

HORIZON

PRINCETON BANK
Post Office Box 416
Fords, New Jersey 08863
(201) 634-7300

RECORDATION NO. 15093 ^A Filed & Recorded

OCT 31 1986 12-35 PM

INTERSTATE COMMERCE COMMISSION

October 24, 1986

Interstate Commerce Commission
12th Street & Constitution Avenue N.W.
Washington, DC 20423
Att: Ms. Mildred Lee, Room 2303

Date 10/31/86
Fee \$ 10.00

IOC Washington, D. C.

Dear Ms. Lee:

Enclosed please find the following documents with regard to a \$125,000 loan by Princeton Bank to Eastern Railway Supplies, Inc. dated October 22, 1986:

- 1) One original promissory note and security agreement.
- 2) One copy of promissory note and security agreement.
- 3) Princeton Bank Treasurers check for \$10.00.

Please record our security interest in the applicable self propelled railroad cranes. I would greatly appreciate it if you would acknowledge your receipt of the documentation by signing and returning the enclosed copy of this letter in our stamped, self-addressed envelope.

In addition, would you be so kind as to forward a list of those liens which Princeton Bank currently has in place with the I.C.C.

Sincerely,

BW Thropp

Brooks W. Thropp
Assistant Treasurer

BWT/su

Interstate Commerce Commission

Washington, D.C. 20423

11/3/86

OFFICE OF THE SECRETARY

Brooks W. Thropp
Assist. Treasurer
Princeton Bank
P.O.Box 416
Fords, N.J. 08863

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 10/31/86 at 12:35pm, and assigned re-
recording number(s). 15093 & 15093-A

Sincerely yours,

Noreta R. McGee
Secretary

Enclosure(s)

SE-30
(7/79)

PRINCETON BANK

PROMISSORY NOTE

\$ 125,000.00 OCT 31 1986 12-3 5 PM

October 22, 1986

FOR VALUE RECEIVED the undersigned (each jointly and severally if more than one person and hereinafter referred to as "Debtor") promises to pay to the order of PRINCETON BANK, 76 Nassau Street, Princeton, New Jersey 08542 (hereinafter "Bank") at any of its banking offices, the Principal sum of

***** ONE HUNDRED TWENTY FIVE THOUSAND DOLLARS AND 00/100 ***** Dollars

to be paid as follows: Principal payable in 83 equal monthly installments of \$1488.10 each, commencing on the 22nd day of November, 1986 and continuing on the 22nd day of each month thereafter and in one final installment of \$1487.70, on the 22nd day of October, 1993. Interest from the date hereof shall accrue on the unpaid Principal balance hereof at the rate of 1 1/2% per annum above the Prime Rate of interest being charged by Bank from time to time when the Prime Rate is 10 1/2% or less; and 1/2% per annum above the Prime Rate of interest being charged by Bank from time to time when the Prime Rate exceeds 10 1/2%, and shall be payable monthly as billed. (See Additional Provisions)

DISBURSEMENT OF PROCEEDS - Each Debtor hereby represents and warrants to Bank that the Principal of this Note will be used solely for business, commercial or agricultural purposes and agrees that any disbursement of the Principal of this Note, or any portion thereof, to any one or more Debtors, shall be conclusively deemed to constitute disbursement of such Principal to and for the benefit of all Debtors.

PREPAYMENTS - Unless otherwise agreed to in writing by Debtor, this Note may be prepaid in whole or in part, at any time without penalty. However, if the Principal sum due on this Note is repayable in installments, any such prepayments of Principal shall be applied on account of the last remaining unpaid Principal payment to become due and the number of installments hereunder shall be correspondingly reduced, but no such prepayments of Principal shall reduce the amounts of the scheduled installments nor relieve Debtor from paying a scheduled installment on each installment payment date until the entire Principal amount hereof together with all interest thereon has been paid in full.

SECURITY INTEREST - As security for the prompt payment as and when due of all amounts due under this Note, including any renewals, extensions and/or modifications thereof, together with all other existing and future liabilities and obligations of Debtor, or any of them, to Bank, whether absolute or contingent, of any nature whatsoever and out of whatever transactions arising (hereinafter collectively referred to as the "Liabilities"), in addition to any other security agreement or document granting Bank any rights in any of Obligor's ("Obligor", as used herein, shall include Debtor and all other persons liable, either absolutely or contingently, on the Liabilities, including endorsers, sureties and guarantors) property for the purpose of securing the Liabilities, Obligor hereby grants to Bank a lien and security interest in and to all property of Obligor, or any of them, which at any time Bank shall have in its possession, or which is in transit to it, including without limitation any balance or share belonging to Obligor, or any of them, of any deposit, agency, trust, escrow or other account or accounts with Bank and any other amounts which may be owing from time to time by Bank to Obligor, or any of them. Said lien and security interest shall be independent of any right of set-off which Bank may have. Such right of set-off shall be deemed to occur at the time Bank first restricts access of Obligor to property in Bank's possession, although such set-off may be entered upon Bank's books and records at a later time.

RIGHT TO COMPLETE NOTE - Bank may at any time and from time to time without notice to any Obligor: (1) date this Note as of the date when the loan evidenced hereby was made; (2) complete any blank spaces according to the terms upon which Bank has granted such loan; and (3) cause the signature of one or more persons to be added as additional Debtors without in any way affecting or limiting the liability of the existing Debtors to Bank.

EVENTS OF DEFAULT - Each of the following shall be an "Event of Default" hereunder: (1) the nonpayment when due, or if this is a demand obligation, upon demand, of any amount payable under this Note or of any amount when due under or on any of the Liabilities; or the failure of any Obligor to observe or perform any agreement of any nature whatsoever with Bank; (2) if any Obligor becomes insolvent or makes an assignment for the benefit of creditors, or if any petition is filed by or against any Obligor under any provision of any state or federal law or statute alleging that such Obligor is insolvent or unable to pay debts as they mature or under any provision of the Federal Bankruptcy Act; (3) the entry of any judgment against any Obligor which remains unsatisfied for fifteen (15) days; (4) the issuing of any attachment, levy or garnishment against any property of any Obligor; (5) the occurrence of any substantial change in the financial condition of any Obligor which, in the sole, reasonable judgment of Bank, is materially adverse; (6) the dissolution, merger, consolidation or reorganization of any Obligor which is a corporation or partnership, without the express prior written consent of Bank; (7) the death, incarceration or adjudication of legal incompetence of any Obligor who is a natural person; (8) if any information, or signature furnished to Bank by any Obligor at any time in connection with any of the Liabilities, or in connection with any guaranty or surety agreement applicable to any of the Liabilities, is false or incorrect; or (9) the failure of any Obligor to timely furnish to Bank such financial and other information as Bank may reasonably request or require.

BANK'S RIGHTS UPON DEFAULT - Notwithstanding anything to the contrary contained herein or elsewhere, or the fact that Debtor may be required to make Principal and/or interest payments from time to time, if this Note is payable upon demand Bank may demand payment of all outstanding Principal and accrued interest at any time. In addition, upon the occurrence of any Event of Default, Bank may:

- (1) accelerate the maturity of this Note and demand immediate payment of all outstanding Principal and accrued interest.
(2) exercise its right of set-off and all of the rights, privileges and remedies of a secured party under the New Jersey Uniform Commercial Code and all of its rights and remedies under any security agreement, pledge agreement, mortgage, power, this Note or any other note, or other agreement, instrument or document issued in connection with or arising out of any of the Liabilities, all of which remedies shall be cumulative and not alternative. The net proceeds of any collateral held by Bank as security for any of the Liabilities shall be applied first to the expenses of Bank in preparing the collateral for sale, selling and the like, including, without limitation, reasonable attorney's fees and expenses incurred by Bank (including fees and expenses of any litigation incident to any of the foregoing), and second, in such order, as Bank may, in its sole discretion, elect, to the complete satisfaction of all of the Liabilities together with all interest thereon. Obligor waives and releases any right to require Bank to collect any of the Liabilities to Bank from any other collateral under any theory of marshalling of assets or otherwise, and specifically authorizes Bank to apply any collateral in which Obligor has any right, title or interest against any of Obligor's Liabilities to Bank in any manner that Bank may determine.
(3) upon five (5) days written notice to Debtor, begin accruing interest, in addition to the interest provided for above, if any, at a rate not to exceed five percent (5%) per annum on the unpaid Principal balance; provided, however, that no interest shall accrue hereunder in excess of the maximum amount of interest then allowed by law. Debtor agrees to pay such accrued interest upon demand.

MISCELLANEOUS - Debtor hereby waives protest, notice of protest, presentment, dishonor, notice of dishonor and demand. Debtor agrees to reimburse Bank for all costs, including court costs and reasonable attorney's fees, incurred by Bank in connection with the collection and enforcement hereof. Interest shall be calculated hereunder for the actual number of days that the Principal is outstanding, based on a year of three hundred sixty (360) days, unless otherwise specified. If this Note bears interest at a rate based on the Prime Rate charged by Bank from time to time, or the Philadelphia Federal Reserve Bank Discount Rate in effect from time to time, changes in the rate of interest hereon shall become effective on the days on which Bank announces changes in its Prime Rate or the Federal Reserve Bank announces changes in its Discount Rate, as applicable. The rights and privileges of Bank under this Note shall inure to the benefit of its successors and assigns. All representations, warranties and agreements of Obligor made in connection with this Note shall bind Obligor's personal representatives, heirs, successors and assigns. If any provision of this Note shall for any reason be held to be invalid or unenforceable, such invalidity or unenforceability shall not affect any other provision hereof, but this Note shall be construed as if such invalid or unenforceable provision had never been contained herein. The waiver of any Event of Default or the failure of Bank to exercise any right or remedy to which it may be entitled shall not be deemed a waiver of any subsequent Event of Default or of Bank's right to exercise that or any other right or remedy to which Bank is entitled. This Note has been delivered to and accepted by Bank in and shall be governed by the laws of the State of New Jersey. The parties agree to the jurisdiction of the federal and state courts located in New Jersey in connection with any matter arising hereunder, including the collection and enforcement hereof. The Additional Provisions, if any, on the reverse side hereof, are hereby made a part hereof and are incorporated herein as though set forth in full in this and succeeding paragraphs.

Debtor has duly executed this Note the day and year first above written and has hereunto set Debtor's hand and seal.

(INDIVIDUALS SIGN BELOW)
Name (SEAL)
Name (SEAL)
Name (SEAL)
Address

(CORPORATIONS OR PARTNERSHIPS SIGN BELOW)
Eastern Railway Supplies, Inc. (SEAL)
Name of Corporation or Partnership
By: Roland G. Hargraves, President (SEAL)
Name and Title
By: (SEAL)
Name and Title
Attest: Michael M. Kolinsky, Sec/Trea. (SEAL)
Name and Title

CLD-1 (10/84)

ADDITIONAL PROVISIONS

- 1) Borrower makes the following representations and warranties:
 - a) Borrower is a corporation duly organized and existing under the laws of the State of New York.
 - b) There has been no material or adverse change in the financial condition of the borrower from that set forth in the latest financial statement made available to the Bank.
 - c) Borrower has good and valid title to 1005 Indian Church Road, West Seneca, New York, and the assets listed on its financial statement submitted to the Bank.
 - d) There is no litigation at law or in equity and no proceedings before or by any commission or other administrative authority pending, or threatened against borrower which involve the possibility of any judgement or liability not fully covered by insurance, in excess of \$10,000 which may materially and adversely affect any of the assets of the borrower.
 - e) The execution and delivery of this note is within the powers of the Borrower.
 - f) Borrower shall maintain a net worth of not less than \$3,000,000.00 during the term of this loan agreement.

- 2) Borrower covenants and agrees that while this note is outstanding, it will:
 - a) Do all things necessary to preserve and keep in full force and effect its corporate existence, rights and franchises;
 - b) Conduct business in accordance with good and sound practice;
 - c) Comply with all laws and regulations affecting the Borrower's business;
 - d) Maintain and keep its real and personal property in good repair, working order and condition;
 - e) Keep all of its real and tangible personal property adequately insured with responsible and recognized companies, against such risks (with the exception of fire insurance) as are commonly insured against in the same areas by owners of similar property, and protect itself adequately by insurance against liability for damage to persons or property and under all applicable workmen's compensation laws;
 - f) Pay all taxes when due, discharge all rightful liens, assessments and other governmental charges to which the Borrower or any of its property is or shall be subject before such charges become delinquent, except that no such charges need be paid so long as their validity or amount shall be contested in good faith by appropriate proceedings and the Borrower shall have set up on its books such reserve with respect thereto as shall be required by sound accounting practice.
 - g) Deliver to the Bank within ninety (90) days after the end of each fiscal year, a Balance Sheet, Income Statement and Reconciliation Statement of each capital account, in form and detail satisfactory to the Bank, prepared by a CPA, and certified as to accuracy by an officer of the Borrower. The Borrower will deliver to the Bank with reasonable promptness such additional financial information as the Bank may request.

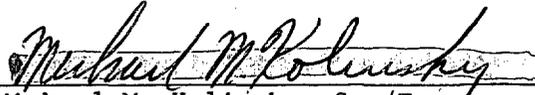
- 3) The Bank, at its election, may grant any extensions, postponements of time of payment, indulgence, or permit any substitution, exchange or release of collateral and may add to it or release any parties primarily or secondarily liable

- 4) Borrower waives presentment, demand, notice of non-payment, protest, and notice of protest, and consents to, and waives notice of, every renewal or extension of time for payment, and every release of collateral security.

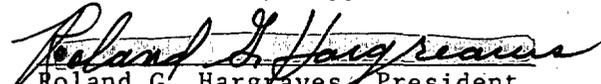
- 5) Borrower grants to the Bank the authority to charge any amounts due on this note to deposit account #10-3098-1 of Borrower when said amounts are due.

- 6) If this note is placed in the hands of an attorney for collection, Borrower shall pay reasonable attorney's fees together with all actual court costs of any legal proceedings.

- 7) This note and rights and obligations of all parties hereto shall be subject to and governed by the laws of the State of New Jersey.


Michael M. Kolinsky, Sec/Treasurer

Eastern Railway Supplies, Inc.


Roland G. Hargraves, President