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RECORDATION NO. 11483-I +J FILED 1425
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RECEIVED
SURFACE TRANSPORTATION BOARD
FEB 28 2 09 PM '97

February 28, 1997

Honorable Vernon A. Williams
Secretary
Surface Transportation Board
Washington, D.C. 20423

Dear Secretary Williams:

I have enclosed two originals and two certified copies of the two documents described below, to be recorded pursuant to 49 U.S.C. § 11301.

The first document is a Note and Security Agreement, a secondary document, dated December 27, 1996. The primary document to which this is connected is recorded under Recordation No. 11483. We request that this document be recorded under Recordation No. 11483-I.

The names and addresses of the parties to the Note and Security Agreement are:

Lender:

Hitachi Credit America Corp.
P.O. Box 70408
Chicago, IL 60673-0408

Debtors:

First Security Bank, N. A., as successor-in-interest to First Security State Bank
79 South Main Street
Salt Lake City, UT 84111

Counterpart

AFG Investment Trust C
AFG Investment Trust D
c/o AFG ASIT Corporation
98 North Washington Street
Boston, MA 02114

A description of the equipment covered by the document consists of 322 89'4" 70-ton flatcars numbered 854121-854139, inclusive, 854141-854158, inclusive, 922205-922210, inclusive, 922212-922213, inclusive, 982560-982571, inclusive, 982573-982576, inclusive, 982753-982765, inclusive, 982767-982804, inclusive, 982806-982822, inclusive, 992344-992364, inclusive, 992367-992375, inclusive, 992377-992424, inclusive, 992426-992434, inclusive, 992437-992449, inclusive, 992500-992522, inclusive, 992524-992538, inclusive, 992540-992582, inclusive, 992584-992591, inclusive, 992593, 992595, and 992597-992598, inclusive. The following 17 cars have been destroyed: 854140, 922211, 982572, 982766, 982805, 992365, 992366, 992376, 992425, 992435, 992436, 992523, 992539, 992583, 992592, 992594, and 992596.

The second document is a Memorandum of Lease Agreement, a secondary document, dated as of February 26, 1997. The primary document to which this is connected is recorded under Recordation No. 11483. We request that this document be recorded under Recordation No. 11483-J.

The names and addresses of the parties to the Memorandum of Lease Agreement are:

Lessors:

AFG Investment Trust C
AFG Investment Trust D
c/o AFG ASIT Corporation
98 North Washington Street
Boston, MA 02114

Lessee:

TTX Company
101 North Wacker Drive
Chicago, IL 60606

A description of the equipment covered by the document consists of 322 89'4" 70-ton flatcars numbered 854121-854139, inclusive, 854141-854158, inclusive, 922205-922210, inclusive, 922212-922213, inclusive, 982560-982571, inclusive, 982573-982576, inclusive, 982753-982765, inclusive, 982767-982804, inclusive, 982806-982822, inclusive, 992344-992364, inclusive, 992367-992375, inclusive, 992377-992424, inclusive, 992426-992434, inclusive, 992437-992449, inclusive, 992500-992522, inclusive, 992524-992538, inclusive, 992540-992582, inclusive, 992584-992591, inclusive, 992593, 992595, and 992597-992598, inclusive. The following 17 cars have been destroyed: 854140, 922211, 982572, 982766, 982805, 992365, 992366, 992376, 992425, 992435, 992436, 992523, 992539, 992583, 992592, 992594, and 992596.

A fee of $48.00 is enclosed. Please return one original of each document to:

Louis E. Gitomer
Ball Janik, LLP
Suite 225
1455 F Street, N.W.
Washington, DC 20005

A short summary of the documents to appear in the index follows: (1) a Note and Security Agreement between Hitachi Credit America Corp., P.O. Box 70408, Chicago, IL 60673-0408, and First Security Bank, N. A., as successor-in-interest to First Security State Bank, 79 South Main Street, Salt Lake City, UT 84111 and AFG Investment Trust C and AFG Investment Trust D, c/o AFG ASIT Corporation, 98 North Washington Street, Boston, MA 02114; and (2) a Memorandum of Lease Agreement between AFG Investment Trust C and AFG Investment Trust D, c/o AFG ASIT Corporation, 98 North Washington Street, Boston, MA 02114, and TTX Company, 101 North Wacker Drive, Chicago, IL 60606, both covering 322 89'4" 70-ton flatcars numbered 854121-854139, inclusive, 854141-854158, inclusive, 922205-922210, inclusive, 922212-922213, inclusive, 982560-982571, inclusive, 982573-982576, inclusive, 982753-982765, inclusive, 982767-982804, inclusive, 982806-982822, inclusive, 992344-992364,

inclusive, 992367-992375, inclusive, 992377-992424, inclusive, 992426-992434, inclusive, 992437-992449, inclusive, 992500-992522, inclusive, 992524-992538, inclusive, 992540-992582, inclusive, 992584-992591, inclusive, 992593, 992595, and 992597-992598, inclusive. The following 17 cars have been destroyed: 854140, 922211, 982572, 982766, 982805, 992365, 992366, 992376, 992425, 992435, 992436, 992523, 992539, 992583, 992592, 992594, and 992596.

Very Truly Yours,

Louis E. Gitomer

Enclosures

SURFACE TRANSPORTATION BOARD
WASHINGTON, D.C. 20423-0001

2/28/97

BALL JANIK
1455 F Street, N.W., Suite 225
Washington, DC 20005

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 2-28-97 at 2:10pm and assigned recordation number(s). 11483-I + J

Sincerely yours,

Vernon A. Williams

Vernon A. Williams
Secretary

Enclosure(s)

$ 48.00 The amount indicated at the left has been received in payment of a fee in connection with a document filed on the date shown. This receipt is issued for the amount paid and in no way indicates acknowledgment that the fee paid is correct. This is accepted subject to review of the document which has been assigned the transaction number corresponding to the one typed on this receipt. In the event of an error or any questions concerning this fee, you will receive a notification after the Commission has had an opportunity to examine your document.

Signature

11483-I

NOTE AND SECURITY AGREEMENT

$ 5,823,743.70 Date: December 27, 1996

FOR VALUE RECEIVED, the undersigned debtor, First Security Bank, N.A., as successor-in-interest to First Security State Bank, not in its individual capacity, but solely as Trustee (the "Trustee") for Trust Agreement C dated as of February 1, 1980 (the "Trust") together with AFG Investment Trust C and AFG Investment Trust D (severally in accordance with their respective interests in the Trust)(the "Beneficiaries")(the Trustee and the Beneficiaries are hereinafter called the "Debtor"), hereby promises to pay to the order of Hitachi Credit America Corp. (hereinafter called the "Lender") the principal amount of **FIVE MILLION, EIGHT HUNDRED TWENTY THREE THOUSAND, SEVEN HUNDRED FORTY THREE DOLLARS AND 70/100 ($5,823,743.70)**, together with interest thereon at the rate of 7.58% per annum, in seven (8) equal installments of $377,813.66 each commencing on January 15, 1997 and continuing semi-annually in arrears thereafter through and including a final payment of $4,130,888.44 on July 15, 2000 ("Final Loan Payment Date").

Section 1. Grant of Security Interest.

As security for the payment and performance of the obligations of the Debtor under this Note and Security Agreement ("Note and Security Agreement"), Debtor hereby gives, grants and assigns to the Lender a security interest in and lien on all of the Debtor's rights in the following described property now owned by the Debtor or to be purchased by the Debtor with the proceeds of this Note and Security Agreement (hereinafter called the "Collateral").

1. Lease Extension and Equipment Option Agreement dated as of December 15, 1995 between the Beneficiaries and TTX Company as Lessee (the "Lessee") to the Lease of Railroad Equipment No. 24E dated as of February 1, 1980 between First Security Bank, N.A., as successor-in-interest to First Security State Bank, not in its individual capacity, but solely as Trustee for the Owners, and the Lessee (collectively, hereinafter called the "Lease").

2. All Basic Term Rent, Casualty Values, Stipulated Loss Values, Termination Values, Fair Market Values and other monies due or to become due to the Debtor under the Lease.

3. All the Debtor's rights, but none of its obligations, as lessor under the lease.

4. All the Debtor's right, title and interest in and to the Equipment.

5. All the Debtor's right, title and interest in and to all additions, replacements, accessions, substitutions and improvements to the Equipment other than those additions, replacements, accessions, substitutions or improvements that are leased by the Debtor to the Lessee pursuant to a lease agreement other than the Lease.

6. All proceeds of the foregoing.

Section 2. Representations and Warranties of the Debtor.

The Debtor hereby represents and warrants as follows.

1. This Note and Security Agreement, the Lease and the Assignment have each been duly authorized, executed and delivered by the Trustee or the Owners as the case may be and each constitutes a legal, valid and binding agreement and obligation of the Debtor, enforceable according to its terms, except as such enforcement may be limited by bankruptcy,

reorganization, moratorium, insolvency or similar laws affecting creditors' rights generally or by equitable remedies in the discretion of the courts, and the Lease, the Assignment and Lessee's letter acknowledging the assignment made hereby constitute the entire agreement between the Debtor and the Lessee pertaining to the leasing of the Equipment by the Debtor to the Lessee.

2. The execution and delivery of this Note and Security Agreement, the Lease, and the Assignment and consummation of the transactions contemplated herein or in the Lease and the fulfillment of and compliance with the terms and provisions hereof or of the Lease (i) do not result in a breach of any of the terms, conditions or provisions of the Trust Agreement or any bond, debenture, note, mortgage, indenture, credit agreement or other instrument to which Debtor is a party or by which it or its property may be bound, and will not constitute (with the giving of notice or the passage of time or both) a default thereunder, or result in the creation or imposition of any lien, charge, security interest or other encumbrance of any nature whatsoever upon the Collateral pursuant to the terms of any such agreement or instrument or (ii) will not, in any material respect, contravene any statutory law, rule, regulation or order of the United States or any state thereof or any governmental authority which is in existence on the date hereof and which is applicable to the Debtor in connection with the Debtor's business generally, and not by reason of the overall transaction with the Lessee.

3. Neither the execution and delivery by the Debtor of this Note and Security Agreement, the Lease or the Assignment, nor the performance thereof by Debtor requires the authorization, consent or approval of, or the giving of notice to, or the registration with, any governmental authority having jurisdiction over the Debtor; provided, however, that the foregoing representation and warranty shall be deemed to be made only with respect to any such authorization, consent, approval, notice or registration which may be required in connection with the Debtor's business generally, and not by terms of the overall transaction with the Lessee.

4. The Trustee is a Utah corporation and the Owners are Delaware Business Trusts duly organized and validly existing under the laws of the State of Utah and has the power and authority to execute, deliver and to perform its obligations, if any, under this Note and Security Agreement, the Lease and the Assignment and is duly qualified to do business in each jurisdiction where its failure to so qualify would materially adversely affect the enforceability against the Debtor of this Note and Security Agreement, the Lease, or the Assignment or its ability to perform its obligations hereunder or thereunder.

5. The Trustee has good title to and ownership of the Equipment free and clear of all security interest, liens and encumbrances, except for the respective interests of the Lender hereunder and the Lessee under the Lease (including such as are required to be discharged by the Lessee pursuant to the Lease) and no other assignment or security interest has been granted generally or specifically with respect to the Collateral.

6. There are no pending or, to the actual knowledge of Debtor, threatened actions or proceedings against or affecting the Debtor before any court or administrative agency which, if determined adversely to Debtor, would have a material adverse effect on the ability of Debtor to perform its obligations hereunder or under the Lease or the Assignment.

7. The rents payable under the Lease are not subject to any defenses, set-offs or counterclaims, nor, to Debtor's actual knowledge, has Lessee asserted any such defense, set-off or counterclaim, and there is no rent now due and unpaid pursuant to the terms of the Lease nor have there been any payments made in advance on account of the rentals to become due under the Lease. The Basic Term Rent payable under the Lease is sufficient to pay principal and interest due under this Note and Security Agreement in accordance with the terms hereof.

8. No Event of Default or event which with the passing of time or the giving of notice, or both, would constitute an Event of Default hereunder or under the Lease has occurred and is continuing.

9. The Debtor has made its investment in the Equipment and has acquired its interest in the Lease with its general assets and not directly or indirectly with the assets of or in connection with any arrangement or understanding by it in any way involving any employee benefit plan (or its related trust) all within the meaning of the Employee Retirement Income Security Act of 1974.

10. The Debtor has not offered this Note and Security Agreement for sale directly or indirectly, or solicited any offer to buy the same or otherwise negotiated with respect thereto, with any person or persons so as to bring the sale of this Note and Security Agreement under the provisions of Section 5 of the Securities Act of 1933, as amended.

11. There is no outstanding order, writ, injunction or decree of any court, government or governmental agency against or affecting the Debtor with respect to the Equipment, the Lease or this Note and Security Agreement.

12. The Debtor shall file or cause to be filed in each office where filing is necessary to perfect Lender's security interest in the Collateral under the respective statute of each state where the collateral is based or under the respective UCC statutes, all Surface Transportation Board ("STB") filings, agreements, instruments or applications which are necessary or desirable for such purpose.

13. The Debtor will act as agent with the Lessee during the term of the Lease and with respect to the put option. If Debtor does not exercise its right to the put option as per Section 2.02 of the Lease, the Lender shall have the exclusive right to exercise such option.

Section 3. <u>Covenants of the Debtor</u>.

The Debtor hereby covenants and agrees for the benefit of the Lender as follows.

1. All payments to be made by the Lessee under the Lease and by the Debtor hereunder shall be made on the payment date by check to Hitachi Credit America Corp.:

   Hitachi Credit America Corp.
   P.O. Box 70408
   Chicago, IL 60673-0408

   or wire instructions:

   Dai-Ichi Kangyo Bank, Ltd
   New York Division
   ABA #026004307

or to such other address as the Lender designates in writing.

2. All right, title and interest of the Debtor in and to the Collateral and any payments with respect thereto shall be expressly subject and subordinate to all of the right, title and interest of the Lender therein.

3. The Debtor shall not modify, rescind, cancel or accept surrender of the Lease or waive or enforce any of the provisions thereof or give any consent with respect thereto or extend the time of payment for payments due thereunder and shall not sell, assign, or transfer its interest in the Lease or the Equipment or take any other action with respect thereto without the prior written consent of the Lender and will include in any documentation submitted to the Lender soliciting its consent to such sale or transfer a prohibition against any future transfer to any natural person or persons or entity which is not a permitted assignee under the Lease; provided, however, that the consent of the Lender is not required to the sublease of the Equipment by the Lessee as long as such sublease is expressly made subject and subordinate to the rights of the Debtor and the Lender under the Lease, is protected by a precautionary filing of a financing statement under the Uniform Commercial Code of which Lender is assignee, does not relieve the Lessee of any of its obligations under the Lease and protection by filing with the STB and does not create any obligations on the part of the Debtor or the Lender in favor of the sublessee of Lessee.

4. The Debtor shall keep the Collateral free and clear of all mortgages, pledges, liens, charges, security interests and other encumbrances whatsoever, except those created by this Note and Security Agreement, the rights of Lessee under the Lease and those caused by any act or omission on the part of the Lessee or required to be discharged by the Lessee under the terms of the Lease. The Debtor shall pay all charges, including without limitation, all taxes and assessments levied or assessed against the Debtor, which if unpaid would constitute a lien on the Collateral or any portion thereof, provided, however, that the Debtor shall pay charges required to be paid or discharged by the Lessee under the terms of the Lease only to the extent that the Debtor shall have received funds from the Lessee allocable to such charges. The Debtor shall not be required to pay or discharge any such charges, taxes or assessments so long as it shall in good faith and by appropriate legal proceedings being diligently prosecuted, contest the validity thereof in any reasonable manner which will not endanger the Lessee's right of quiet enjoyment and use of the Equipment under the Lease or the Lender's security interest in the Collateral pursuant to this Note and Security Agreement.

5. Only the original Lease that has been delivered to the Lender constitutes chattel paper for purposes of perfecting an interest therein. The Debtor will not relinquish possession and control of any duplicate originals held by it to any person without the prior written consent of the Lender. Debtor represents that there exists only one original of the Lease and covenants not to execute any additional duplicate original of the Equipment Schedule.

6. The Debtor shall execute and deliver any and all papers or documents which the Lender may reasonably request from time to time in order to carry out the purposes hereof and of the Lease, or to facilitate the

collection of monies due or to become due from the Lessee under the Lease.

7. The Debtor shall duly fulfill or cause to be fulfilled all of the obligations to be performed by the Debtor under the Lease.

8. The Debtor shall not permit the Equipment to be moved to any jurisdictions outside the contiguous United States, other than those permitted in Section 12 of the Lease, without notifying Lender prior to such act.

9. The Debtor shall promptly notify the Lender upon obtaining knowledge of any Event of Default or event, which with the giving of notice or passage of time or both would constitute an Event of Default, hereunder or under the Lease.

10. The Debtor shall allow the Lender and its representatives free access and right of inspection, as provided for in the Lease, of the Equipment at its location, and in the event of loss or damage to the Equipment shall send prompt written notice thereof to the Lender.

11. The Debtor shall provide the Lessee any and all consents, assistance and cooperation necessary for the Lessee to maintain property insurance and public liability insurance, showing the Lender as additional insured and loss payee, in amounts and with insurance companies satisfactory to the Lender, all to the extent required by and in accordance with the terms of the Lease.

12. The Debtor shall provide the Lessee any and all consents, assistance and co-operation necessary for the Lessee to keep the Equipment in good repair and operating condition without any costs or liability to the Lender, all to the extent required by and in accordance with the terms of the Lease.

13. The Debtor will maintain its records concerning the Lease at Equis Financial Group, 98 North Washington Street, Boston, Massachusetts 02114, and will not remove such records, except to a jurisdiction where the Uniform Commercial Code shall be in effect, and upon 30 days' prior written notice to the Lender.

Section 4. <u>Covenants of the Lender</u>.

The Lender hereby covenants and agrees for the benefit of the Debtor as follows.

1. So long as Lessee is not in default of any of its obligations under the Lease, the interest of the Lender in the Lease and the Equipment shall be subject and subordinate to Lessee's leasehold estate in the Equipment and the Lender will not disturb Lessee's quiet use and possession of the Equipment.

2. The Lender shall, upon receipt of payments of Basic Term Rent from Lessee, immediately apply such payments toward the satisfaction of principal and interest then due hereunder.

3. So long as Lessee is not then in default under the Lease, the Lender shall pay over to Debtor within twenty (20) days of receipt, and the Debtor may receive and retain notwithstanding any subsequent default hereunder, all sums received from the Lessee in payment of Basic Rent due under the Lease to the extent such sums exceed the installment of principal and interest then due hereunder. So long as Lessee is not then in default under the Lease, the Lender shall pay over to Debtor

within twenty (20) days of receipt from Lessee, and the Debtor may receive and retain notwithstanding any subsequent default hereunder, any payments made by the Lessee pursuant to its indemnification obligations under the Lease as compensation to the Debtor for costs, charges or losses incurred by Debtor. Such sums shall be forwarded to Debtor c/o Equis Financial Group at 98 North Washington Street, Boston, Massachusetts 02114, ATTN: Lease Operations, or deposited to such account as Debtor may direct.

4. The Debtor shall have the right to pay and perform for the account of the Lessee any obligation of the Lessee under the Lease (other than the payment of Basic Term Rent or sums due upon the occurrence of a Casualty), in which case the Lender agrees that for purposes of the default provision of this Note and Security Agreement an Event of Default shall be deemed not to have occurred on account of Lessee's nonperformance of the obligation, unless and until the Debtor shall have declared an Event of Default on account thereof. In the event the Debtor makes payments to the Lender on the account of Lessee, the Debtor shall be subordinated to the rights of the Lender with respect to such sums.

Section 5. <u>Rights of the Lender</u>.

The Debtor hereby irrevocably constitutes and appoints the Lender, and any officer thereof responsible for enforcing the terms of this Note and Security Agreement, Debtor's agent and attorney-in-fact to take any and all appropriate action and to execute any and all documents and instruments which may be necessary or desirable to accomplish the purpose of this Note and Security Agreement. This power of attorney is a power coupled with an interest, shall be irrevocable and shall terminate only upon payment in full of the obligations set forth herein and the termination of this Note and Security Agreement. The powers conferred on the Lender hereunder are solely to protect the Lender's interests in the Collateral and shall not impose any duty upon it to exercise any such powers. Without limiting the generality of the foregoing, the Debtor hereby gives the Lender the power and right, on behalf of the Debtor and without notice to or assent by the Debtor, to do the following:

1. Receive directly from the Lessee all payments of Basic Term Rent, Additional Rent, Casualty Value, Stipulated Loss Value, Fair Market Value, Termination Values and other sums due and to become due under the Lease (other than the sums not payable to the Lessor under the Lease) and to exercise all rights, privileges and remedies of Lessor under the Lease, including without limitation, the right to grant waivers or consents of any character.

2. Endorse any loss payment or returned premium check and to make, settle and release any claim under any insurance policy with respect to the Equipment.

3. File any claim or take any other action or proceeding in any court of law or equity for the purpose of collecting any and all monies due under the Lease.

4. File financing statements signed only by the Lender with respect to this Note and Security Agreement in accordance with the Uniform Commercial Code or signed by the Lender as attorney-in-fact for the Debtor.

The Debtor hereby ratifies all that the Lender may do pursuant to such power.

The Lender shall be accountable only for the amounts that it actually receives as a result of the exercise of such powers, and neither it nor any of

its officers, directors, employees or agents shall be responsible to the Debtor for any action taken or omitted to be taken in good faith or in reliance on the advice of counsel except for its own gross negligence or willful misconduct.

Section 6. Casualty.

Upon the occurrence of a casualty as described in Section 7 of the Master Lease, all or a portion of the unpaid principal under this Note and Security Agreement shall become due and payable, together with accrued interest thereon, on the date on which the Stipulated Loss Value due under the Lease is paid in full. The amount of principal to be prepaid shall be calculated by multiplying the outstanding principal balance by a fraction (the "Prepayment Factor") determined by dividing the original cost for the item or items of Equipment suffering the casualty by the original cost for all items of Equipment subject to the Lease immediately prior to the casualty. Each remaining installment of principal and interest due hereunder shall be reduced by an amount equal to the amount obtained by multiplying the debt service payment due before the prepayment by the Prepayment Factor. Otherwise, there shall be no prepayment of this Note and Security Agreement without the prior written consent of the Lender.

Section 7. Late Payment Rate.

Any payment past due hereunder shall be payable on demand with interest computed until paid at the rate of 12 7/8% per annum on the amount of such payment, or if such rate shall exceed the maximum rate of interest allowed by law, then at such maximum rate (the "Late Payment Rate").

Section 8. Right of Lender to Perform for Debtor.

If the Debtor defaults in its obligations hereunder, the Lender may, at its option, and without any obligation to do so, effect insurance and pay all taxes, assessments and charges levied on the Equipment or for the storage, maintenance or repair thereof. Any insurance premiums, taxes, assessments and charges so paid shall be secured by this Note and Security Agreement and shall be added to the principal due hereunder and shall be repayable from the Collateral.

Section 9. Limitations of Liability.

Principal and interest due hereunder is repayable from the Collateral only, and the Lender shall have no further recourse against the Debtor personally; provided, however, that the Lender shall have recourse against the Debtor personally for any claims arising out of or in connection with the breach by the Debtor of any of its representations, warranties, covenants and undertakings (other than the payment of principal and interest due under this Note and Security Agreement) set forth herein.

Section 10. Events of Default.

Any of the following events shall constitute an Event of Default hereunder.

1. The Debtor shall fail to make any payment due hereunder within (10) days after the Debtor's receipt of written notice of the nonpayment thereof.

2. An Event of Default under and as defined in the Lease shall have occurred and be continuing unremedied to the satisfaction of the Lender.

3. There shall be imposed upon the Collateral or any part thereof any claim, lien, security interest, encumbrance or charge which is prior to or on parity with the security interest granted hereunder, other than the Lease and liens expressly permitted by the Lease.

4. The Debtor shall fail to perform or observe any other covenant, condition or agreement to be performed or observed by the Debtor hereunder or in any agreement or certificate furnished to the Lender in connection herewith and such failure shall continue unremedied for a period of (30) days after written notice thereof to the Debtor.

5. Any representation or warranty made by the Debtor herein or in any document or certificate furnished to the Lender in connection herewith shall have been incorrect in any material respect when made.

6. The Debtor shall (a) be generally not paying its debts as they become due within the meaning of Title 11 of the United States Code, (b) file, or consent by answer or otherwise to the filing against it, a petition of relief or reorganization or any other petition in bankruptcy, for liquidation or to take advantage of any bankruptcy or insolvency law of any jurisdiction, (c) make an assignment for the benefit of its creditors, (d) consent to the appointment of a custodian, receiver, trustee or other officer with similar powers as itself or of any substantial part of its property, or (e) take corporate or comparable action for the purpose of any of the foregoing.

7. Any petition for any relief under any bankruptcy or insolvency law of any jurisdiction shall be filed against the Debtor and such petition shall not be stayed or dismissed within (60) days of the date of filing.

8. A court or governmental authority of competent jurisdiction shall enter an order (a) appointing, without consent by the Debtor, a custodian, receiver, trustee or other officer with similar powers with respect to it or with respect to any substantial part of its property, or (b) approving a petition for relief or reorganization or any other petition in bankruptcy or for liquidation or to take advantage of any bankruptcy or insolvency law of any jurisdiction, or (c) ordering the dissolution, winding-up or liquidation of the Debtor.

Section 11. <u>Remedies</u>.

If an Event of Default hereunder shall have occurred, then, or at any time thereafter while such Event of Default is continuing, the Lender may declare the principal balance hereof and all accrued interest due and payable, whereupon it shall become immediately due and payable without notice or demand. It shall then be lawful for the Lender (and the Debtor hereby authorizes and empowers the Lender with the aide and assistance of any persons) to exercise any one or more of the following remedies.

1. Subject and subordinate to the rights of the Lessee under the Lease, to enter upon such place as the Equipment may be found and take possession of and carry away the Equipment with process of law at any time or times, and to dispose of the Equipment and apply the proceeds thereof to the balance hereof or any other obligation arising hereunder, all to the extent permitted by and in accordance with law and with the Lease.

2. If any Event of Default has occurred and is continuing under the Lease, as assignee of the Lessor's interest in the Lease, to exercise

any or all of the rights and powers and pursue any or all of the remedies provided for in the Lease.

3. To exercise any or all of the rights and powers and pursue any or all of the remedies that are available to a secured party under the Uniform Commercial Code or any other applicable law or in equity in respect to the Collateral.

The Debtor will reimburse the Lender for all reasonable fees of attorneys or collection agencies and all reasonable expenses, costs and charges paid or payable to third persons or suffered or incurred by the Lender in attempting or effecting protection or preservation of its security interest in the Collateral or the enforcement of any provision of this Note and Security Agreement. Costs of collecting the amounts secured hereby shall be added to the principal amount due hereunder and shall be secured by, and payable out of, the Collateral.

The proceeds of any sale of the Collateral or any part thereof or any interest therein and the proceeds of the exercise of any cther remedy with respect to the Collateral, shall be applied by the Lender, first, to the payment of accrued but unpaid interest hereon, second, to the payment of any amount due hereunder other than principal and interest, third, to the repayment of the outstanding principal balance hereof, including costs and expenses incurred by the Lender or any person or party acting on behalf of the Lender in connection with the exercise of remedies hereunder and added to principal as herein above provided, and fourth, to whomever shall be lawfully entitled thereto.

All rights, remedies and options conferred upon the Lender hereunder or by law shall be cumulative and may be exercised successively or concurrently and are not alternative or exclusive of any other such rights, remedies or options. No express or implied waiver by the Lender of any default or event of default hereunder shall in any way be, or be construed to be, a waiver of any future or subsequent default or event of default. The failure or delay of the Lender in exercising any rights granted hereunder shall not constitute a waiver of any such right in the future and any single or partial exercise of any particular right by the Lender shall not exhaust such rights or constitute a waiver of any other right provided herein.

Section 12. Situs of Equipment.

The corporate office is currently located in the State of Illinois as set forth in the Equipment Schedule. Debtor will not cause the Equipment to be moved to any jurisdictions outside the contiguous United States, other than those permitted in Section 12 of the Lease, without notifying Lender prior to such act.

Section 13. Miscellaneous.

This Note and Security Agreement may not be amended, waived, or discharged, except by an agreement in writing by the party against which or whom enforcement of the amendment, waiver or discharge is sought. In case any one or more of the provisions contained in this Note and Security Agreement shall be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby in such jurisdiction, nor shall such provision be invalid, illegal or unenforceable in another jurisdiction to which the holding thereof shall not apply. Time and exactitude are of the essence hereof.

All notices to be made hereunder shall be in writing and (a) if to Debtor, addressed to it at c/o Equis Financial Group, 98 North Washington Street, Boston, MA 02114, ATTN: Lease Operations, and (b) if to the Lender, addressed to it at 777 West Putnam Avenue, Greenwich, CT 06830, ATTN: Mr. William H. Besgen. Either party hereto may change the address to which notice to such

party shall be sent by giving written notice of such change to the other party to this Note and Security Agreement.

It is the intention of the parties that the provisions of this Note and Security Agreement shall be governed by the laws of The Commonwealth of Massachusetts.

All interest due hereunder shall be computed on the basis of a 360 day year.

Section headings and captions are inserted for convenience only and shall not affect any construction or interpretation of this Note and Security Agreement. The words "herein", "hereof", "hereby", "hereto", "hereunder", and words of similar import refer to this Note and Security Agreement as a whole and not to any particular section, subsection, paragraph, clause or the subdivision hereof. Capitalized terms used herein and not otherwise defined shall have the meaning ascribed to them in the Lease.

IN WITNESS WHEREOF, the parties hereto have caused this Note and Security Agreement to be duly executed as of the date first written above.

HITACHI CREDIT AMERICA CORP.

By: _____

Title: Vice President

Sworn to and subscribed before me this 24 day of February, 1997

Signature _____

Print Name Yvonne A. Flynn

Seal YVONNE A. FLYNN
NOTARY PUBLIC
MY COMMISSION EXPIRES AUG. 31, 1997

FIRST SECURITY BANK, N.A.
not in its individual capacity but
solely as Trustee for the Owner

By: _____

Title: Vice President

Sworn to and subscribed before me this 30th day of DECEMBER 1996

Signature _____

Print Name Janice Bryant

Seal

NOTARY PUBLIC
JANICE BRYANT
405 South Main 2nd Flr.
S.L.C., UT 84111
COMMISSION EXPIRES
SEPT. 14, 1997
STATE OF UTAH

The following Beneficiaries of the Trust shall be severally liable hereunder in accordance with their repective interest in Trust Agreement C dated as of February 1, 1980.

AFG INVESTMENT TRUST C
(Interest 66%)

By: AFG ASIT Corporation
Title: Managing Trustee
By: [signature]

Title VP & Auth. Signer

AFG INVESTMENT TRUST D
(Interest 34%)

By: AFG ASIT Corporation
Title: Managing Trustee
By: [signature]

Title: VP & Auth Signer

Sworn to and subscribed before me this 27th day of December, 1996

Signature [signature]

Print Name Sandra Mirra

Seal

SANDRA MIRRA
Notary Public
My Comm. Expires Feb. 7, 2003

SCHEDULE A

The leased railcars consist of 322 89'4" 70-ton flatcars numbered:

854121-854139, inclusive (19 cars),
854141-854158, inclusive (18 cars),
922205-922210, inclusive (6 cars),
922212-922213, inclusive (2 cars),
982560-982571, inclusive (12 cars),
982573-982576, inclusive (4 cars),
982753-982765, inclusive (13 cars),
982767-982804, inclusive (38 cars),
982806-982822, inclusive (17 cars),
992344-992364, inclusive (21cars),
992367-992375, inclusive (9 cars),
992377-992424, inclusive (48 cars),
992426-992434, inclusive (9 cars),
992437-992449, inclusive (13 cars),
992500-992522, inclusive (23 cars),
992524-992538, inclusive (15 cars),
992540-992582, inclusive (43 cars),
992584-992591, inclusive (8 cars),
992593, (1 car),
992595, (1 car), and
992597-992598, inclusive (2 cars).

The following 17 cars have been destroyed: 854140, 922211, 982572, 982766, 982805, 992365, 992366, 992376, 992425, 992435, 992436, 992523, 992539, 992583, 992592, 992594, and 992596.

BALL JANIK LLP

CERTIFICATION

I, LOUIS E. GITOMER, have compared this copy to the original Note and Security Agreement, dated December 27, 1996, and found the copy to be complete and identical in all respects to the original document. I declare under penalty of perjury that the foregoing is true and correct.

Louis E. Gitomer
February 28, 1997