bondholder such information and statements as the Trustee or Bondholder may reasonably deem necessary for the purpose of determining performance or observance by the Chapter of the covenants, conditions and obligations contained in this Indenture.

Section 3.17. Monthly Statements of Operations and Condition.

Each month in which an Operation occurs, the Treasurer will prepare a statement of Operations for that month and a statement of condition of the Chapter as of the last day of that month. Such statements shall set forth in reasonable detail the results of Operations for the month, the amount of any Bonds redeemed in the preceding month, and the financial condition of the Chapter as at the date thereof.

Section 3.18. No Warranty of Title; Defense of Title.

The Chapter makes no warranty or representation that the Security Property subject to the lien of this Indenture is owned and pledged by the Chapter free and clear of any mortgage, pledge, security interest, lien, charge or encumbrance, except the lien of this Indenture.

Nevertheless, the Chapter will defend the legal title of the Trustee and the equitable title of the Bondholder to the Security Property whether now or hereafter pledged or assigned by the Chapter against the lawful claims and demands of all persons whomsoever.

Section 3.19. Payment of Taxes and Liens; Compliance with Government Regulations.

The Treasurer will promptly pay all taxes, assessments, governmental and other charges lawfully levied, assessed or imposed upon or against any part of Security Property and will pay all lawful claims which, if unpaid, might become a lien or charge upon the Security Property. The Chapter will also do all things necessary to keep the lien of this Indenture a first and prior lien upon the Security Property.

The Chapter will also conform to all valid requirements of any governmental authority imposed upon the Chapter relative to the Security Property.

Nothing contained in this Section shall require the payment of any such tax, assessment, claim, lien or charge or the compliance with any such requirement so long as the validity, application or amount thereof shall be contested in good faith.

Section 3.20. Filing.

The Chapter will file all financing statements with respect to this Indenture in a manner and in places, if any, as may be required by law to preserve and protect the rights of the Bondholders and the Trustee, and will pay all taxes and fees incidental thereto.

Section 3.21. Further Assurances.

The Chapter will execute and deliver all such additional instruments and do, or cause to be done, all such additional acts as:

- (1) may be necessary or proper to carry out the purposes of this Indenture and to make subject to the lien hereof any property intended so to be subject;
- (2) may be necessary or proper to transfer to the Trustee the estate, powers, instruments and funds held in trust hereunder and to confirm the lien of this Indenture with respect to the Bonds; or,
- (3) the Trustee or any Bondholder may reasonably request for any of the foregoing purposes.

The Secretary will also cause to be filed, registered or recorded any instruments of conveyance, transfer, assignment or further assurance in all offices in which such filing, registering or recording is necessary to the validity thereof or to give notice thereof.

Section 3.22. Fire and Casualty Insurance.

The Chapter agrees to insure the Security Property, or cause it to be insured, against loss or damage by fire, theft, vandalism, misadventure during any Operation, and liability to any party for negligent, operation, maintenance or repair of the Security Property coverage, in the amounts listed on Exhibit G. The proceeds of insurance shall be payable to the Chapter, except if they accrue or are received during or after an Event of Default, in which case the proceeds shall be held by the Trustee for benefit of the Bondholders and deposited into the trust account established pursuant to Section 3.02(1) hereof.

Section 3.23. Leasing of the Cars.

The Chapter may lease the Cars to third persons deemed sufficiently responsible by the Chapter. The lease agreements shall require the proper care and use of the Cars during the pendency of the lease, in accordance with the Chapter's standard leasing practices and the best judgment of the Board of Directors.

50% of all payments received on leases entered into after the date hereof shall be deposited directly to the Trust Account, pursuant to Section 3.15(3). The Chapter shall promptly and diligently collect any and all revenues owing on leases entered into after the date hereof.

The lease agreements shall require all lessees to indemnify the Chapter against all loss and maintain at least the level of insurance provided for in Exhibit G.

Section 3.24. Issuance of Additional Bonds.

Upon resolution of the Chapter's membership, the Chapter may issue additional bonds to acquire additional historic railway cars. Such issue may not defeat or dilute any interest of the Bondholders hereunder.

**ARTICLE 4
SUCCESSORS**

Section 4.01. Merger, etc.

The Chapter shall not consolidate with or merge into, or transfer or lease all or substantially all of its assets to, any person unless:

- (1) the person is a non-profit corporation exempt from taxation under Section 501(c)(3) of the Internal Revenue Code and all equivalent and applicable state tax statutes;
- (2) the person assumes by supplemental indenture all the obligations of the Chapter under the Bonds and this Indenture; and
- (3) immediately after the transaction no Event of Default or an event which, with the giving of notice or the passage of time or both, would constitute an Event of Default, exists.

The surviving transferee or lessee corporation shall be the successor Chapter, but the predecessor Chapter in the case of a transfer or lease shall not be released from the obligation to cause to be paid the principal and interest on the Bonds.

Section 4.02. Exception.

Paragraph 4.01 shall not apply to leases of the Cars pursuant to Section 3.23.

**ARTICLE 5
DEFAULTS AND REMEDIES**

Section 5.01. Events of Default.

An "Event of Default" occurs if:

- (1) interest and principal are not paid on any Bond when the same become due and payable and the default continues for a period of 45 days;
- (2) the Chapter fails to comply with any of its other agreements in the Bonds or this Indenture and the default continues for the period and after the notice specified below;
- (3) the Chapter, pursuant to or within the meaning of any Bankruptcy Law:
 - (a) commences a voluntary case,

- (b) consents to the entry of an order for relief against it in an involuntary case,
 - (c) consents to the appointment of a Custodian of it or for all or substantially all of its property, or
 - (d) makes a general assignment for the benefit of its creditors;
- (4) a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that:
- (a) is for relief against the Chapter in an involuntary case,
 - (b) appoints a Custodian of the Chapter or for all or substantially all of its property, or
 - (c) orders the liquidation of the Chapter, and in any such case the order or decree remains unstayed and in effect for 60 days.

A default under clause (2) is not an Event of Default until the Trustee or Holders of at least 25% in principal amount of the Bonds notify Secretary in writing of the default and the Chapter does not cure the default within 60 days after receipt of the notice. The notice must specify the default, demand that it be remedied and state that the notice is a "Notice of Default."

Section 5.02. Acceleration.

If an Event of Default occurs and is continuing, the Holders of at least 25% in principal amount of the Bonds, or the Trustee by notice to the Secretary may declare the principal of, and accrued interest on, all the Bonds to be due and payable. Upon such declaration the principal and the interest shall be due and payable immediately. The Holders of a majority in principal amount of the Bonds or the Trustee, on behalf of said Holders, by notice to the Secretary may rescind any accelerations and its consequences if the rescission would not conflict with any judgment or decree and if all existing Events of Default have been cured or waived except nonpayment of principal or interest that has become due solely because of the acceleration.

Section 5.03. Trustee's Power In Regard to Pledged Property.

Subject to Sections 5.05 and 5.06, the Trustee has the following powers in an Event of Default. (The Trustee, in the absence of an Event of Default, shall have no obligation to take any such action, and no liability for failure to take any such action).

- (1) Power of Sale. The Trustee or his agent may sell the Security Property or any part of it, for cash or credit, for such price or prices and on such terms as the Trustee in his discretion may determine as expedient in the interest of the Bondholders, at private sale after at least 15 days notice to the Secretary, or, at public sale at some convenient place in the City of Portland, State of Oregon after publication of notice of sale in at least two national publications likely to be read by persons interested in purchasing historic railway cars; provided, however that the Trustee shall have no power of sale over the "Mount Hood" railway car, unless and until the Trustee shall have made reasonable efforts to exercise his power of sale with respect to all other Cars, and applied all other

Security Property to the discharge of the lien of this Indenture, and if, upon such sale of cars other than the Mount Hood, or application of other Security Property, the proceeds shall be insufficient to pay principal and interest on all bonds then outstanding.

- (2) Prevention of Transfer. The Trustee may enjoin by appropriate legal action, any sale or disposition of the Security Property by the Chapter or by any person claiming under or by assignment from the Chapter;
- (3) Filing of Unrecorded Assignments. The Trustee may file or record any unfiled or unrecorded assignments by the Trustee which assign, or confirm the assignment, to the Trust of the Security Property.
- (4) Succession to Chapter's Interest. The Trustee may accept all payments on and other proceeds of such Security Property, take collections and otherwise take all actions necessary and appropriate in the name and stead of the Chapter in regard to such Security Property including, without litigation, arranging for the delivery of fire and other insurance on the Cars. For this purpose the Trustee is hereby irrevocably appointed the true and lawful attorney of the Chapter having in particular and without limitation the authority to endorse its name on all checks and other instruments representing proceeds of such Security Property;
- (5) Secured Creditor Status. The Trustee may otherwise exercise, in general, all rights and remedies of a secured party under the Uniform Commercial Code as in effect in the State of Oregon.

No actions taken under this section shall be deemed an election of any other remedy or right to recover unpaid indebtedness on the Bonds.

Section 5.04. Incidents of Sale of Security Property.

Upon sale of all or part of the Security Property for enforcement of this Indenture, the following shall be applicable:

- (1) Bonds Due and Payable. The principal and accrued interest on the Bonds, if not previously due, shall immediately become due and payable.
- (2) Trustee Appointed Attorney of Chapter to make Conveyances. The Trustee is hereby irrevocably appointed the true and lawful attorney of the Chapter, in its name and stead, to make all necessary deeds, bills of sale and instruments or assignment, transfer or conveyance of the property thus sold; and for that purpose the Trustee may execute all such documents and instruments and may substitute one or more persons with like power; and the Chapter hereby ratifies and confirms all that its the Trustee, or his substitute or substitutes, shall lawfully do by virtue hereof.
- (3) Chapter to Confirm Sales and Conveyances. If so requested by the Trustee or by any purchaser, the Board of Directors shall ratify and confirm any such sale or transfer by executing and delivering to the

Trustee or to such purchase or purchases all proper deeds, bills of sale, instruments of assignment, conveyance or transfer and releases as may be designated in any such request.

- (4) Bondholder May Purchase Security Property. Any Bondholder may bid for and purchase any of the Security Property and upon compliance with the terms of sale, may hold, retain, possess and dispose of such Security Property in his or its own absolute right without further accountability.
- (5) Sale To Divest Chapter's Rights in Property Sold. The sale shall divest the Chapter of all rights in and to the Security Property so sold, and shall be a perpetual bar against the maintenance of any claim to the Security Property by Chapter, its successors and assigns, and all persons claimant to the Security Property sold, through or under the Chapter, or its successors and assigns.
- (6) Application of Moneys Received upon Sale. Any moneys collected by the Trustee upon any sale made either under the power of sale given by this Indenture or under judgment or decree in any judicial proceedings for foreclosure or otherwise for the enforcement of this Indenture, shall be applied as provided in Section 5.10.

Section 5.05. Judicial Proceedings Instituted by Trustee.

- (1) Trustee May Bring Suit. If at any time following written demand of the Trustee, the Treasurer does not promptly cause to be paid any amounts required to be paid on any Bond, or the Chapter is otherwise in breach of a material covenant of this Indenture, the Trustee may institute any appropriate legal action to recover the whole amount due and unpaid from the Chapter, provided, however, that in no event may any monetary recovery of the Trustee exceed the amount then existing of the aggregated funds in the Rehabilitation Account, the Trust Account, and one-half of the amount in all Excursion Accounts, plus any moneys which, although not placed in such accounts, are required to be so placed by the terms of this Indenture, plus all leasing revenue accrued but not paid into the Trust Account, and provided further, that in no event may the Trustee levy upon attach, or garnish any property other than the Security Property.

The exercise of such power of the Trustee shall not be affected by any sale hereunder or by the exercise of any other right, power or remedy for the enforcement of the provisions of this Indenture or for the foreclosure of the lien hereof.

- (2) Trustee May Not Recover Unpaid Indebtedness after Sale of Security Property. If the Security Property is sold and the proceeds that are applied to pay the total principal and interest due and payable on the Bonds outstanding at the time of the sale is insufficient to pay the total principal and interest, the Trustee may not enforce payment of or receive

any amounts then remaining due and unpaid upon all or any of such Bonds.

- (3) Recovery of Judgment Does Not Effect Lien of this Indenture or Other Rights. No recovery of any award, judgment or decree by the Trustee and no levy of any execution on any portion of the Security Property shall affect the lien of this Indenture upon the remainder of the Security Property, or any rights, powers or remedies of the Holders of such Bonds, and, subject to subsections (1) and (2), all such liens, rights, power and remedies shall continue unimpaired as before.
- (4) Trustee May File Proofs of Claim; Appointment of Trustee as Attorney-in-Fact in Judicial Proceedings. The Trustee shall be entitled and empowered to file such proofs of claim and other pleadings, papers or documents as may be necessary or advisable to have the claims of the Trustee and of the Bondholders allowed in any proceeding under the Bankruptcy Laws. Any receiver, trustee, or other similar official in any such proceeding may make payments to the Trustee, or, if the Trustee consents, directly to the Bondholders. The Trustee may file a claim in such proceeding for reasonable compensation, expenses, disbursements and advances of the Trustee. The Trustee is hereby appointed the attorney-in-fact of the Bondholders, with authority to receive payment of or on account of such claims and debt; provided, however, that nothing contained in this Indenture shall be deemed to give to the Trustee any right to accept or consent to any plan of reorganization or otherwise waive or change any right of any Bondholder. Any moneys collected by the Trustee under this Section shall be applied as provided in Section 5.11.
- (5) Trustee Need Not Have Possession of Bonds. All rights of action and of asserting claims under this Indenture or under any of the Bonds enforceable by the Trustee may be enforced by the Trustee without possession of any of such Bonds or the production thereof on the trial or other proceedings relative thereto.

Section 5.06. Control by Bondholders.

The Holders of a majority in principal amount of the outstanding Bonds have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee, provided that

- (1) such direction shall not be in conflict with any rule of law or with this Indenture, and
- (2) the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction.

Section 5.07. Bondholder May Not Bring Suit Except Under Certain Conditions.

A Bondholder has no right to institute any suit, action or proceeding at law or in equity or otherwise for the foreclosure of this Indenture, for the appointment of a receiver or for the enforcement of any other remedy under or upon this Indenture, unless:

- (1) such Holder previously shall have given notice to the Secretary of an Event of Default;
- (2) the Holders of at least 25% in aggregate principal amount of the outstanding Bonds shall have requested the Trustee in writing to institute such action, suit or proceeding and shall have offered to the Trustee indemnity as provided in Section 8.03(e);
- (3) the Trustee shall have refused or neglected to institute any such action, suit or proceeding for 60 days after receipt of such notice, request and offer of indemnity; and
- (4) no direction inconsistent with such written request has been given to the Trustee during such 60-day period by the Holders of a majority in principal amount of such Bonds Outstanding.

A Bondholder may not use this Indenture to prejudice the rights of another Bondholder.

Section 5.08. Waiver of Past Defaults.

The Holders of a majority in principal amount of the outstanding Bonds, or, the Trustee, on behalf of said Holders by written notice to the Secretary may waive an existing default and its consequences except an Event of Default in the payment of the principal of or interest on any Security.

Section 5.09. Rights of Holders to Receive Payment.

Notwithstanding any provision of this Indenture, other than the Arbitration clause, the right of any Bondholder to receive payment of principal at maturity and interest on the Bond, on or after the respective due dates expressed in the Bond, or to bring an action for the enforcement of any such payment on or after such respective dates, shall not be impaired or affected without the consent of the Holder.

Section 5.10. Priorities.

If the Trustee or any Bondholder collects on behalf of all Bondholders any money pursuant to this Article, that money shall be paid out in the following order:

- First: costs and attorney's fees;
- Second: to Bondholders for amounts due and unpaid on the Bonds for principal and interest, ratably, without preference or priority of any kind, according to the amounts due and payable on the Bonds for principal and interest, respectively; and
- Third: to the Chapter.

Section 5.11. Bonds Held By Chapter Not to Share in Collections.

Any Bonds held by the Chapter in its corporate capacity shall not be entitled to share in any payment or distribution provided for in this article.

Section 5.12. Undertaking for Costs.

In any action for the enforcement of any right or remedy under this Indenture, an arbitrator, or a court, if the arbitrator lacks jurisdiction, has the discretion to require the filing by any party litigant in the action of an undertaking to pay the costs of the action, and the arbitrator in its discretion may assess reasonable costs, including reasonable attorneys' fees, against any party litigant in the action, having due regard for the merits and good faith of the claims or defenses made by the party litigant. This Section does not apply to an action by a Holder pursuant to Section 5.07.

**ARTICLE 6
DISCHARGE OF INDENTURE**

Section 6.01 Payment of Indebtedness; Satisfaction.

The Chapter may terminate all of its obligations under this Indenture if it shall cause to be paid and discharged the entire indebtedness on all Bonds secured by this Indenture by well and truly paying or causing to be paid the principal of all such Bonds, as and when the same become due and payable, or at such earlier times as permitted by this Indenture.

If the Chapter shall then have observed and performed all of its other obligations under this Indenture with respect to the Bonds, then upon a resolution of the Board of Directors, this Indenture and the lien, rights and interests hereby granted shall cease and terminate. The Trustee and the Bondholders shall execute and deliver such instruments as may be necessary to evidence the satisfaction of this Indenture.

Section 6.02. Notice of Intent to Declare Discharge of Indenture.

If the Board of Directors intends to declare the discharge of the Indenture pursuant to Section 6.01 above the Secretary shall give notice of the intent to declare such discharge not less than 30 and not more than 60 days before the effective date of discharge, to the Trustee and to the Bondholders. Such a notice shall substantially conform to that set forth on Exhibit H.

Section 6.03. Repayment to Chapter.

If upon discharge of this Indenture, the Trustee holds in trust more money than is necessary to repay principal and interest on the Bonds outstanding on the date before the effective date of the discharge, upon the Treasurer's demand, such excess funds shall be paid to the Chapter by the depository institution in which the moneys are held.

**ARTICLE 7
AMENDMENTS AND WAIVERS**

Section 7.01. Changes not Requiring Consent of Holders.

The Board of Directors may amend this Indenture or the Bonds without the consent of or notice to the Trustee or any Bondholder:

- (1) to cure any ambiguity, defect or inconsistency;
- (2) to comply with Section 4.01;
- (3) to reflect the appointment of an successor Trustee; or

- (4) to make any change that does not adversely affect the rights of any Bondholder or the Trustee.

Section 7.02. Changes Requiring Consent of Holders.

The Board of Directors may also amend this Indenture or the Bonds with the written consent of either the Trustee or the Holders of at least fifty-one percent (51%) in principal amount of outstanding Bonds. However, without the written consent of each Bondholder affected, an amendment under this Section may not:

- (1) reduce the amount of Bonds whose Holders must consent to an amendment;
- (2) reduce the rate of or change the time for payment of interest on any Bond;
- (3) reduce the principal of or change the fixed maturity of any Bond;
- (4) make any Bond payable in money other than that stated in the Bond;
- (5) make any change in Section 5.04, 5.07 or 7.02 (second sentence); or
- (6) terminate the trustee status created by Section 3.10 with respect to each Bond, or the security interest created by Section 3.11.

All properly adopted amendments shall be binding on all Holders of outstanding Bonds. The Secretary shall give the Trustee and the Bondholders prompt notice of an amendment adopted under this section.

Section 7.03. Revocation and Effect of Consents.

Until an amendment or waiver becomes effective, a consent to it by a Holder is a continuing consent by the Holder and is binding on each transferee of the Bond or Bonds of such Holder, even if notation of the consent is not made on any Bond. However, any such Holder or subsequent Holder may revoke the consent as to his Bond or Bonds by notice to the Secretary (which notice shall bear prominently the legend "Revocation of Consent") if the Secretary receives the written notice of revocation before the date the amendment or waiver becomes effective. An amendment or waiver becomes effective in accordance with its terms and thereafter binds every Bondholder.

Section 7.04. Notation on or Exchange of Bonds.

The Secretary may place an appropriate notation about an amendment or waiver on any Bond thereafter executed. The Secretary in exchange for all Bonds may issue and execute new Bonds that reflect the amendment or waiver.

**ARTICLE 8
THE TRUSTEE**

Section 8.01. Limited Obligations In Absence of Event of Default.

The Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Trustee.

Section 8.02. Trustee's Duties in an Event of Default.

If the Trustee receives notice from a Bondholder or from a Director or Officer of the Chapter, that an Event of Default has occurred the Trustee shall, subject to Section 8.03 hereof, exercise such of the rights and powers vested in him by this Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of that person's own affairs. In the absence of such notice, the trustee shall be under no duty whatsoever to take any action or perform any duty that would otherwise be conferred on him by this Indenture. Furthermore, in the absence of any such notice, actual or constructive knowledge or reason to know on the part of the Trustee of an Event of Default shall not constitute notice to the Trustee.

Section 8.03. Trustee's Liability Limited to Recklessness and Willful Misconduct.

Except for reckless or willful misconduct, the Trustee shall not be liable to any person for any reason related in any way to the performance or non-performance of any duty, right, or obligation imposed or granted to the Trustee under the terms of this Indenture. This section shall not be construed to limit the effect of Section 8.01.

Section 8.04. Trustee Not Required to Expend Own Funds.

No provision of this Indenture shall require the Trustee to expend, or risk his own funds or otherwise incur any financial liability in the performance of any of his duties hereunder, or in the exercise of any of his rights or powers, if he in good faith believe that repayment of such funds or adequate indemnity against such risk or liability is reasonably assured.

Whether or not therein expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Section.

Section 8.05. Chapter to Purchase Errors and Omissions Insurance For Trustee.

Upon the Trustee's demand, the Chapter shall purchase, from its own funds and not from any part of the Security Property, such errors and omission insurance as the Trustee shall in good faith determine as necessary to protect him from any liability arising out of or in any way related to this Indenture or any part of it.

Section 8.06. Trustee to Give Notice of Defaults.

Within 21 days after notice to the Trustee from a Bondholder or an officer or director of the Chapter of the occurrence of an Event of Default, the Trustee shall mail to all Bondholders, as their names and addresses appear in the Bond Register, notice of such Event, unless the Trustee shall in good faith believe the default shall have been cured or waived.

However, except in the case of failure to cause to be paid principal or interest on any Bond when such is due and payable, the Trustee may withhold such notice if the Trustee in good faith determines that the withholding of such notice is in the interests of the Holders of the Bonds. Furthermore, in case of an Event of Default as specified in Section 5.01(2), no notice to Holders need be given until at least 60 days after the occurrence thereof.

Section 8.07. Compensation of Trustee in an Event of Default.

In an Event of Default, the Trustee shall be under no obligation to exercise any of the rights or powers vested in him by this Indenture at the request or direction of any of the Bondholders pursuant to this Indenture, other than that required by Section 8.06, unless such Bondholders

shall have tendered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by him in the performance of such rights, powers, or duties, including attorney's fees, or, if the Trustee be an attorney, the value of the Trustee's time at his usual hourly rates.

Section 8.08. Reliance on Facts Recited in Documents.

In the absence of bad faith on his part, the Trustee need make no investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture or other paper or document. The Trustee may in his sole and unquestionable discretion may make such further inquiry or investigation into such facts or matters as he sees fit. If the Trustee makes such further inquiry or investigation, the Trustee may examine the books, records and premises of the Chapter, personally or by agent or attorney.

Section 8.09. Not Responsible for Recitals or Issuance of Bonds.

The Recitals contained in this Indenture, in the Bonds, and in any documents used in connection with the issuance the Bonds are the statements of the Chapter, and the Trustee assumes no responsibility for their correctness, accuracy or completeness. The Trustee makes no representations as to the validity or sufficiency of this Indenture or of the Bonds. The Trustee shall not be accountable for the use or application by the Chapter of Bonds or the proceeds thereof.

Section 8.09. Trustee May Hold Bonds.

The Trustee may become the owner or pledgee of Bonds and may otherwise deal with the Chapter with the same rights he would have if he were not Trustee.

Section 8.10. Resignation, Removal, and Incapacity.

The Trustee may resign at any time by notice to the Secretary. The Trustee may be removed at any time by notice of the Holders of a majority in principal amount of the outstanding Bonds delivered to the Trustee and to the Secretary. The Trustee shall be deemed incapable of serving as Trustee if at any time the Trustee becomes incapable of acting or is adjudged a bankrupt or insolvent or a receiver of the Trustee or of his property shall be appointed or any public officer takes charge or control of the Trustee or of his property or affairs for the purpose of rehabilitation, conservation or liquidation.

Section 8.11. Procedures on Resignation, Removal, or Incapability.

If the Trustee resigns, is removed or becomes incapable of acting, or if a vacancy otherwise occurs in the office of Trustee, the Board of Directors, by a Board Resolution, shall appoint a successor Trustee, unless the Board of Directors, in its sole discretion, shall determine that under the circumstances then existing, the protection of the interests of the Bondholders does not require the appointment of a successor trustee.

The Secretary shall give notice to the Bondholders of each resignation and each removal of the Trustee and each appointment of a successor Trustee. Each notice shall include the name and of the successor Trustee.

Section 8.12. Vesting of Rights in Successor Trustee.

Any successor trustee shall give to the Secretary and the retiring Trustee an instrument accepting such appointment, and thereupon the resignation or removal of the retiring Trustee shall become effective and such successor Trustee, without any further act, deed or

conveyance, shall become vested with all the rights, powers, trusts and duties of the retiring Trustee. On request of the Board of Directors or the successor Trustee, the retiring Trustee shall deliver an instrument evidencing the transfer to the successor Trustee all the rights, powers and trusts of the retiring Trustee, and deliver to such successor Trustee all property and money held by the retiring Trustee hereunder. Upon request of the successor Trustee, the Board shall execute any and all instruments necessary to confirm the rights of the successor Trustee.

Section 8.13. Appointment of Co-Trustees and Separate Trustees.

If the Board of Directors determines that it is necessary or prudent in the interests of the Bondholders to appoint another Trustee to act as co-trustee with respect to all or any of the Security Property, jointly with the Trustee, or to act as separate trustee or trustees with respect to any such property, with such power and authority and for such terms as may be necessary or prudent for such purpose and as shall be specified in an instrument of appointment.

Section 8.14. Disqualification of Chapter Officials.

The Trustee may not be an Affiliate, Officer, or director of the Chapter.

**ARTICLE 9
MISCELLANEOUS**

Section 9.01. Notices.

Any notice or communication to a Bondholder shall be mailed by first-class mail to the Bondholder's address shown on the Bond Register. Unless otherwise provided herein, and provided it is reasonable under the circumstances, notices may be included under the same cover as the Chapter's newsletter, provided that the newsletter is sent by first class mail to all Bondholders. Failure to mail a notice or communication to a Bondholder or any defect in it shall not affect its sufficiency with respect to other Bondholders. All other notices or communications of whatever kind and for whatever purpose hereunder shall be in writing and shall be sent by first class mail.

Provided they are mailed in the manner set out in this section, all notices of whatever kind shall be deemed delivered on the date sent.

Section 9.02. Communication by Holders with Other Holders.

Bondholders may communicate with other Bondholders with respect to their rights under this Indenture or the Bonds. Upon written request the Secretary shall provide a Bondholder with the names and addresses of all other Bondholders for such purposes.

Section 9.03. No Recourse Against Others.

All liability, if any, described in the Bonds of any director, officer, employee or Member, as such, of the Chapter is waived and released.

Section 9.04. Duplicate Originals.

The parties may sign any number of copies of this Indenture. One signed copy is sufficient to prove this Indenture.

Section 9.05. Addresses.

The Chapter's address, to which all communications should be sent, is:

Pacific Northwest Chapter, National Railway Historical Society
Room 1, Union Station
800 N.W. 6th Avenue
Portland, Oregon 97209

The Trustee's Address, to which all communications should be sent, is:

Mr. Alan R. Viewig,
Attorney at Law,
Suite 910
812 SW Washington Street
Portland, Oregon 97205

Section 9.06. Governing Law.

The laws of the State of Oregon shall govern this Indenture and the Bonds, without regard to principals of conflicts of law.

Section 9.07. Arbitration.

Any controversy between or among any party, or successor in interest, including the Bondholders, to this Indenture, any other person, including but not limited to the Chapter's officer, directors, and attorneys, arising out of or related to the purchase of 1990-A Limited Obligation Bonds issued by the Chapter or the subject matter of the offering of which this Indenture is a part shall be settled by arbitration in accordance with the rules that in effect of the American Arbitration Association. Judgment upon any award rendered by the arbitrators may be entered in any court having jurisdiction over it.

Section 9.08. Subscription and Arbitration Agreement.

Each Purchaser shall execute a Subscription and Arbitration Agreement, which shall conform in all material and respects to that set out in Exhibit I attached hereto and a part hereof.

Section 9.09. Severability.

In case any provision in this Indenture or in the Bonds shall be invalid, illegal or unenforceable, the validity, legality and enforceability of their many provisions shall not in any way be effected or impaired thereby.

Section 9.10. Benefits of Indenture.

Nothing in this Indenture or in the Bonds, express or implied, shall give to any person, other than the parties hereto and their successors hereunder, and the Holders of Bonds, any benefit or any legal or equitable right, remedy or claim under this Indenture.

Section 9.11. Entire Agreement: Waivers.

This Indenture, together with the Private Placement Memorandum of even date herewith, constitute the entire agreement between and among the Chapter, the Trustee, and the Bondholders and may be changed only according to Section 7.01 and 7.02 hereof, and shall bind and benefit their respective successors and assigns. In the event of any conflict between this Indenture and any Private Placement Memorandum, the terms of this Indenture shall

control. The failure or delay of either the Chapter or the Bondholders, or any one of them to exercise any right hereunder shall not constitute a waiver thereof or bar such party from exercising any rights granted under this Indenture at any time.

SIGNATURES

Dated: July 12, 1990

PACIFIC NORTHWEST CHAPTER,
NATIONAL RAILWAY HISTORICAL SOCIETY

By: George P. H. Swan
President

By: Charles Storz Jr.
Secretary

Dated: 12 July 90

ALAN R. VIEWIG

Alan R Viewig
Trustee

EXHIBIT A

**PACIFIC NORTHWEST CHAPTER
NATIONAL RAILWAY HISTORICAL SOCIETY**

SERIES 1990-A LIMITED OBLIGATION BOND

SECURITY PROPERTY

Rolling Stock:

1. The Mount Hood (No. 600). A lounge/sleeper built for the Spokane, Portland and Seattle Railway Company by Pullman-Standard.
2. The Miln D. Gillespie (No. 3300): A combined chair/baggage car built by Pullman-Standard in 1936.
3. The Golden Gate (No. 4461): Originally built by Budd Car Works as a 60 seat chair-observation car. Later rebuilt as a 44-seat coach for the Atchison, Topeka & Santa Fe Railroad, as number 2959.
4. The Silver Meteor (No. 6200): A 56 seat coach built by Budd in 1939 for the Seaboard Air Line. Later, the car became the Seaboard Coast Line no. 5604 and Amtrak No. 5604 in 1971.
5. The Red River (No. 6800): This car was originally built as a diner/observation by the American Car and Foundry Company in 1950 for the Great Northern Railway. It was rebuilt as a coach in 1963, when it lost its name "Red River."
6. Car No. 1220 (no name):

Revenue:

The amount of the aggregated funds in the Rehabilitation Account, the Trust Account, and one-half of the amount in all Excursion Accounts, plus any moneys which, although not placed in such accounts, are required to be so placed by the terms of this Indenture, plus all leasing revenue accrued but not paid into the Trust Account.

Miscellaneous:

1. Any and all rights under any lease agreement covering the above-described rolling stock.
2. Any and all proceeds from insurance policies covering the Rolling Stock or its Operations.
3. Any and all proceeds from the sale, transfer, or assignment of the Rolling Stock.

Exhibit B

No. _____
Registered

\$100.00

**PACIFIC NORTHWEST CHAPTER
NATIONAL RAILWAY HISTORICAL SOCIETY
SERIES 1990-A LIMITED OBLIGATION BOND**

The Pacific Northwest Chapter of The National Railway Historical Society, a non-profit corporation organized under the laws of the State of Oregon, having its principal office at Room 1, Union Station, 800 NW 6th Avenue, City of Portland, County of Multnomah, State of Oregon, herein referred to as the Chapter, for value received, promises to cause to be paid to _____, or registered assigns, on _____, 19____, the sum of One Hundred Dollars (\$100.00) and simple interest on the principal amount from the date hereof at the rate of eight percent (8%) per year, in the manner provided in an Indenture Agreement dated _____, 19____ herein referred to as the Indenture. This bond is subject to the terms of that Indenture.

The principal and interest of this bond is payable only out of the Net Bond Earnings from the Operation of certain historic railway cars. In the event of default on this Bond, no recourse may be had to any person or property other than the Cars and the Net Bond Earnings from their Operation. No recourse may be had for the payment of the principal or interest of this bond or for any claim based hereon against the general revenues or assets of the Chapter, or against any officer, director, or member, past, present, or future, of the Chapter, either directly or through the Chapter, by virtue of any statute or constitutional provision or by enforcement of any assessment or otherwise. All such liability is expressly waived and released by acceptance of this bond.

Interest on this Bond will be paid only on redemption, or maturity, whichever comes first.

This bond is one of a duly authorized issue of Limited Obligation Bonds of the Chapter, limited to the sum of One Hundred Thousand Dollars (\$100,000.00).

In the event of liquidation of the Chapter, whether voluntary or involuntary, this bond shall mature and become due and payable immediately.

This bond is not transferable except in accordance with the terms of the Indenture, by the registered owner in person or by his duly authorized attorney.

Dated _____, 19____.

By: _____
Secretary

By: _____
President

[reverse]

The Indenture may be amended at any time. The rights and obligations of the Chapter, the Trustee, and the Bondholders may be changed with the consent of the Holders of specified percentages of the aggregate principal amount of the outstanding Bonds. The Holder's consent is required in certain cases, including, among others, modification of the terms of payment of principal of, or interest on, this Bond), all as more fully provided in the Indenture. Holders of specified percentages in aggregate principal amount of the outstanding Bonds on may waive, on behalf of all Bondholders, compliance by the Chapter with certain provisions of the Indenture, and certain past defaults under the Indenture and their consequences. Any such consent or waiver by the Trustee is, in general, binding on all Bondholders and their assigns.

The Bonds may be redeemed before their maturity. If less than all the Bonds outstanding are redeemed, the Bonds to be redeemed will be chosen by lot. Owners of such bonds will be notified of the pending redemption not more than 60 days and not less than 30 days before the date fixed for redemption, all as more fully provided in the Indenture.

Redeemed bonds cease to be entitled to the lien of the indenture and cease bearing interest from and after the date fixed for redemption. Additionally, if six years pass after maturity or notice is presented by the Chapter for redemption and payment of interest, and the Holder hereof does not present this Bond for payment, then all accrued interest will be forfeit to the Chapter.

If an Event of Default occurs, the principal of each Bond may become due and payable, in the manner and with the effect provided in the Indenture.

An Event of Default in general, includes: default for 45 days in payment of interest or principal on the Bonds, and failure by the Chapter for 60 days after demand from 25% of the Holders of outstanding principal amount of the Bonds to comply with any of its other agreements in the Indenture or the Bonds; and certain events of bankruptcy or insolvency.

The Bonds are transferable by the registered owner in person at the office of Chapter referred to on the face hereof, and at such places as the Chapter may designate for such purpose, upon surrender of the Bond, and upon any such transfer, a new Bond for the same aggregate principal amount will be issued to the transferee in exchange. A reasonable charge may be made for any such transfer or exchange. Registered Bondholders will be treated as owners of the Bonds for all purposes, including payment of interest and principal.

This Bond is not valid until executed by the manual signatures of the President and the Secretary of the Chapter.

THIS BOND HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED ("ACT") OR ANY APPLICABLE STATE LAW AND NO INTEREST THEREIN MAY BE SOLD, DISTRIBUTED, ASSIGNED, OFFERED, PLEDGED, HYPOTHECATED OR OTHERWISE TRANSFERRED UNLESS (a) THERE IS AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT AND APPLICABLE STATE SECURITIES LAWS COVERING ANY SUCH TRANSACTION INVOLVING THIS BOND OR (B) THE PACIFIC NORTHWEST CHAPTER OF THE NATIONAL RAILWAY HISTORICAL SOCIETY RECEIVES AN OPINION OF LEGAL COUNSEL FOR THE HOLDER SATISFACTORY TO THE CORPORATION IN ITS SOLE DISCRETION AND CONCURRED WITH BY LEGAL COUNSEL FOR THE PACIFIC NORTHWEST CHAPTER OF THE NATIONAL RAILWAY HISTORICAL SOCIETY STATING THAT SUCH TRANSACTION MAY BE EFFECTED IN COMPLIANCE WITH FEDERAL AND STATE SECURITIES LAWS.

For value received, _____, of _____, County of _____, State of _____, hereby assigns and transfers this certificate and all rights and interest represented herein to _____, of _____, City of _____, County of _____, State of _____, and hereby constitutes and appoints _____, attorney in fact to transfer this certificate on the books of the within-named corporation, with full power of substitution.

In witness whereof, _____ has executed this assignment at _____ on _____, 19____.

By: _____
Assignor (Signature must be identical to name of promisee on the face hereof.)

EXHIBIT C

**PACIFIC NORTHWEST CHAPTER
NATIONAL RAILWAY HISTORICAL SOCIETY**

SERIES 1990-A LIMITED OBLIGATION BOND

BONDHOLDER REGISTER

<u>BONDHOLDER</u>	<u>SS OR TAXPAYER ID NO.</u>	<u>BOND DATE</u>	<u>BOND NUMBERS</u>	<u>TOTAL PRINCIPAL</u>	<u>ACCRUED INTEREST</u>
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EXHIBIT D

PACIFIC NORTHWEST CHAPTER
NATIONAL RAILWAY HISTORICAL SOCIETY

SERIES 1990-A LIMITED OBLIGATION BONDS

ESCROW AGREEMENT

AGREEMENT dated this 12 day of July, 1990, by and between the Pacific Northwest Chapter of the National Railway Historical Society, an Oregon non-profit corporation ("the Chapter"), with its principal office located at Room One, Union Station, 800 NW 6th Avenue, Portland, Oregon 97209 and Alan A. Viewig, Attorney at Law, Suite 910, 812 SW Washington St., Portland, Oregon 97205 ("Escrow Agent").

RECITALS

WHEREAS, the Chapter has filed an application to register certain Limited Obligation Bonds (the "Offering") under OAR 441, Division 65, with the Director of the Department of Insurance and Finance; and

WHEREAS, by the terms of the Application and pursuant to Oregon law, the net proceeds from the sale of the Bonds shall be held in escrow until an amount of not less than \$28,000 in cash has been placed on deposit,

IN CONSIDERATION OF the premises set forth above and the mutual covenants and promises set forth hereafter, the parties AGREE AS FOLLOWS:

Section 1.0. Funds to Be Placed in Escrow.

All funds received from Bondholders on or after the dates hereof shall be paid to the Escrow Agent and deposited by Escrow Agent in an escrow account. During the term of this Escrow Agreement, the Chapter shall cause all checks received by it in payment for Bonds to be either payable to the Escrow Agent or endorsed forthwith to such Escrow Agent.

Section 2.0. Identity of Bondholders.

The Chapter shall furnish to the Escrow Agent, with each deposit of Funds in the escrow, an updated copy of the Bond Register showing the name, address, social security or taxpayer identification number, and the date and amount of investment. All funds so deposited shall remain the property of the Bondholders and shall not be subject to any liens or charges by the Escrow Agent, or judgments or creditors claims against the Chapter until released to the Chapter. However, no subscriber shall be entitled to receive a return of such Funds unless and until his subscription is rejected by the Chapter or the Offering is terminated with out acceptance of his subscription.

Section 3.0. Duty of the Escrow Agent.

Other than as hereinafter described, the sole duty of the Escrow Agent, shall be to receive the Bondholders' investments and hold them subject to closing in accordance with the terms of section 4.0 hereof.

Section 4.0. Release of Proceeds.

Upon the receipt by the Escrow Agent and acceptance by the Chapter of at least \$28,000 in Funds ("Minimum Funding"), the Escrow Agent shall pay over all Funds in escrow to the

Chapter for the Chapter's use in according to the terms of the Offering. Once Minimum Funding is reached and the Funds are released to the Chapter, no further Funds need be placed in escrow, and this agreement will be deemed terminated. If Minimum Funding is not reached before January 1, 1991, then Escrow Agent shall pay all deposited sums over to the Bondholders, and, upon doing so, this Agreement shall likewise terminate.

Section 5.0. Indemnification.

Escrow Agent and the Chapter each hereby agree to indemnify and hold harmless each other against all losses, liabilities, costs and expenses (including reasonable attorneys' fees) resulting from any material breach of this Agreement by such party, or any litigation over this Agreement, including appeals.

Section 6.0. Notices.

All notices, requests, demands and other communications hereunder required or permitted shall be in writing and shall be deemed to have been duly given if personally delivered or, if mailed, forty-eight (48) hours after being posted by U.S. certified or registered mail, prepaid, return receipt requested, to the parties at the addresses listed above (or at such other address as shall be given in writing by either party to the other).

Section 7.0. Investment of Funds by Escrow Agent. The Escrow Agent agrees during the term of this Agreement to invest all cash received in its highest earning savings or demand account, which account shall be placed with an institution insured by Federal Deposit Insurance. All interest accrued on funds held in escrow shall be disbursed to The Chapter in accordance with the terms of this Agreement.

Section 8.0. Severability.

The terms of this Agreement are severable, and if any one or more terms may be determined to be judicially unenforceable, in whole or in part, the remaining terms, and any partially unenforceable terms, to the extent enforceable, shall nevertheless be binding and enforceable upon the parties hereto.

Section 9.0. Entire Agreement; Amendments.

This Agreement constitutes the entire agreement of the parties hereto with respect to the subject matter hereof, and no amendment or modification of the Agreement shall be effective unless in a writing duly executed by the party to be charged.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the day and year first above written with the intent that they be legally and equitably bound by its terms.

The Pacific Northwest Chapter of the National
Railway Historical Society, Inc.

July 12, 1990 By: George R. Hoffman
George R. "Bob" Hoffman

ALAN R VIEWIG

12 July 1990 Alan R Viewig
Escrow Agent

EXHIBIT E

PACIFIC NORTHWEST CHAPTER
NATIONAL RAILWAY HISTORICAL SOCIETY

SERIES 1990-A LIMITED OBLIGATION BOND

NOTICE OF INTENT TO REDEEM

TO: [Registered Bondholder]

The Pacific Northwest Chapter of the National Railway Historical Society gives the above named Bondholder notice of its intent to redeem the Series 1990-A Limited Obligation Bond, Certificate Number(s) _____ in the amount of \$ _____ on _____, 19__ (the "Redemption Date." Upon such Redemption Date the principal and interest accrued to that date will be due and payable. Interest on the Bonds to be redeemed shall cease to accrue from and after due Redemption Date. The place where the Bonds must be surrendered for payment is _____, at _____ am/pm (circle one).

Dated this ____ day of _____, 19__.

PACIFIC NORTHWEST CHAPTER, NATIONAL RAILWAY HISTORICAL SOCIETY

By: _____

Its: _____

EXHIBIT F

PACIFIC NORTHWEST CHAPTER NATIONAL HISTORIC RAILWAY SOCIETY

SERIES 1990-A LIMITED OBLIGATION BONDS

REHABILITATION SCHEDULE

This schedule is for the work to be performed on the Chapter's rail cars, by priority, as follows:

PRIORITY	COMPLETION ¹	NUMBER	NAME	KEY PROJECTS
1	6/01/90 ²	600	Mt Hood	B,D,J,L
2	6/01/90	6800	Red River	A,F,I,J,L
3	6/01/90	3300	Gillespie	J,V
4	7/15/90	6200	Silver Meteor	A,B,C,E,G,H,I,L,N,O,V,W,Y
5	8/15/90	4461	Golden Gate	A,C,E,F,G,I,L,N,O,V,W,Y
6	9/15/90	1220	Empire Builder	A,C,E,H,J,L,N,P,Q,R,S,T,U,V,Y
7	1/01/91	185	Twin Grove	C,D,L,N,O,P,Q,R,S,U,V,W

Work Identification Key:

- A. Truck and draft gear maintenance or repairs
- B. Wheelset machining, pressing, bearing or liner work
- C. Airbrake system maintenance, repairs or modification
- D. Air conditioning system installation or modification.
- E. Air conditioning system maintenance.
- F. Electrical control system installation
- G. Power generation system installation
- H. Power generation system maintenance
- I. Battery installation or maintenance
- J. Waste holding tanks or toilet modification
- K. Fresh water system maintenance or repair
- L. Heat system installation or modification
- M. Heat system maintenance
- N. Window glazing or repair
- O. Exterior maintenance, cleaning
- P. Exterior body repairs
- Q. Roof or belt line maintenance or repairs
- R. Paint, interior or exterior
- S. Interior maintenance, cleaning

¹Completion date shown is for PC-1 inspection with cars able to run. Balance of work to be finished later as time permits.

² Substantial work has already been done on all cars projected to be finished on June 1, 1990. This work was done by volunteers. Expenses were paid by the Chapter which will not be reimbursed through the proceeds of this Bond Issue.

- T. Interior woodwork restoration
- U. Floor covering, carpet or linoleum, or repairs
- V. Seating installation, upholstery or repairs
- W. Steps, traps, diaphragms, buffers maintenance or repairs
- X. Fire extinguishers, first aid kits, emergency tools
- Y. Public address system, intercom system
- Z. General upkeep, cleaning, maintenance

EXHIBIT G

PACIFIC NORTHWEST CHAPTER
NATIONAL RAILWAY HISTORICAL SOCIETY

SERIES 1990-A LIMITED OBLIGATION BONDS

SECURITY PROPERTY INSURANCE COVERAGE SCHEDULE

1.0 Excursions: The Chapter must maintain such insurance coverage over the cars as a reasonable person would maintain to protect the security of his or her own property from casualty, and to protect any other assets from loss due to liability to passengers or any other third party incurred as a result of any Operation of the Cars. At a minimum, this must include the following:

a. Liability: The Chapter must maintain liability insurance for all excursion in amount not less than \$5,000,000.00.

b. Physical Damage to Cars: The Chapter shall provide insurance for physical damage to the Cars in an amount at least equal to their appraised value plus the funds expended on rehabilitation.

2.0. Leases: The chapter may not lease any Car unless the lessee agrees to provide adequate insurance policies through an insurer satisfactory to the Chapter, which shall name the Chapter as beneficiary. The lessee must also agree to provide certificates of insurance to the Chapter evidencing such policies, and must agree to immediately cease the use of any leased Car if any one or more of such policies should be terminated or cancelled for any reason. "Adequate insurance" means such insurance as the Board of Directors shall deem to be adequate to protect the Bondholders and the Chapter from loss as a result of the less, and at a minimum shall include the following:

a. Liability. The lessee must provide liability insurance in an amount not less than not less than \$1,000,000.00, which must protect the Chapter from any and all claims or lawsuits resulting from the lease or any conduct or activities of the lessee.

b. Physical Damage. The lessee must provide physical damage insurance in an amount equal to the total appraised value of the leased Car or Cars. The appraised value shall be fixed by the Board of Directors as of the time of the lease.

EXHIBIT H

PACIFIC NORTHWEST CHAPTER
NATIONAL RAILWAY HISTORICAL SOCIETY

SERIES 1990-A LIMITED OBLIGATION BOND

NOTICE OF INTENT TO DECLARE
DISCHARGE OF INDENTURE

TO: [Registered Bondholder]

Having discharged fully its obligations under that certain Indenture Agreement of _____, 1990, governing the issue of the Series 1990-A Obligation Bonds of which you are a registered holder, the Chapter hereby gives you notice that its Board of Directors will declare the Indenture discharged as of _____, 19___. Such discharge will irrevocably terminate, and render null and void any and all obligations the Chapter may have to you as a Bondholder. Your Bonds must be surrendered on that date to the following place _____ at ____ am/pm (circle one) for payment of principal and accrued interest. Beyond that date, interest thereon shall cease to accrue.

Dated this ____ day of _____, 19__.

PACIFIC NORTHWEST CHAPTER, NATIONAL RAILWAY HISTORICAL SOCIETY

By: _____

Its: _____

EXHIBIT I

NATIONAL RAILWAY HISTORICAL SOCIETY
PACIFIC NORTHWEST CHAPTER

SERIES 1990-A LIMITED OBLIGATION BONDS

SUBSCRIPTION AND ARBITRATION AGREEMENT

The undersigned ("Purchaser") hereby subscribes for _____
() Series 1990-A Limited Obligation Bonds issued by the Pacific Northwest Chapter of the National Railway Historical Society, an Oregon corporation (the "Chapter"), and agrees to cause to be paid the sum of One Hundred and no/100ths dollars (\$100.00) per Bond, which represents a total subscription price of _____ and No/100ths Dollars (\$) in cash.

As a condition for his purchase of the Bonds, the purchaser acknowledges, represents and warrants as follows, such acknowledgments, representations and warranties to be true now and upon Acceptance of by the Chapter:

1.0 Liquidity of Investment

The Bonds of the Chapter being acquired or that may be acquired by the Purchaser pursuant to this Subscription and Arbitration Agreement are not being registered under the Securities Act of 1933 (the "Act") and applicable state securities laws, in reliance upon exemptions from registration and cannot be sold, transferred or otherwise disposed of by the Purchaser unless they are subsequently registered under the Act and applicable state securities laws or an exemption from such registration is available at the time of the desired sale. Therefore, the Purchaser must bear the economic risk of an investment in such Bonds for an indefinite period. The Purchaser has no right to require registration of such Bonds under federal or state securities laws. It is unlikely that any trading market in such Bonds will develop. The Chapter may elect not to publish information necessary to permit the transfer of the Bonds in accordance with the Act. The Purchaser will under no circumstances attempt to assign or otherwise transfer all or any portion of such Bonds except in accordance with federal and state securities laws.

2.0 Residency

Purchaser's principal residence is located in the State of Washington or the State of Oregon. **Purchaser specifically understands that the offering of Bonds is made only to residents of the States of Washington and Oregon, and that if Purchaser is not a resident of the States of Washington or the State of Oregon, all sales of all Bonds to Purchaser will have to be rescinded.** The Chapter may not have sufficient available funds to effect such rescission, and may therefore be subject to substantial liability and damages, including failure of its entire enterprise. Purchaser agrees to indemnify issuer for any and all losses caused as a proximate result of any inaccurate statements made in connection with purchaser's representation as to residency.

3.0 Sole Party in Interest

The Purchaser is the sole party in interest as to the purchase of the Bonds and is acquiring such Bonds solely for investment for Purchaser's own account and has no intention, agreement, understanding or arrangement to subdivide, sell, resell, assign, transfer or otherwise dispose of or distribute all or any part of such Bonds to any other persons.

4.0 Suitability

The Purchaser has determined on the basis of Purchase's familiarity with Purchaser's financial condition that the purchase of such Bonds is consistent with Purchaser's investment objectives and income prospects.

Purchaser has sufficient knowledge and experience in financial and business matters to evaluate the merits and risks of this investment.

5.0 Ability to Bear Risk of Loss

Purchaser is able to bear the economic risk of investment in the Bonds, including a total loss of Purchaser's investment.

6.0 Awareness of No Regulatory Endorsement

The Purchaser is aware that the Bonds have not been approved, recommended or endorsed by the Securities and Exchange Commission ("SEC") or any state securities commission, nor has the SEC or any state securities commission reviewed any information with respect to the offer and sale of such Bonds.

7.0 Restrictive Legend

Each Bond shall be endorsed with a legend in substantially the following form:

The securities evidenced by this certificate have not been registered under the Securities Act of 1933, as amended ("Act") or any applicable state law and no interest therein may be sold, distributed, assigned, offered, pledged, hypothecated or otherwise transferred unless (A) there is an effective registration statement under the Act and applicable state securities laws covering any such transaction involving said securities or (B) the Chapter receives an opinion of legal counsel for the holder of these securities satisfactory to the Chapter in its sole discretion and concurred with by legal counsel for this Chapter stating that such transaction is exempt from registration,

The Secretary need not effect a transfer of any Bonds unless the conditions specified in the foregoing legend which shall be affixed to the Bonds are satisfied. The Secretary shall also make a notation on its transfer books of the foregoing restrictions on transferability and will instruct its transfer agent, if one is appointed, not to register the transfer of any of such Bonds unless the conditions specified in the foregoing legend are satisfied.

8.0 Contractual Capacity

Purchaser is over eighteen (18) years of age and is not under any legal or other incapacity.

9.0 Legally Binding Effect

This Subscription and Arbitration Agreement will be legally binding upon Purchaser and all subsequent transferees or holders of the Bond(s) and will not constitute a default under any agreement, contract or document to which Purchaser is a party.

10.0 Reliance on Private Placement Memorandum

Purchaser has not been furnished any offering literature other than the Private Placement Memorandum dated _____, 19____ and any sales material referred to in such Memorandum and has relied only on the information contained in such Memorandum and his or her own evaluation of this.

11.0 Acceptance

Purchaser hereby confirms Purchaser's understanding that the Board of Directors has full and absolute discretion to accept or reject this Subscription and Arbitration Agreement. Upon acceptance of this Agreement, Purchaser will receive a confirmation of such acceptance from the Board of Directors. If Minimum Funding has been reached, as defined in the Private Placement Memorandum, delivery of the Bonds to Purchaser will constitute such acceptance; if Minimum Funding has not been obtained when the Agreement is accepted, the Bonds will be dated and sent when Minimum Funding is reached.

12.0 Arbitration

Purchaser is aware that by agreeing to binding arbitration of any dispute:

- 12.1 Purchaser is waiving Purchaser's right to seek remedies in state and federal court;
- 12.2 That any arbitration decision is final and binding upon both purchaser and upon the Company;
- 12.3 That Purchaser's right to learn information concerning any dispute is generally more limited in arbitration than in court proceedings;
- 12.4 That an award or decision of an arbitrator is not required to ~~contain~~ certain factual findings and legal reasoning.
- 12.5 **With the above facts in mind, Purchaser agrees that any controversy with any person, including but not limited to the Chapter's directors, officers and attorneys, arising out of or related to the purchase of Series 1990-A Limited Obligation Bonds issued by the Chapter or the subject matter of the offering of which this Agreement is a part shall be settled by arbitration in accordance with the rules then in effect of the American Arbitration Association. Judgment upon any award rendered by the arbitrators may be entered in any court having jurisdiction over it.**

13.0 Taxpayer Identification

Under penalty of perjury, Purchaser certifies that -

- 13.1 The number on this form is Purchaser's correct taxpayer ID number.
- 13.2 Purchaser is not subject to backup withholding because (a) Purchaser has not been notified by the Internal Revenue Service that Purchaser is subject to backup withholding as a result of a failure to report all interest or dividends, or (b) the IRS has notified Purchaser that Purchaser is no longer subject to backup withholding. **(Cross out item b, if Purchaser has been notified by the IRS that Purchaser is subject to backup withholding because of under-reported interest or dividends on Purchaser's tax return.)**

14.0 Incorporation by Reference; Entire Agreement

This Subscription and Arbitration Agreement is subject to and incorporates by reference the Private Placement Memorandum of _____, 1990, a copy of which has been furnished to Purchaser and which Purchaser has read and understands. This Agreement constitutes the entire agreement among the parties hereto with respect to the subject matter hereof, and may be amended only by writing executed by the party to be bound thereby.

15.0 PURCHASER HAS READ AND UNDERSTANDS THIS SUBSCRIPTION AND ARBITRATION AGREEMENT, AND HAS RECEIVED A TRUE COPY THEREOF.

IN WITNESS WHEREOF, the undersigned has executed this Subscription and Arbitration Agreement on _____, 19____.

Check One:

- A single person _____
- Joint Tenants with _____
Right of Survivorship Purchaser
- Tenants in Common _____
- A married (man) (woman) _____
as (his) (her) separate property Address of Primary Residence
- Property of a marital _____
community (Washington only) Social Security Number
- Other _____
(please specify)

Accepted this _____ day of _____, 19____. _____
Joint Purchaser

PACIFIC NORTHWEST CHAPTER
NATIONAL RAILWAY HISTORICAL SOCIETY _____
Address of Primary Residence

By: _____
Secretary Social Security Number

Bonds issued pursuant to this Agreement:
Nos. _____