

RECORDATION NO. 27394 FILED

FEB 29 '08 -3 30 PM

SURFACE TRANSPORTATION BOARD

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ELIAS C. ALVORD (1942)  
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OF COUNSEL  
URBAN A. LESTER

February 29, 2008

Anne K. Quinlan, Esquire  
Acting Secretary  
Surface Transportation Board  
395 E Street, S.W.  
Washington, D.C. 20423-0001

Dear Ms. Quinlan:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are two (2) copies of a Lease Agreement, dated as of October 22, 2007, a primary document as defined in the Board's Rules for the Recordation of Documents.

The names and addresses of the parties to the enclosed document are:

Lessor: Rail Trusts Equipment, Inc.  
1661 Beach Blvd.  
Jacksonville Beach, FL 32250

Lessee: Garnet of Maryland, Inc.  
8077 Brock Bridge Road  
Jessup, MD 20794

Ms. Anne K. Quinlan, Esq.  
February 29, 2008  
Page 2

A description of the railroad equipment covered by the enclosed document  
is:

25 gondola railcars: USWX 8100 - USWX 8126 (excluding USWX 8116  
and USWX 8120).

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

Lease Agreement.

Also enclosed is a check in the amount of \$35.00 payable to the order of  
the Surface Transportation Board covering the required recordation fee.

Kindly return stamped copies of the enclosed document to the  
undersigned.

Very truly yours,

A handwritten signature in black ink, appearing to read "Robert W. Alvord", with a long horizontal stroke extending to the right.

Robert W. Alvord

RWA/sem  
Enclosures

17697-90000  
*Master Lease Agreement*

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SURFACE TRANSPORTATION BOARD

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***LEASE AGREEMENT***

***By and Between***

***Rail Trusts Equipment, Inc.  
("LESSOR")***

***and***

***Garnet of Maryland, Inc.  
("LESSEE")***

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**LEASE AGREEMENT**

THIS LEASE AGREEMENT ("Agreement") is made as of October 22, 2007 by and between Rail Trusts Equipment, Inc., a Florida corporation, located at 1661 Beach Blvd, Jacksonville Beach, Florida 32250, as lessor, or its assignee ("Lessor"), and Garnet of Maryland, Inc., a Maryland corporation, located at 8077 Brock Bridge Road, Jessup, Maryland 20794, as Lessee ("Lessee"). The parties agree that a copy of this Agreement, in combination with any Schedule executed hereunder, shall be enforceable as an original.

**1. Scope of this Agreement.**

A) Lessor agrees to lease to Lessee and Lessee agrees to lease from Lessor, upon the terms and conditions set forth herein and in the Schedule(s) and Rider(s) attached hereto, a number of items of equipment bearing the reporting marks and of the type, construction and other description set forth in any Schedule attached hereto and executed by the parties concurrently herewith or hereafter. The word "Schedule" includes the Schedules executed herewith and any Schedules and amendments which are subsequently executed by both parties hereto. Schedules may include exhibits which shall be distinct from exhibits to this Agreement and identified as "Exhibit A.1," "Exhibit B.1," etc., or "Exhibit A.2," "Exhibit B.2," etc. Letters distinguish each Exhibit and numbers name the corresponding Schedule. When any such Schedule or amendment is so executed, it shall become part of this Agreement. "Cars" shall mean all items of equipment subject to this Agreement, and "Car" shall mean an individual item of equipment. The terms and provisions of each Schedule shall control, as to the Cars listed on such Schedule, over any inconsistent or contrary terms and provisions in the body of this Agreement.

B) It is the intent of the parties to this Agreement that Lessor shall at all times be and remain the owner and lessor of all Cars and that no agency, joint venture or partnership is being created. Lessee's interest in the Cars shall be that of lessee only. Lessee agrees that it will at no time take any action or file any document which is inconsistent with the foregoing intent and will take such action and execute such documents as may be necessary to accomplish this intent. Each party acknowledges and agrees that this Agreement will be treated as a lease for federal tax purposes.

**2. Term.**

This Agreement shall remain in full force until it is terminated as to all of the Cars as provided herein. The term of this Agreement with respect to the Car(s) listed on any Schedule attached to the Agreement shall be as set forth on such Schedule.

**3. Supply Provisions.**

A) The Lessee hereby approves the specifications for the Cars described in Exhibit B.1 of the applicable Schedule. Each Car shall be deemed delivered and subject to the terms and provisions of this Agreement on the date each Car is delivered to Lessee or its authorized agent at the point of tender as set out in each Schedule as evidenced by railroad movement records available to Lessor ("Delivery" or "Delivered"); provided, however, that if within ten (10) days of Delivery Lessee declares in writing a Car unacceptable as not meeting the specifications, Delivery will not occur until each such rejected Car is re-tendered in acceptable condition. Lessee will forthwith after inspection and acceptance of each Car execute and deliver to Lessor a Certificate of Acceptance in the form of Exhibit A. If Lessee fails to provide such Certificate of Acceptance within three (3) days after Lessee's inspection, each Car will be deemed Delivered and subject to the terms and provisions of this Agreement and will further be deemed to be fit and suitable for Lessee's use and in conformance with the specifications. The loading of any Car by Lessee, or at its direction, shall constitute acceptance thereof by Lessee, and shall be conclusive evidence of the fit and suitable condition thereof for the purpose of transporting the commodities then and thereafter loaded therein or thereon.

B) Prior to the Commencement Date, as defined in each Schedule, Lessee shall execute and deliver each of the following documents, in each case in form, substance and manner satisfactory to Lessor: (i) a Schedule pertaining to the Cars then being leased; (ii) a Certificate of Incumbency in the form of Exhibit B attached hereto; (iii) a certificate of insurance or other evidence satisfactory to Lessor that the requirements of Section 7 have been complied with; (iv) a Consent and Agreement in the form of Exhibit C, if applicable; and (v) such other

documents as Lessor may reasonably request. Commencing upon Delivery, Lessee shall be liable for all costs, charges and expenses on account of or relating to transportation or movement of any Car from the point of tender as set out in each Schedule. If Lessor is required to pay any such amount, Lessee shall reimburse Lessor within thirty (30) days of receiving an invoice from Lessor for such amount.

C) Lessor shall not be responsible for failure to deliver or delay in delivering any Car due to casualties, repair and any contingency beyond its control, including, but not limited to, labor disputes, defaults and delays of carriers, and defaults and delays of the Lessee or any persons directing or controlling the Lessee. At the time of Delivery and after expiration of the Agreement and redelivery of the Cars, representatives of the Lessor and the Lessee will perform and execute joint inspection reports covering the condition of the leased Cars.

#### 4. *Record Keeping.*

A) The party designated on the applicable Schedule shall be responsible for the preparation and filing of all documents relating to the registration, maintenance and record-keeping functions normally performed with respect to railroad equipment of the type subject to this Agreement including but not limited to (i) preparation of appropriate Association of American Railroads ("AAR") interchange agreements with respect to the Cars; (ii) registration of the Cars in the Official Railway Cars Register and the Universal Machine Language Equipment Register ("UMLER"); and (iii) preparation of any reports as may be required from time to time by the Surface Transportation Board ("STB") and any other regulatory agencies with respect to the Cars. Prior to delivery of the Cars, Lessor will cooperate with Lessee and upon request will supply any information it may have in its possession reasonably relating to Lessee's duties pursuant to this Subsection.

B) The party designated in the applicable Schedule shall perform record-keeping functions relating to the use of the Cars by Lessee and railroads, including but not limited to car hire reconciliation; collection and receipt of revenues from other railroad companies in accordance with applicable Car Hire Rules; the Car Service Rules and Interchange Rules; records pertaining to maintenance and repair; and billing in accordance with the Association of American Railroads (AAR) Interchange Rules adopted by the AAR Mechanical Division, Operations and Maintenance Department ("Interchange Rules"). The party designated to perform record keeping in the applicable Schedule shall continue to do so for the duration of the Agreement with respect to the Cars described on such Schedule. All record keeping performed hereunder and all records of payments, charges and correspondence related to the Cars shall be separately recorded and maintained by Lessee in a form suitable for reasonable inspection by Lessor from time to time during regular business hours. Upon Lessor's request, Lessee shall promptly supply Lessor with telephone reports of the number of Cars in Lessee's possession and control.

#### 5. *Warranties and Waiver.*

Execution of the Certificate of Acceptance will confirm that Lessee acknowledges, warrants and agrees that the Cars are of a size and capacity selected by Lessee and that Lessee is satisfied that the Cars are suitable for its purposes. Lessor warrants and acknowledges that as of the Commencement Date Lessor is the Owner of the Cars and that each of the Cars is suitable for the general transportation of freight by rail and meets all AAR Standards for such service. Lessee acknowledges and agrees that Lessor is not a manufacturer of the Cars. LESSEE ACKNOWLEDGES THAT THE CARS ARE LEASED "AS IS" AND, EXCEPT FOR LESSOR'S EXPRESS WARRANTY SPECIFICALLY SET FORTH ABOVE, LESSOR MAKES NO REPRESENTATIONS OR WARRANTIES OF ANY KIND RESPECTING THE CARS, WHETHER STATUTORY, WRITTEN, ORAL OR IMPLIED, AND LESSOR HAS NOT MADE AND DOES NOT HEREBY MAKE, NOR SHALL IT BE DEEMED BY VIRTUE OF HAVING LEASED THE CARS PURSUANT TO THIS AGREEMENT TO HAVE MADE, ANY REPRESENTATION OR WARRANTY AS TO THE MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, DESIGN OR CONDITION OF, OR AS TO THE QUALITY OF THE WORKMANSHIP IN, THE CARS, PARTS, MATERIALS, OR THE LIKE, ALL OF WHICH ARE EXPRESSLY DISCLAIMED, AND LESSOR SHALL NOT BE LIABLE, IN CONTRACT, TORT OR STRICT LIABILITY, FOR ANY LOSS OF BUSINESS OR OTHER CONSEQUENTIAL LOSS OR DAMAGES TO ANY CARS, OR OTHERWISE, ON ACCOUNT OF ANY DEFECT, WHETHER HIDDEN, LATENT OR OTHERWISE, DISCOVERABLE OR NONDISCOVERABLE RESPECTING ANY CARS. During the Initial Term and any renewals (as defined hereunder) of each Schedule, Lessor assigns to Lessee all the rights and benefits of the manufacturer's warranty, if any, with the exception of any purchase price refund option that may be exercised by the manufacturer. Upon an Event of Default or expiration of the Initial Term or any renewal term, all such rights and benefits shall automatically, without notice or any further action, become the rights and benefits of Lessor.

## 6. *Maintenance.*

This Section shall apply to the Cars.

A) Lessee, at its sole expense, shall (i) keep and maintain the Cars leased hereunder in the same condition as when received, ordinary wear and tear excepted, and in good and fully serviceable condition, suitable for normal revenue service and interchange, in compliance with the standards then in effect under the all applicable laws, rules and regulations of the Federal Railroad Administration ("FRA"), and the AAR (including its Interchange Rules), or their successors, the National Transportation Agency ("NTA") and any and all other organizations or their successors with authority or jurisdiction over the operation of railcars in the geographic areas in which, or through which, the Cars operate or travel, (ii) keep the Cars free from any and all liens and claims other than liens imposed upon Lessor which liens shall be the responsibility of Lessor; (iii) as provided in this Lease, and the applicable rider, install parts on, and make all necessary repairs and replacements of components of the Cars and (iv) provide all labor, materials, lubricants, parts and other supplies or items consumed by or required in connection with the use of the Cars. Lessee shall promptly notify Lessor upon receipt by Lessee of knowledge that any of the Cars have been classified as "heavy bad order" or an equivalent classification, and of any substantial damage to any of the Cars.

B) Any and all additions to a Car and all parts installed on or replacements of components made to any Car shall be considered accessions to such Car and, without cost or expense to Lessor, there shall immediately be vested in Lessor the same interest in such accessions as the interest of Lessor in such Car. Lessee may make alterations or modifications in any Car so long as it does not affect the value of such Car adversely. If, in Lessor's reasonable opinion, it determines that any such alteration or modification made by Lessee (the "Modification") adversely affected the value of such Car, then prior to Lessee's return of such Car to Lessor, Lessee shall, at its sole cost and expense, take such action as is necessary to remove the Modification and to put the Car into the same condition as if the Modification had never been made.

C) Lessee shall use the Cars in compliance with the terms of this Agreement, in a careful and prudent manner, and solely in the use, service and manner for which the Cars were designed, and at no time shall the Cars be used in a service in which the Cars will be subjected to thaw, heat, open flames or other unloading practices damaging to the Cars.

## 7. *Insurance.*

A) During the term of this Agreement, Lessee shall keep or cause to be kept with insurance companies acceptable to Lessor: (i) Comprehensive general liability insurance, including contractual coverage for the liabilities assumed herein, including bodily injury, death, environmental restoration and property damage in a combined single limit of not less than \$5,000,000.00 per occurrence, and Lessee shall provide to Lessor certificates of insurance to evidence Lessee's compliance. (ii) All risk property damage insurance on the Cars in amounts not less than that shown in the applicable Stipulated Loss Value (SLV) Schedule, or if such SLV Schedule does not exist, then in amounts and with insurance companies both of which are reasonable in light of industry practice for such Cars, and Lessee shall provide to Lessor certificates of insurance to evidence Lessee's compliance.

B) In the event any Car is not covered by the insurances described in Subsections (A)(i) and (A)(ii) above, Lessor shall have the right, at its option, to purchase coverage and recover all premiums for such insurance from Lessee, and/or declare this Agreement in default and proceed in accordance with Section 13.

C) The insurance requirements of Subsections (A)(i) and (A)(ii) above may be satisfied in whole or in part through self-insurance by Lessee, provided, however, that (i) Lessee remains a qualified self-insurer under the applicable laws of the states under which it operates, and (ii) such self-insurance must be consistent with prudent industry practice. In addition, Lessor shall be named as an additional insured and loss payee on any umbrella or excess insurance coverage which becomes effective when any self-insured retention (SIR) amount is exceeded, and Lessee shall provide appropriate certificates of insurance to evidence Lessee's compliance.

D) All insurance shall name Lessor as an additional insured and loss payee in respect of risks arising out of the condition, maintenance, use or ownership of the Cars and shall provide that losses, if any, shall be payable to Lessee or Lessor as their respective interests may appear.

E) All insurance maintained pursuant to this Section shall provide that (i) the insurer thereunder waives all rights of subrogation against Lessee or Lessor, (ii) thirty (30) days' prior written notice of expiration or termination shall be given to Lessor, and (iii) proceeds of any property damage policy shall be payable notwithstanding any breach of warranty of Lessee.

**8. Taxes.**

Lessee shall be responsible to report and pay any and all sales, use, ad valorem property or gross receipts taxes imposed upon the Cars or upon Car Hire payments (as defined in each Schedule) actually received during the term of this Agreement.

**9. Storage.**

In the event that any Car(s) is/are not in use while subject to this Agreement, Lessee shall be responsible for storing any such Car(s) on its own lines, if any, at its expense, or for paying all costs associated with storing such Car(s) at a location acceptable to Lessor. Any storage provided by Lessee which is off Lessee's property shall be as secure as Lessee would require if Lessee were storing its own property. If Lessor pays any such storage-related costs, Lessee shall reimburse Lessor for such costs within ten (10) days after receiving an invoice from Lessor for such costs.

**10. Rent.**

A) During the term of this Agreement, Lessee shall pay to Lessor for each Car, commencing on Delivery as defined in Section 3, Basic Rent and/or Interim Rent as defined in the applicable Schedule (sometimes referred to together herein as "rent" or "rental"), without deduction, setoff, counterclaim, recoupment, defense (excepting only therefrom indefeasible payment), notice or demand due or alleged to be due by reason of any past, present or future claims of Lessee against Lessor or any other person for any reason whatsoever.

B) Unless otherwise specified in the Agreement or applicable Schedule hereto, rental payments shall not abate if any Car is out of service for any other reason whatsoever, nor shall this Agreement terminate or the obligations of Lessee be otherwise affected by reason of the prohibition of or other restriction against Lessee's use of all or any such Cars, or the interference with such use by any person or entity.

C) Any costs incurred by Lessor in collecting any rent and/or other sums hereunder or pursuant to any Schedule hereunder wrongfully withheld by Lessee, including reasonable attorney fees and costs, will be paid by Lessee.

D) In the event any rental or other payments due Lessor hereunder are not paid within ten (10) days after the due date, Lessee shall also pay to Lessor interest on such amount from the due date at a rate equal to the prime rate of the Union Bank of California, as announced from time to time, plus three percent (3%) per annum or at such lesser rate as shall be the highest rate permitted by applicable law for the period until the rental or other payments shall be paid.

E) Lessee shall pay and discharge, when due, all amounts required to be paid by Lessee under this Agreement. Moreover, this Agreement shall not terminate except as expressly provided herein; nor shall the obligations of Lessee be affected, nor shall Lessor have any liability whatsoever to Lessee by reason of any defect in, damage to, or loss of possession, or loss of use, or destruction of the Cars for any reason whatsoever, excepting only therefrom damage or destruction of any Cars or loss of possession or use thereof caused by Lessor's (i) gross negligence or willful misconduct or (ii) negligent or intentional acts occurring while Lessor is in possession or control of the Cars. It is the intention of the parties that rent and other amounts due hereunder shall continue to be payable in all events in the manner and at the time herein provided unless otherwise stated herein or the obligation to pay the same shall be terminated pursuant to the express terms hereof.

**11. Risk of Loss and Payment of Casualty.**

A) Lessee hereby assumes and shall bear the entire risk of any loss, theft, destruction or damage to each Car. In the event any Car shall be lost, stolen, destroyed, irreparably damaged, or permanently rendered unfit for use (including, without limitation, as a result of Lessee's negligence), or title thereto shall be

requisitioned or taken by any governmental authority under the power of eminent domain or otherwise (hereinafter referred to as an "Event of Loss"), Lessee shall promptly (but in no event later than fifteen [15] days after the date Lessee has notice of the Event of Loss) notify Lessor as to the circumstances and time of such event. On the rental payment date next succeeding such notice, Lessee shall pay to Lessor in immediately available funds (i) the Stipulated Loss Value for such Car and (ii) all rental accrued to and including the date the Stipulated Loss Value payment is made. Upon payment of the Stipulated Loss Value, rental through the date the Stipulated Loss Value is paid, and any other amounts then payable by Lessee hereunder with respect to a Car, the rental for such Car shall cease to accrue and such Car shall cease to be a part of the Cars leased hereunder. Lessor thereafter shall be entitled to retain any additional funds relating to the lost cars, whether through recovery from a liable party, insurance recovery, or otherwise.

B) Lessor may, at its expense, replace any Car that has suffered an Event of Loss with similar equipment (such item of equipment a "Replacement Car") upon prior written notice from Lessor to Lessee, with Lessee's consent not to be unreasonably withheld, in which event rental for such Replacement Car shall continue to accrue and such Replacement Car shall be a part of the Cars leased hereunder.

C) Lessor and Lessee agree to cooperate with and to assist each other in any manner reasonably requested to establish and pursue proper claims against parties responsible for loss or destruction of, or damage to, the Cars, provided, however, that this shall not affect their respective obligations under this Section.

## 12. Possession and Use.

A) Throughout the term of this Agreement and so long as Lessee shall not be in default under this Agreement, Lessee shall be entitled to the possession, use and quiet enjoyment of the Cars (i) in accordance with the terms of this Agreement; (ii) in conformity with all Interchange Rules; (iii) solely in the use, service and manner for which the Cars were designed; and (iv) only within the continental limits of the United States of America or temporary or incidental use in Mexico and Canada.

B) Lessee agrees that the Cars shall at all times be used and operated under and in compliance with the laws of the jurisdiction in which the same are operated and in which the same may be located, in compliance with all lawful acts, rules, regulations and orders of any governmental bodies or officers having power to regulate or supervise the use of such property, and in accordance with applicable rules established by the AAR, except that either Lessor or Lessee may, by appropriate proceedings timely instituted and diligently conducted, contest the application of any such act, rule, regulation or order at the expense of the applicant.

C) At Lessor's election, Cars may be marked to indicate the rights of Lessor, of an assignee, mortgagee, trustee, pledgee or security holder of Lessor, or of a lessor to Lessor. Except for renewal and maintenance of the aforesaid markings or lettering indicating that a Car is leased to Lessee or is assigned in accordance with demurrage tariffs, no lettering or marking shall be placed upon any Car by Lessee and Lessee will not remove or change any reporting mark or number indicated on the applicable Schedule except upon the written direction or consent of Lessor. Lessee shall be responsible for all costs associated with any marking changes made at its request.

D) Lessee shall not, with regard to the Cars, or any interest therein, including the revenues thereon, or with regard to the Agreement or any Schedule thereto, directly or indirectly create, incur, assume or suffer to exist any mortgage, pledge, lien, charge, encumbrance, or other security interest or claim arising by, through or under it, except those created for the benefit of Lessor or any owner or secured party. Lessee shall notify Lessor in writing within five (5) days after any attachment, tax lien or other judicial process shall be attached to any Car. Lessee shall promptly, at its expense, take such action as may be necessary to duly discharge any such mortgage, pledge, lien, charge, encumbrance, security interest or claim if the same shall arise at any time. If Lessee fails to take action as described in the previous sentence, Lessor may, at Lessee's expense, take such action and Lessee shall pay the cost thereof within ten (10) days of receiving an invoice from Lessor for such costs.

E) Lessor shall not be liable for any loss of, or damage to, commodities, or any part thereof, loaded or shipped in the Cars, however such loss or damage shall be caused, or shall result, excepting only therefrom such loss or damage caused by Lessor's (i) gross negligence or willful misconduct or (ii) negligent or intentional acts occurring while Lessor is in possession or control of the Cars. The Lessee agrees to assume responsibility for, and to indemnify Lessor against, and to save it harmless from, any such loss or damage or claim, including but not limited to reasonable attorney fees and costs therefor.

**13. Default.**

A) The occurrence of any of the following events shall be an "Event of Default" hereunder:

(i) The nonpayment by Lessee of any sum required herein to be paid by Lessee when any such payment is due, and such nonpayment shall continue unremedied for a period of ten (10) days;

(ii) The breach by Lessee of any other term or condition of this Agreement, which is not cured within thirty (30) days after receipt of written notice of such breach;

(iii) The breach by Lessee of any representation or warranty herein;

(iv) The filing by or against Lessee of any petition or the initiation by or against Lessee of any proceeding: (a) for any relief which includes, or might result in, any modification of the obligations of Lessee hereunder; or (b) under any bankruptcy, reorganization, receivership, insolvency, moratorium or other laws relating to the relief of debtors, the readjustment of indebtedness, financial reorganization, arrangements with creditors, compositions of or extensions of indebtedness, if in the case of petitions or proceedings filed against Lessee, such petitions or proceedings have not been dismissed within thirty (30) days of filing; or

(v) The (a) insolvency of Lessee or (b) the subjectation of any portion of Lessee's property to any levy, seizure, assignment, application sale for or by any creditor or governmental agency, the effect of which would be to materially impair Lessee's ability to perform its obligations hereunder.

B) Upon the occurrence of any default or Event of Default hereunder, without limiting Lessor's rights and remedies otherwise provided by law, at law or in equity, which shall be available to Lessor in addition to the following rights and remedies (no right or remedy of Lessor being exclusive but all such rights and remedies being available at all times to Lessor, and Lessor, in any case, being entitled to recover all costs, expenses and attorney fees incurred by Lessor in enforcing its rights and remedies hereunder), Lessor may, at its option:

(i) Terminate this Agreement and recover damages.

(ii) Proceed by any lawful means to enforce performance by Lessee of this Agreement or to recover damages for a breach hereof.

(iii) By notice in writing to Lessee, terminate Lessee's right to possession and use of some or all of the Cars, whereupon all right and interest of Lessee in such Cars shall terminate; thereupon, Lessor may enter upon any premises where the terminated Cars may be located and take possession of such Cars and henceforth hold, possess and enjoy the same free from any right of Lessee. Lessor shall, in addition, have the right to recover from Lessee any and all unpaid rental and mileage amounts and other past due amounts, plus the present value (using a six percent [6%] discount rate) of future lease rentals together with Lessor's costs and expenses, including reasonable attorney fees incurred in securing such enforcement hereof.

(iv) Without terminating this Agreement, repossess the Cars. Lessor may sell or relet the same or any part thereof to others upon such terms, as Lessor desires. The proceeds of any such sale or reletting shall first be applied to the expenses (including reasonable attorney fees) of the retaking and the sale or reletting of the Cars and of their delivery to the new owner(s) or lessee(s), and then to the payment of damages as described herein and any other sums due hereunder through the terms of this Agreement. Lessee shall pay any deficiency remaining due after the proceeds have been so applied. The election of Lessor to sell or relet the Cars and the acceptance of the Cars by a new owner or lessee shall not release Lessee from liability for any existing or future default in connection with any other covenant or promise herein contained.

The obligation to pay such deficiency or sums due and unpaid or any damages suffered by reason of Lessee's default hereunder shall survive the termination of the Agreement and the retaking of the Cars. The parties hereto intend that Lessor shall be afforded all rights and remedies of a lessor under Section 1168 of the U.S. Bankruptcy Code.

**14. Expiration or Termination.**

A) Lessee shall notify Lessor in writing, either one hundred twenty (120) days prior to the expiration of the Initial Term of any Schedule hereto or one hundred twenty (120) days prior to the date of which Lessee may exercise any right of early termination, if any, expressly set forth in any Schedule hereto, of Lessee's desire to continue this Agreement or of Lessee's intention to exercise its early termination rights, only if expressly provided for hereunder or in an applicable Schedule, with respect to any Schedule to this Agreement.

B) Upon the expiration of this Agreement with respect to Cars on any Schedule, Lessee shall surrender possession of such Cars to Lessor pursuant to the early termination or expiration provisions in this Section and on the relevant Schedule. Lessee shall ensure that each Car returned to Lessor upon the expiration or termination of the Agreement is delivered to Lessor: (i) in a condition required by Section 6 of this Agreement and the Riders to the Schedules, (ii) in interchange condition in accordance with AAR and FRA rules and regulations, (iii) in a condition suitable for loading of the commodities intended to be loaded in such Cars or commodities allowed in the applicable Schedule, (iv) free from all accumulations or deposits from commodities transported in or on it while in the service of Lessee, and (v) free of any and all AAR Rule 95, as amended, damage.

C) Until the Cars are delivered to and accepted by Lessor pursuant to this Section, Lessee shall continue to be liable for and shall pay all rental at the rate being paid immediately prior to the expiration, provided, however, if Lessor requests the return of the Cars and Lessee fails to return any Cars in its possession within thirty (30) days of such notification, Lessor, at its option, may increase without notice to Lessee the rate Lessee is required to pay to one hundred fifty percent (150%) of the rate being paid immediately prior to expiration, and Lessee shall in addition make all other payments and keep all obligations and undertakings required of Lessee under any and all provisions of this Agreement as though such expiration had not occurred. Nothing in this Section shall give Lessee the right to retain possession of any Car after expiration or termination of this Agreement with respect to such Car.

D) Lessee shall bear the costs associated with re-marking each Car's roadmark and number, which re-marking shall be performed at a facility mutually agreed to by Lessor and Lessee. Re-marking shall include the following: (i) removal of existing mandatory markings and all company logos of Lessee; (ii) complete cleaning of the area where new marks are to be placed as designated by Lessor; (iii) application of new mandatory markings designated by Lessor; (iv) application of automatic equipment identification ("AEI") tags which have been properly programmed; and (v) any transportation involved in moving each Car to and from a suitable work area to perform the re-marking set forth in this Section.

E) Notwithstanding expiration of the term of this Agreement or any Schedule, Lessee's obligations under the terms of this Agreement as to damage to the Cars shall continue to be Lessee's responsibility and such damage shall be repaired at Lessee's sole expense prior to the return of the Cars to Lessor; and Lessor may conduct such testing of the Cars, at Lessor's expense, to ensure that the Cars are free from such damage.

**15. Representation, Warranties and Covenants.**

Lessee represents, warrants and covenants as of the date hereof that:

A) Lessee is a corporation duly organized, validly existing and in good standing under the laws of the state where it is incorporated. Insofar as is material to Lessor's rights and Lessee's obligations under this Agreement, Lessee has the corporate power and authority to and is duly qualified and authorized to: (i) do business wherever necessary to carry out its present business and operations, (ii) own or hold under lease its properties, and (iii) perform its obligations under this Agreement.

B) The entering into and performance of this Agreement by Lessee has been duly authorized by all necessary corporate authority and will not violate any judgment, order, law or regulation applicable to Lessee or result in any breach of, or constitute a default under, any agreement of Lessee. Nor will Lessee's entering into and performance of this Agreement result in the creation of any lien, charge or security interest in this Agreement pursuant to any instrument to which Lessee is a part of by which it or its assets may be bound, except as expressly provided in Section 12(D) hereinabove.

C) There is no action or proceeding pending or threatened against Lessee before any court, administrative agency or other governmental body which might result in any material adverse effect on the business, properties and assets, or condition, financial or otherwise, of Lessee such that Lessee's ability to perform its obligations hereunder would be materially and adversely affected.

D) There is no fact which Lessee has not disclosed in writing to Lessor, nor is Lessee a party to any agreement or instrument or subject to any charter or other corporate restriction which, so far as Lessee can now reasonably foresee, would alone or in combination with other factors have a material adverse impact on Lessee's business, condition, property, holdings or the ability of Lessee to perform its obligations under this Agreement.

#### 16. *Inspection.*

Lessee shall provide Lessor reasonable access, at any time during normal business hours, to any premises where the Cars may be located for the purpose of inspecting and examining the Cars to ensure Lessee's compliance with its obligations hereunder. Lessee shall promptly, upon the request of Lessor, furnish to Lessor a list, certified by an officer of Lessee, of all Cars then covered by this Agreement and information regarding movement and condition of the Cars, including such other pertinent information about the Cars as Lessor may request.

#### 17. *Indemnification.*

A) Lessee does hereby assume liability for, and does hereby unconditionally agree to indemnify, protect, save and keep harmless Lessor and its successors, assigns, representatives, directors, officers, employees and agents from and against and agrees to pay, when due, any and all losses, damages, liabilities, obligations, penalties, fines, interest, payments, charges, demurrage claims, actions, suits, costs, expenses and disbursements, including reasonable legal expenses, of whatsoever kind and nature in contract or tort, including but not limited to Lessor's strict liability in tort, arising out of the use, possession, storage, operation, condition, repair, replacement, reconstruction, removal, return or other disposition of Cars, except for such losses and claims which arise from Lessor's (i) gross negligence or willful misconduct or (ii) negligent or intentional acts occurring while Lessor is in possession or control of the Cars.

B) In particular, Lessee shall defend and hold harmless Lessor, its officers, directors, agents and employees from and against any and all loss, damage, demand, cost, expense or liability (including attorney fees, costs and other expenses of defense) for personal injury, disease or death (including personnel of Lessee or Lessor) and loss or damage of property (including Lessee's property), air, subsurface or ground water pollution, environmental impairment or any other costs of any required or necessary repair, cleanup or detoxification of any land and the preparation and implementation of any closure, remedial or other required plans directly or indirectly arising out of or in any manner connected with or related to Lessee's leasing of railcars or containers from Lessor to transport any material or substance. It is the intention of the parties that Lessee shall indemnify Lessor for any loss Lessor may incur when the materials or substances are being transported or stored in the equipment leased to Lessee by Lessor and any time any loss is incurred due in whole or in part to the presence of hazardous substances, hazardous materials, toxic substances or solid waste (as defined in CERCLA, RCRA and the HMTA) in the material being transported or stored.

C) Lessee represents, warrants and covenants that (i) the Cars are "7-year property" (within the general classification of property in Section 168[e] of the Internal Revenue Code of 1986, as amended); (ii) all income and loss associated with the Cars will be derived from sources within the United States; and (iii) the Cars are complete for their intended use.

D) Lessee hereby represents, warrants and covenants that at no time during the term of this Agreement with respect to any Car will the Lessee take or omit to take, nor will it permit any permitted sublessee or assignee to take or omit to take any action (whether or not such act or omission is otherwise permitted by the terms of this Agreement), which act or omission will result in the disqualification of any Car for, or the recapture of, all or any portion of the cost recovery deductions allowed under Section 168 of the Internal Revenue Code of 1986, as amended, ("Recovery Deductions"). If as a result of a breach of any representation, warranty or covenant of the Lessee contained in this Agreement relating to any Car, (i) any such Recovery Deduction claimed on the federal income tax return of the Lessor is disallowed or adjusted by the Internal Revenue Service, or (ii) any such Recovery

Deduction is recomputed or recaptured (any such determination, disallowance, adjustment, recomputation or recapture being herein called a "Loss"), then Lessee shall pay to Lessor as an indemnity such amount, or from time to time such amounts, on each succeeding Basic Rent payment date after written notice to Lessee by Lessor of such Loss, as shall cause Lessor's after-tax economic yields and cash flows, computed on the same assumptions, including tax rates, as were utilized by Lessor in originally evaluating this transaction (such economic yields and cash flows being hereinafter called the "Net Economic Return") to equal the Net Economic Return that would have been realized by Lessor if such Loss had not occurred. Lessor shall take into account in computing the amount of any such indemnity payment any tax savings realized or reasonably expected to be realized by Lessor as a result of such Loss. Lessor also shall pay to Lessee the amount of any tax savings that it actually receives as a result of such Loss that was not taken into account in computing the amount of such indemnity payment or payments, provided that if any such tax savings are subsequently disallowed Lessee shall repay such amounts to Lessor. The amount payable to Lessor pursuant to this Subsection shall be payable thirty (30) days after written demand therefor from Lessor accompanied by a written statement describing in reasonable detail such Loss and the computation of the amount so payable. If requested by Lessee, Lessor's determination of the amount payable shall be verified by a firm of independent accountants of recognized standing selected by Lessor and reasonably acceptable to Lessee. The accounting firm shall determine whether Lessor's computations are mathematically accurate and are properly based on the assumptions required hereunder. If the accounting firm determines that Lessor's computations overstate the amount to be paid by Lessee, then such accounting firm shall determine the correct amount to be paid, and such determination shall be final and binding in the absence of manifest error. If the verification results in a reduction in the amount to be paid by Lessee of five percent (5%) percent or more from the amount sought by Lessor, then the costs of verification shall be borne by Lessor; otherwise, the costs of verification shall be borne by Lessee.

E) Exceptions. Lessee shall not be required to pay Lessor the amounts provided for in Subsection (D) above if the Loss shall result as a result of any of the following events:

(i) Lessor shall fail to claim the Recovery Deductions in its income tax returns for the appropriate years (unless Lessor has been advised by independent counsel reasonably acceptable to Lessee that no reasonable basis exists for such claim) or shall fail to follow the proper procedure in claiming such Recovery Deductions and such failure to claim or follow such procedures, as the case may be, shall preclude Lessor from claiming such Recovery Deductions;

(ii) Lessor shall not have sufficient income to benefit from the Recovery Deductions;

(iii) Lessor shall, at a time when no Event of Default has occurred and is continuing, voluntarily transfer legal title or any other interest in the Cars (including any transfer to the Lessee pursuant to any purchase option hereunder);

(iv) Lessor shall fail to take timely action in contesting a claim made by the Internal Revenue Service (or any state or local taxing authority) with respect to a Loss pursuant to Subsection (F) below and Lessee is materially and adversely affected by such failure unless Lessee shall agree to such failure; or

(v) an Event of Loss shall have occurred and Lessee shall have paid Lessor the Stipulated Loss Value of the Cars and other amounts due pursuant to Section 11 hereof;

(vi) the failure of this Agreement to be treated as a "true lease" for federal income tax purposes, or the failure of the Lessor to be treated as the owner of the Cars for such purposes, in each case other than as a result of breach of any representation, warranty or covenant of Lessee hereunder; or

(vii) any change in the federal income tax laws occurring after the date hereof.

F) Contest. In the event a claim shall be made by the Internal Revenue Service (or any state or local taxing authority) which, if successful, would result in a Loss under circumstances which would require Lessee to indemnify Lessor for such Loss, Lessor hereby agrees to notify Lessee promptly of such claim; to forebear payment of the tax claimed for at least thirty (30) days after giving such notice; to give to Lessee any relevant information requested by it relating to such claim which may be particularly within the knowledge of Lessor, other than the Lessor's tax returns, and, if Lessee shall request, within 30 days after such notice, request that such claim be contested; to take such action in connection with contesting such claim, including appropriate appeals from lower court decisions, as Lessee shall reasonably request in writing from time to time, but only if Lessee shall,

contemporaneously with such initial request, have (i) made provision for Lessor's indemnification in a manner reasonably satisfactory to Lessor for any liability or loss which Lessor may from time to time incur as the result of contesting such claim, and reimbursement for all costs and expenses, including, without limitation, reasonable legal fees and expenses, which Lessor may incur in connection with contesting such claim, and (ii) furnished Lessor, within 30 days of such request, with an opinion of tax counsel, reasonably satisfactory to Lessor, to the effect that that it is more likely than not that Lessee shall prevail in such contest, provided, however, that at any time after having received such request from Lessee, Lessor shall control and make all decisions with respect to such contest (including as to whether to, forego any and all administrative appeals, proceedings, hearing and conferences with the Internal Revenue Service (or any state or local taxing authority, as the case may be) in respect of such claim and whether to pay the tax claimed and sue for a refund in the appropriate court, considering, however, in good faith such requests as Lessee shall make concerning the conduct of the contest and the most appropriate forum in which to proceed. In the event that Lessor chooses to pay the tax and sue for a refund, Lessee shall make Lessor an interest-free loan in the amount of such payment; if Lessor subsequently receives a refund of all or part of such amount, it shall pay such refund to Lessee, together with interest thereon received by Lessor from the tax authority.

G) The sole remedy for the inaccuracy or breach of any representation, warranty or covenant in Section 17C) or D) hereof shall be Lessor's right to receive an indemnity if and to the extent payable under this Section 17. All of Lessor's rights, privileges and indemnities contained in this Section shall survive the expiration or other termination of the Agreement and the rights, privileges and indemnities contained herein are expressly made for the benefit of and shall be enforceable by Lessor, its successors and assigns.

#### **18. Financial and Other Data.**

Lessee shall (i) maintain books and records in accordance with generally accepted accounting principles consistently applied ("GAAP") and prudent business practice; (ii) promptly provide or cause to be provided to, Lessor, within 120 days after the close of each fiscal year, and, upon Lessor's request, within 45 days of the end of each quarter of Lessee's fiscal year, a copy of the consolidated financial statements encompassing Lessee requested by Lessor, in each case prepared in accordance with GAAP and (in the case of annual statements) audited by independent certified public accountants and (in the case of quarterly statements) certified by the chief financial officer; provided, however, that for so long as Lessee is legally and timely filing annual and quarterly financial reports on Forms 10-K and 10-Q with the Securities and Exchange Commission which are readily available to the public, the filing of such reports shall satisfy the foregoing financial statement reporting requirements for such entity; and (iii) furnish Lessor all other financial information and reports and such other information as Lessor may reasonably request concerning Lessee and its affairs, or the Cars.

(b) Lessee represents and warrants that all information and financial statements at any time furnished by or on behalf of Lessee are accurate in all material respects and reasonably reflect as of their respective dates, results of operations and the financial condition of Lessee, or other entity they purport to cover. Credit and other information regarding Lessee, or its affiliates, or the Cars may be disclosed by Lessor to its affiliates, agents and potential assignees, notwithstanding anything contained in any agreement that may purport to limit or prohibit such disclosure.

#### **19. Miscellaneous.**

A) This Agreement and the Schedules contemplated hereby shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns, PROVIDED, HOWEVER, THAT LESSEE MAY NOT, WITHOUT THE PRIOR WRITTEN CONSENT OF LESSOR, ASSIGN THIS AGREEMENT OR ANY OF ITS RIGHTS OR OBLIGATIONS HEREUNDER OR SUBLEASE ANY CARS TO ANY PARTY OR ASSIGN ANY CARS TO ANY PARTY which consent shall not be unreasonably withheld. Any purported assignment or sublease in violation hereof shall be void. Lessee shall not permit or suffer any encumbrances or liens to be entered or levied upon any Car, other than such as may arise by, through, or under Lessor or any assignee of Lessor's rights hereunder.

B) IT IS UNDERSTOOD AND AGREED THAT ALL RENTS AND OTHER SUMS DUE OR TO BECOME DUE OR AT ANY TIME OWING OR PAYABLE BY LESSEE HEREUNDER HAVE BEEN OR MAY BE ASSIGNED BY LESSOR, AND THAT THE CARS LEASED HEREUNDER HAVE BEEN OR MAY BE MORTGAGED OR SOLD BY LESSOR UNDER A CHATTEL MORTGAGE OR PURCHASE AGREEMENT, AND LESSEE HEREBY CONSENTS TO AND ACCEPTS ANY SUCH ASSIGNMENT,

MORTGAGE OR SALE. IN THE EVENT AN ASSIGNMENT OF SUCH RENTS AND OTHER SUMS IS MADE, THEN THE RIGHT, TITLE AND INTEREST OF SUCH ASSIGNEE IN AND TO SUCH RENTS AND OTHER SUMS AND TO RECEIVE AND COLLECT THE SAME SHALL NOT BE SUBJECT TO ANY ABATEMENT, DEFENSE, SETOFF, COUNTERCLAIM OR RECOUPMENT WHATSOEVER ARISING OUT OF ANY BREACH OF ANY OBLIGATION OF LESSOR HEREUNDER OR BY REASON OF ANY OTHER INDEBTEDNESS OR LIABILITY AT ANY TIME OWING BY LESSOR TO LESSEE OR FROM ANY DEFECTS IN THE CARS. ANY SUCH ASSIGNEE SHALL BE ENTITLED TO ALL THE PRIVILEGES, POWERS AND IMMUNITIES OF LESSOR AND MAY, BUT SHALL NOT BE OBLIGATED TO, PERFORM ANY DUTY, COVENANT OR CONDITION REQUIRED TO BE PERFORMED BY LESSOR UNDER THE TERMS OF THIS LEASE, PROVIDING THAT NOTHING HEREIN CONTAINED SHALL RELEASE LESSOR OF ITS OBLIGATIONS TO LESSEE HEREUNDER AND LESSEE SHALL LOOK SOLELY TO LESSOR FOR THE PERFORMANCE THEREOF. AT LESSOR'S REQUEST, LESSEE SHALL EVIDENCE ITS CONSENT TO THE FOREGOING BY EXECUTING A CONSENT AND AGREEMENT IN THE FORM OF EXHIBIT C, ATTACHED HERETO.

C) If any term or provision of this Agreement shall to any extent be invalid or unenforceable, the remainder of this Agreement or the application of such term or provision to other persons or circumstances shall not be affected thereby, and each provision of this Agreement shall be valid and be enforceable to the fullest extent permitted by law.

D) Both parties agree to execute the documents contemplated by this transaction and such other documents as may be required in furtherance of any financing agreement entered into by Lessor or its assignees in connection with the acquisition, financing or use of the Cars, in order to confirm the financing parties' interest in and to the Cars, this Agreement and Schedule hereto, and to confirm the subordination provisions contained in this Agreement.

E) Either Party's failure to exercise or delay in exercising any right, power or remedy available to it shall not constitute a waiver or otherwise affect or impair its rights to the future exercise of any such right, power or remedy. No waiver, indulgence or partial exercise by either Party of any right, power or remedy shall preclude any further exercise thereof or the exercise of any additional right, power or remedy.

F) Any notices required or permitted to be given pursuant to the terms of this Agreement shall be deemed given when transmitted by telecopy or telex or made in writing, deposited in the United States mail, registered or certified, postage prepaid, addressed to:

Lessor: Rail Trusts Equipment, Inc.  
1661 Beach Blvd  
Jacksonville Beach, FL 32250  
Attention: Contracts Administration

Lessee: Garnet of Maryland, Inc.  
8077 Brock Bridge Road  
Jessup, Maryland 20794  
Attention: Steve M. Berry

Or to such other addresses as Lessor or Lessee may from time to time designate.

G) This Agreement shall be governed in all respects, whether as to validity, construction, capacity, performance or otherwise, by and under the laws of the State of Florida (without giving effect to principles of conflicts of laws). Lessee irrevocably and unconditionally submits to the jurisdiction of and venue in federal and/or state courts located in the State of Florida, Duval County for any proceeding arising under this Agreement.

H) The obligations and liabilities of Lessor and Lessee hereunder shall survive the expiration or termination of this Agreement.

I) This Agreement represents the entire agreement. This Agreement shall not be modified, altered or amended, except by an agreement in writing signed by the parties.

J) This Agreement may be executed in any number of counterparts, and such counterparts together shall constitute but one and the same contract.

K) Neither Party shall be liable to the other for consequential, incidental or punitive damages arising out of the performance or alleged breach of this Agreement, except as expressly provided for in this Agreement.

LESSOR:

Rail Trusts Equipment, Inc.

BY: [Signature]

NAME: Gil Gibbs

TITLE: Vice President

DATE: 10/30/07

LESSEE:

Garnet of Maryland, Inc.

BY: [Signature]

NAME: Dennis M. Berry

TITLE: VP

DATE: 10/22/07

EXHIBIT A  
PURSUANT TO LEASE AGREEMENT

CERTIFICATE OF ACCEPTANCE OF  
RAILROAD CARS

This Certificate relates to the railroad cars listed below leased by Rail Trusts Equipment, Inc. to Garnet of Maryland, Inc. under Schedule No. 1., to a Lease Agreement dated as of ~~October 22, 2007~~ (the "Agreement"), into which this Certificate is incorporated.

DESCRIPTION OF CARS:

CAR NUMBERS:

Lessee hereby certifies the fitness and suitability and its unconditional acceptance of the railroad cars listed herein as of the date each Car is tendered to Lessee and hereby subjects said railroad cars to the Agreement.

Lessee hereby certifies that the representations and warranties of Lessee contained in the Agreement are true and correct as of the date below written.

Lessee hereby certifies that the undersigned officer signing on behalf of Lessee is duly authorized to execute and deliver this Certificate.

LESSEE:

Garnet of Maryland, Inc.

BY: Shawn M. Berg

NAME: Shawn M. Berg

TITLE: VP

DATE: 10/22/07

**SCHEDULE NO. 1**

THIS SCHEDULE NO. 1 ("Schedule") to that certain Lease Agreement (the "Agreement") dated as of October 22, 2007, by and between Lessor and Lessee (as defined herein) is made as of February 28, 2008 between Rail Trusts Equipment, Inc., or its assignee, as lessor ("Lessor"), and Garnet of Maryland, Inc. as lessee ("Lessee"). The terms of the Agreement are hereby incorporated into this Schedule in their entirety, as though fully set forth herein.

Lessor and Lessee agree as follows:

1. All capitalized terms defined in the Agreement shall have the meanings defined therein when used in this Schedule No. 1, except that the term "Cars" as used herein shall only refer to the equipment described in this Schedule unless otherwise indicated.

2. Lessor hereby leases the following Cars to Lessee subject to the terms and conditions of the Agreement and this Schedule:

Point of tender: National Steel Car, Hamilton, ON

Car Description: 8700 Cubic Foot Gondola Railcar, as referenced by National Steel Car Limited Proposal Drawing 23418382A to Waste Management dated August 2, 2007. Twenty five (25) 8700 c.f. 286,000 lb. gross rail Gondola Cars, specification and the subsequent railcar product manufactured and delivered against the lease agreement between Rail Trusts Equipment, Inc. and Garnet of Maryland, Inc., dated October 22, 2007 are designed referencing the Strachan & Henshaw railcar dumper drawings, supplied by Garnet of Maryland, Inc (the "lessee") and noted below .

Strachan & Henshaw Dumper Reference Drawings:

- a. Drawing number 54968-000 – First Issue dated 04/1996
- b. Drawing number A540969 – Converted from Alabama C6350/AS13373 05/16/1996
- c. Drawing number 610704 – First Issue dated 04/1996

QUANTITY	CAR NUMBERS/SERIAL NUMBERS:
1	USWX 8100
1	USWX 8101
1	USWX 8102
1	USWX 8103
1	USWX 8104
1	USWX 8105
1	USWX 8106
1	USWX 8107
1	USWX 8108
1	USWX 8109
1	USWX 8110
1	USWX 8111
1	USWX 8112
1	USWX 8113
1	USWX 8114
1	USWX 8115
1	USWX 8117
1	USWX 8118
1	USWX 8119
1	USWX 8121
1	USWX 8122
1	USWX 8123
1	USWX 8124
1	USWX 8125
1	USWX 8126

4. The Term of the Agreement with respect to each Car described in this Schedule shall be ninety-six (96) months (the "Initial Term"). The Initial Term shall commence (the "Commencement Date") on the first of the month following the date that the last Car has been delivered. Lessee shall pay Interim Rent, as defined below, on Cars delivered prior to the Commencement Date equal to the daily equivalent of the Basic Rent ("Interim Rent"), payable monthly. Periods of less than a full calendar month ("Month") shall be prorated based on a 30-day Month.

5. Lessee shall perform all of the registration and record keeping required for the Cars described in this Schedule, as described in Section 4 of the Agreement.

6. a) The Basic Rent ("Basic Rent") shall be \$1,067.45 per Car per Month for each Month during the Initial Term. The Basic Rent shall be due and payable without any demand, notice, abatement, reduction, or offset.

b) Lessee shall pay to Lessor the Basic Rent and any other amounts reimbursable to Lessor, in advance, on the first day of each Month during the Initial Term. Rental and other payments shall be sent to:

Rail Trusts Equipment, Inc.  
P.O. Box 50456  
Jacksonville Beach, FL 32240  
Attention: Accounts Receivable Manager

or to such other address as Lessor may from time to time designate.

In addition, Mileage and Per Diem payments (as defined below) paid or allowed by railroads with respect to the Cars shall be the property of Lessee. Mileage and Per Diem, sometimes referred to together herein as Car Hire, are defined at all times to be the sum of the hourly per diem ("Per Diem") and mileage earnings ("Mileage") of the Cars, in accordance with the Code of Car Hire Rules of the AAR then in effect and all Mileage earned as private mileage allowance under the provisions of published tariffs.

7. Upon the expiration or termination of the Agreement with respect to the Car(s) described in this Schedule, without demand by Lessor, Lessee, at its sole expense, shall return such Car(s) to Lessor, pursuant to the terms of this paragraph, the Rider No. 1 attached hereto and made a part hereof, and Section 14 of the Agreement uncontaminated and in the same condition as received, less ordinary wear and tear, and in a condition fit for interchange between railroads signatory to railroad agreements that have handled this equipment while under control of Lessee and free of liens arising by, through or under Lessee, by delivering the Cars to Lessor at any maintenance, storage or terminal facility as Lessor designates to Lessee in writing. Rent for each Car shall cease only when each such Car is returned in the above condition to the point referenced above. Upon request, Lessee will store Car(s) for up to one hundred twenty (120) days from the date rent for such Car ceases as provided for above, free of charge at Lessor's risk, except for losses and claims arising from Lessee's negligence or willful misconduct.

(a) Extension: Purchase. In lieu of Lessee's obligation to return the Cars to Lessor upon expiry of the Initial Term, Lessee may, if no Event of Default exists, and upon Lessee having provided to Lessor notice not less than 120 days prior to such expiry, irrevocably elect to:

- (i) extend the Initial Term as to all and not less than all of the Cars under this Schedule for a period to be agreed upon by Lessee and Lessor for an amount equal to the Cars then fair market rental value as determined by the Parties. The fair market rental value shall be payable monthly by Lessee to Lessor on the first day of each month during the extension term, or
- (ii) purchase all of Lessor's right, title and interest in and to all, but not less than all, of the Cars under this Schedule on an "as-is, where-is," quitclaim basis, for a purchase price equal to \$57,552.47 per railcar.

8. **Modifications to the Agreement.** The parties hereby agree to amend the Agreement, but solely as it pertains to this Schedule No. 1, as follows:

- (i) The first line of Section 7. C) is hereby amended to read: "C) The insurance requirements of Subsection (A) (ii) above may be satisfied in .....";
- (ii) Section 10. D) is hereby deleted in its entirety and replaced with the following:  
"D) If any Rent or other amount payable hereunder is not paid within 10 days of its due date, Lessee shall pay an administrative late charge of 5% of the amount not timely paid. Lessee shall pay interest equal to the lesser of (a) 10% per annum, or (b) the highest rate permitted by applicable law ("Default Rate") on (i) any amount other than Rent owing hereunder and not paid when due, (ii) Rent not paid within 30 days of its due date, and (iii) any amount required to be paid upon termination of this Agreement under Section 13 hereof.";
- (iii) Section 13.A) is hereby amended by adding thereto the following subsections:

- (vi) Lessee (w) enters into any merger or consolidation with, or sells or transfers all or any substantial portion of its assets to, or enters into any partnership or joint venture other than in the ordinary course of business with, any entity; (x) dissolves, liquidates or ceases or suspends the conduct of business, or ceases to maintain its existence, (y) if Lessee is a privately held entity, enters into or suffers any transaction or series of transactions as a result of which Lessee is directly or indirectly controlled by persons or entities not directly or indirectly controlling Lessee as of the date hereof, or (z) if Lessee is a publicly held entity, there shall be a change in the ownership of Lessee's stock or other equivalent ownership interest such that Lessee is no longer subject to the reporting requirements of, or no longer has a class of equity securities registered under, the Securities Act of 1933 or the Securities Exchange Act of 1934; or
- (iv) any material default occurs, that goes uncured beyond any applicable grace period, under any other lease, credit or other agreement or instrument to which Lessee, or any guarantor of Lessee's obligations hereunder, and Lessor or any affiliate of Lessor are now or hereafter party."
- (v) The sixth line of Section 17.A) is hereby amended to read:  
 "... not limited to Lessor's strict liability in tort, arising out of the use, ownership, possession, storage, operation, condition, repair, ...."

9. Except as expressly modified by this Schedule, all terms and provisions of the Agreement shall remain in full force and effect with respect hereto.

10. This Schedule may be executed by the parties hereto in any number of counterparts, and all counterparts taken together shall be deemed to constitute one instrument.

LESSOR:

Rail Trusts Equipment, Inc.

BY: [Signature]

NAME: Gil Gibbs

TITLE: Vice President

DATE: 2/28/08

Attachments: Exhibit A Certificates of Acceptance  
Rider #1 - Return Conditions and Slip Table

LESSEE:

Garnet of Maryland, Inc.

BY: \_\_\_\_\_

NAME: \_\_\_\_\_

TITLE: \_\_\_\_\_

DATE: \_\_\_\_\_

Notarial Acknowledgment

State of FLORIDA

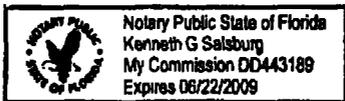
County of DIVAL

I hereby certify that on this day before me, an officer duly authorized in the State and County aforesaid to take acknowledgments, personally appeared GIL GIBBS.

to me known to be the person(s) described in and who executed the foregoing instrument and acknowledged before me that (he, she, they) duly executed the same. In Witness Whereof I have hereunto set my hand and official seal this 3rd day of MARCH, 2008. My Commission Expires 6/22, 2009.

(Official Seal)

[Signature]  
Notary Public  
In and for said County and State or District of Columbia



- (vi) Lessee (w) enters into any merger or consolidation with, or sells or transfers all or any substantial portion of its assets to, or enters into any partnership or joint venture other than in the ordinary course of business with, any entity, (x) dissolves, liquidates or ceases or suspends the conduct of business, or ceases to maintain its existence, (y) if Lessee is a privately held entity, enters into or suffers any transaction or series of transactions as a result of which Lessee is directly or indirectly controlled by persons or entities not directly or indirectly controlling Lessee as of the date hereof, or (z) if Lessee is a publicly held entity, there shall be a change in the ownership of Lessee's stock or other equivalent ownership interest such that Lessee is no longer subject to the reporting requirements of, or no longer has a class of equity securities registered under, the Securities Act of 1933 or the Securities Exchange Act of 1934; or
- (iv) any material default occurs, that goes uncured beyond any applicable grace period, under any other lease, credit or other agreement or instrument to which Lessee, or any guarantor of Lessee's obligations hereunder, and Lessor or any affiliate of Lessor are now or hereafter party."
- (v) The sixth line of Section 17.A) is hereby amended to read:  
 "... not limited to Lessor's strict liability in tort, arising out of the use, ownership, possession, storage, operation, condition, repair, ...."

9. Except as expressly modified by this Schedule, all terms and provisions of the Agreement shall remain in full force and effect with respect hereto.

10. This Schedule may be executed by the parties hereto in any number of counterparts, and all counterparts taken together shall be deemed to constitute one instrument.

LESSOR:	LESSEE:
Rail Trusts Equipment, Inc.	Garnet of Maryland, Inc.
BY: _____	BY: <u>John S Skoutelas</u>
NAME: _____	NAME: <u>John S. Skoutelas</u>
TITLE: <u>Vice President</u>	TITLE: <u>V.P. and President Sec</u>
DATE: _____	DATE: <u>2/29/08</u>

Attachments: Exhibit A Certificates of Acceptance  
 Rider #1 - Return Conditions and Stip Table

**Notarial Acknowledgment:**

State of \_\_\_\_\_  
 County Of \_\_\_\_\_

I hereby certify that on this day before me, an officer duly authorized in the State and County aforesaid to take acknowledgments, personally appeared \_\_\_\_\_ to me known to be the person(s) described in and who executed the foregoing instrument and acknowledged before me that he duly executed the same. In Witness Whereof I have hereunto set my hand and official seal this \_\_\_\_\_ day of \_\_\_\_\_, 200\_\_.

(Official Seal)

Notary Public  
 In and for said County and State or District of Columbia

See attached

State of Pennsylvania )

County of Bucks )

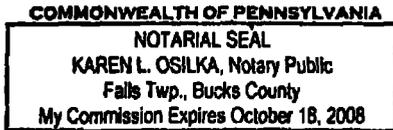
I certify that on the 11<sup>th</sup> day of March, 2008, John S. Skoutelas  
(Name)

came before me in person and stated to my satisfaction that he:

- (A) executed the attached instrument, the Schedule No. 1, dated February 29, 2008; and
- (B) was authorized to and did execute this instrument on behalf of and as Vice President and Assistant Secretary of Garnet of Maryland, Inc. the entity named in this instrument.  
(name of entity)

Karen L. Osilka

Notary Public  
(Seal)



SUPPLEMENTAL MAINTENANCE AND RETURN CONDITIONS

## RIDER I

## RAILCARS

## Maintenance

A) Upon expiration or any earlier termination of the Lease, all Equipment shall be returned to the location(s) designated by Lessor in the same condition as when first accepted by Lessee, less ordinary wear and tear resulting from the normal and proper use common to vehicles being utilized to transport waste thereof, and in compliance with the following: (i) free of any special advertising, lettering or other marking, washed (interior and exterior) and generally free of any liquid or product residue, silt, sludge or other debris, and otherwise in the condition in which it is required to be maintained hereunder; (ii) all wheels shall have a minimum thickness and contour that meets or exceeds AAR Interchange standards; (iii) all air brake components not meeting minimum requirements must be repaired or replaced as required under applicable AAR rules; (iv) brake shoes shall have a minimum of the usable wear remaining that meets or exceeds AAR standards; (v) Ordinary wear and tear, for the purpose of this agreement, is defined as follows: dents, bulges, bowing, minor interior and exterior surface rust, scratches, sheet steel patches, and typical wear on mechanical components that do not affect the structural integrity of the Railcar(s) or cause the Railcar(s) to be unsuitable for normal revenue service and interchange (as outlined by the Federal Railroad Administration (FRA), the Association of American Railroads (AAR), and the National Transportation Agency (NTA), or their successors with jurisdiction over the operations of Railcars in the geographic areas where the subject Railcars operate).

Sub-surface corrosion shall not be considered ordinary wear and tear, and every effort will be made to stop its progression before any damage or deterioration occurs. To the extent that damage or deterioration does occur, corrective repairs and replacements will be made in accordance with standard industry practice.

-Bowing that causes the car width to exceed the original design width of the car, as indicated in the Plate F diagram, by four inches (4") or more shall not be considered ordinary wear and tear; If bowing is found to have caused deviation of 4 inches or more from the original specifications, the Lessee will bring the car back into compliance with the original Plate F dimensions.

B) Lessee shall make no repair, alteration, modification, addition or attachment (collectively "Modification") with respect to any item of Equipment which (i) interferes with the normal and satisfactory operation or maintenance thereof; (ii) creates a safety hazard, (iii) violates any provision of this Annex or the Master Lease, (iv) results in the creation of a mechanic's or materialmen's lien with respect thereto, (v) impairs the originally intended function, use or value of such item as it existed immediately prior to the Modification or (vi) decreases the residual value, remaining useful life or utility of such item of Equipment;

C) Lessee must notify Lessor in writing not less than 180 days prior to expiration of the Base Term and of any extension or renewal thereof of Lessee's intent to return the Equipment or to exercise any purchase or renewal option set forth in the Schedule.

D) Return location(s) will be determined by Lessor on CSX lines within the Continental United States.

<u>Base Rent Installment Number</u>	<u>Stipulated Loss Value Percentage</u>	<u>Base Rent Installment Number</u>	<u>Stipulated Loss Value Percentage</u>	<u>Base Rent Installment Number</u>	<u>Stipulated Loss Value Percentage</u>
0	103.5000000	39	88.32419785	78	62.58016558
1	103.1536588	40	85.78744181	79	61.89557305
2	102.801908	41	85.24680353	80	61.20668059
3	102.448002	42	84.70245857	81	60.5141692
4	102.0948613	43	84.15346072	82	59.81765434
5	101.7205535	44	83.80063777	83	59.11679781
6	101.3519349	45	83.04385433	84	58.4115844
7	100.9780484	46	82.4824856	85	57.70385253
8	100.8009499	47	81.91724843	86	56.99325018
9	100.2194848	48	81.34812929	87	56.28010877
10	99.83271798	49	80.77581585	88	55.56407666
11	99.44269414	50	80.20001496	89	54.84363755
12	99.04940186	51	79.62099008	90	54.12081328
13	98.64989765	52	79.03825983	91	53.39467837
14	98.24266762	53	78.45158636	92	52.66429876
15	97.82916588	54	77.86174171	93	51.93129046
16	97.40830209	55	77.26816328	94	51.19534528
17	96.98408188	56	76.67060365	95	50.45482036
18	96.55327415	57	76.06982513	96	49.7100000
19	96.11507918	58	75.46528413		
20	95.67344706	59	74.85672352		
21	95.22519128	60	74.24412822		
22	94.78948234	61	73.6282502		
23	94.31027498	62	73.00856902		
24	93.84755889	63	72.38557207		
25	93.37898041	64	71.75875427		
26	92.9068992	65	71.12783885		
27	92.4285194	66	70.49355845		
28	91.94463505	67	69.85542755		
29	91.45715862	68	69.21315942		
30	90.96469734	69	68.56747659		
31	90.466605	70	67.9179133		
32	89.96466545	71	67.26417276		
33	89.45777615	72	66.60624032		
34	88.94511888	73	65.94482456		
35	88.42878375	74	65.27948702		
36	87.90889782	75	64.61083373		
37	87.38481488	76	63.93783911		
38	86.85643308	77	63.26078588		

**EXHIBIT A**

**PURSUANT TO LEASE AGREEMENT**

**CERTIFICATE OF ACCEPTANCE OF  
RAILROAD CARS**

This Certificate relates to the railroad cars listed below leased by Rail Trusts Equipment, Inc. to Waste Management, Inc. under Schedule No. 1., to a Lease Agreement dated as of October 22, 2007 (the "Agreement"), into which this Certificate is incorporated.

**DESCRIPTION OF CARS:** 8700 Cubic Foot Gondola Railcar

**QUANTITY OF CARS:** 6

**CAR NUMBERS:** USWX 8109, 8111-8112, 8122-8123, 8126

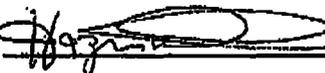
Lessee hereby certifies the fitness and suitability and its unconditional acceptance of the railroad cars listed herein as of the date each Car is tendered to Lessee and hereby subjects said railroad cars to the Agreement.

Lessee hereby certifies that the representations and warranties of Lessee contained in the Agreement are true and correct as of the date below written and that no Event of Default exists or with the passage of time would exist with regard to the Agreement.

Lessee hereby certifies that the undersigned officer signing on behalf of Lessee is duly authorized to execute and deliver this Certificate.

**LESSEE:**

Garnet of Maryland, Inc.

BY:  \_\_\_\_\_

NAME: Lee Muller

TITLE: Group Procurement Dir

DATE: February 22, 2008

**EXHIBIT A**  
**PURSUANT TO LEASE AGREEMENT**  
**CERTIFICATE OF ACCEPTANCE OF**  
**RAILROAD CARS**

This Certificate relates to the railroad cars listed below leased by Rail Trusts Equipment, Inc. to Waste Management, Inc. under Schedule No. 1., to a Lease Agreement dated as of October 22, 2007 (the "Agreement"), into which this Certificate is incorporated.

**DESCRIPTION OF CARS:** 8700 Cubic Foot Gondola Railcar

**QUANTITY OF CARS:** 19

**CAR NUMBERS:** USWX 8100-8108, 8110, 8113-8115, 8117-8119, 8121, 8124-8125

Lessee hereby certifies the fitness and suitability and its unconditional acceptance of the railroad cars listed herein as of the date each Car is tendered to Lessee and hereby subjects said railroad cars to the Agreement.

Lessee hereby certifies that the representations and warranties of Lessee contained in the Agreement are true and correct as of the date below written and that no Event of Default exists or with the passage of time would exist with regard to the Agreement.

Lessee hereby certifies that the undersigned officer signing on behalf of Lessee is duly authorized to execute and deliver this Certificate.

**LESSEE:**

Garnet of Maryland, Inc.

BY: 

NAME: Lee Muller

TITLE: Group Procurement Dir.

DATE: February 19, 2008

**CERTIFICATION**

I, Robert W. Alvord, attorney licensed to practice in the State of New York and the District of Columbia, do hereby certify under penalty of perjury that I have compared the attached copy with the original thereof and have found the copy to be complete and identical in all respects to the original document.

Dated: 2/29/08



\_\_\_\_\_  
Robert W. Alvord