

RUBIN, QUINN, MOSS & GIRARD-diCARLO

ATTORNEYS AT LAW

1800 PENN MUTUAL TOWER

510 WALNUT STREET

PHILADELPHIA, PA. 19106

(215) 925-8300

ALEXANDER N. RUBIN, JR.
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DAVID F. GIRARD-diCARLO
RICHARD M. IMPERATORE
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MICHAEL S. LUBLINE
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ROBERT SZWAJKOS
JOHN S. BAGBY, JR.
ERIC M. HOCKY

OF COUNSEL
W. LEROY MCKINLEY
ROBERT F. LEHMAN

GOFF & RUBIN
OSTROFF & LAWLER

13726
RECORDATION NO. Filed 1425

2-222A138

* ALSO ADMITTED TO D. C. BAR

AUG 10 1982 - 4 20 PM August 6, 1982

INTERSTATE COMMERCE COMMISSION

AUG 10 1982

Date

Fee \$ 50.00

ICC Washington, D. C.

RECEIVED
AUG 10 4 13 PM '82
FEE OPERATION BR.
T.C.C. SECTION BR.

Ms. Agatha L. Mergenovich
Secretary
INTERSTATE COMMERCE COMMISSION
Washington, D.C. 20432

Re: Documents for Recordation

Dear Ms. Mergenovich:

I have enclosed an original and one fully executed counter-
part of the Mortgage described below, to be recorded pursuant to
Section 11303 of Title 49 of the U. S. Code.

The enclosed Mortgage is a primary document, dated August 6,
1982.

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

Mortgagor: The New York, Susquehanna and
Western Railway Corporation
One Railroad Avenue
Cooperstown, New York 13326

Mortgagee: New Jersey Economic Development
Authority
Capital Place One - 6N990
200 South Warren Street
Trenton, New Jersey 08625

Included in the property covered by the aforesaid Mortgage
are railroad cars, locomotives and other rolling stock intended
for use related to interstate commerce, or interests therein,
owned by The New York, Susquehanna and Western Railway Corpora-
tion at the date of said Mortgage or thereafter acquired by it
or its successors as owners of the lines of railway covered by
the Mortgage.

P¹
of Mortgage

David L. Fox
Cammey

RUBIN, QUINN, MOSS & GIRARD-diCARLO

Ms. Agatha L. Mergenovich
Secretary
August 3, 1982
Page 2

A fee of \$50.00 is enclosed. Please return the original and any extra copies not needed by the Commission for recordation to:

William P. Quinn, Esquire
RUBIN, QUINN, MOSS & GIRARD-diCARLO
1800 Penn Mutual Tower
510 Walnut Street
Philadelphia, Pennsylvania 19106

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

Mortgage dated August 6, 1982 from The New York, Susquehanna and Western Railroad Corporation, Mortgagor, One Railroad Avenue, Cooperstown, New York, 07102, to New Jersey Economic Development Authority, Capital Place One - 6N990, 200 South Warren Street, Trenton, New Jersey, 08624, covering railroad cars, locomotives and other rolling stock owned now or hereafter acquired.

Very truly yours,



WILLIAM P. QUINN

WPQ/laf
Enclosures

Interstate Commerce Commission
Washington, D.C. 20423

8/10/82

OFFICE OF THE SECRETARY

William P. Quinn, Esq.
Rubin, Quinn, Moss & Girard-diCarlo
1800 Penn Mutual Tower
510 Walnut Street
Phila. Pa. 19106

Dear **Sir:**

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on **8/10/82** at **4:20pm**, and assigned re-
recording number(s). **13726**

Sincerely yours,

Agatha L. Mergenovich
Agatha L. Mergenovich
Secretary

Enclosure(s)

13726
REGISTRATION NO. Filed 1425
AUG 10 1982 -4 20 PM
INTERSTATE COMMERCE COMMISSION

COPY

MORTGAGE

by and between

THE NEW YORK, SUSQUEHANNA & WESTERN RAILWAY CORPORATION

and the

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

Dated: August 6, 1982

Record and Return to:

Sherrie L. Gible, Esq.
Capital Place One, CN990
200 South Warren Street
Trenton, NJ 08625

Prepared by:

Sherrie L. Gible, Esq.

CERTIFICATION

I hereby certify that I have compared this copy with the original and have found it to be complete and identical in all respects to the original document.

A. Theresa Dunlop

August 6, 1982

A. THERESA DUNLOP
NOTARY PUBLIC OF NEW JERSEY
My Commission Expires August 14, 1986

MORTGAGE

THIS MORTGAGE, made this 6th day of August, 1982, between The New York, Susquehanna & Western Railway Corporation having an office located at One Railroad Avenue, Cooperstown, New York 13326, herein designated as the Mortgagor, AND

THE NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY, a public body corporate and politic, constituting an instrumentality of the State of New Jersey, having its principal office located at Capital Place One, Suite 600, 200 South Warren Street, P.O. Box 1446, Trenton, New Jersey, herein designated as the Mortgagee;

WITNESSETH, that to secure payment in lawful money of the United States of America, of the principal and interest of the promissory note made and given by the Mortgagor, of the tenor and purport as follows:

A note, of even date herewith, in the amount of \$2,500,000 together with interest at the rate therein provided, principal and interest thereon to be payable in accordance with the terms of said note (the "Note"), and a Direct Loan Agreement between Mortgagor and Mortgagee (the "Agreement"). The terms of the Note and Agreement are incorporated by reference herein.

The Mortgagor hereby mortgages to the Mortgagee all those tracts or parcels of land and premises situate, lying and being in the Counties of Hudson, Bergen, Passaic, Morris and Sussex, State of New Jersey, more particularly described in Schedule A attached hereto and made a part hereof.

Included in the property covered by this mortgage are railroad cars, locomotives and other rolling stock used or intended for use in connection with interstate commerce, or interests therein, owned by The New York, Susquehanna & Western Railway Corporation at the date of this mortgage or thereafter acquired by it or its successors as owners of the lines of railway covered by this mortgage.

TOGETHER with all and singular the buildings, improvements, ways, woods, waters, watercourses, rights, liberties, privileges, hereditaments and appurtenances to the same belonging or in anywise appertaining, and the reversion and reversions, remainder and remainders, rents, issues and profits thereof, and of every part and parcel thereof; AND ALSO all the estate, right, title, interest, use, possession, property, claim and demand whatsoever, of the Mortgagor both in law and in equity, of, in and to the premises herein described, and every part and parcel thereof, with the appurtenances. TO HAVE AND TO HOLD the same unto the Mortgagee and to the Mortgagee's proper use and benefit forever.

PROVIDED ALWAYS, and these presents are upon the express condition that if the Mortgagor shall well and truly pay to the Mortgagee, the sum of money mentioned in the said Note and the interest thereon, at the time or times and in the manner mentioned therein, according to the true intent and meaning thereof, then these presents shall cease and be void, anything herein contained to the contrary notwithstanding.

COVENANTS:

1. SEIZIN AND WARRANTY. (R.S. 46:9-2). The Mortgagor warrants the title to the premises as set forth in the deed dated August 6, 1982, from Walter G. Scott, Trustee of New York, Susquehanna and Western Railroad Company, Debtor, to Mortgagor.

2. INDEBTEDNESS. The Mortgagor covenants that the Mortgagor will well and truly pay or cause to be paid to the Mortgagee, the said sum of money and interest according to the tenor and purport of the Note and the Agreement.

3. TAXES. The Mortgagor covenants and agrees to pay in full, all taxes, assessments or other governmental charges levied upon the lands and improvements embraced in this Mortgage, and will claim no deduction from the taxable value of the mortgaged property by reason of this Mortgage.

4. TAXES PAID. (R.S. 46:9-3). The Mortgagor covenants that no owner of the mortgaged property shall be entitled to any credit by reason of the payment of any tax thereon.

5. INSURANCE. (R.S. 46:9-5). The Mortgagor covenants that the buildings on the premises shall be kept insured against loss by fire and other casualty for the benefit of the holder hereof. In the event of any loss, Mortgagor may restore or repair the damage to property in accordance with plans or specifications reasonably approved by Mortgagor and Mortgagee. Mortgagee shall make available to Mortgagor so much of the proceeds of any such insurance as shall be necessary to restore or repair the damaged property in accordance with those plans or specifications. Any balance of such proceeds shall be retained by Mortgagee and applied to a reduction of the principal amount of the Note. If the entire proceeds are not sufficient to cause the restoration or repair of the damaged property in accordance with the aforesaid plans and specifications, Mortgagor shall deposit with Mortgagee, prior to the commencement of the restoration or repair, the amount required to enable full payment to be made of the costs of the restoration or repair.

6. REPAIRS. The Mortgagor covenants that the buildings and improvements now on the mortgaged premises or which may hereafter be erected thereon will be kept in good and substantial repair.

7. DECLARATION OF NO OFFSET. (R.S. 46:9-7). The Mortgagor within ten (10) days, upon written request of the holder hereof, will furnish at the expense of said holder a statement of the amount due on this Mortgage.

8. FIXTURES. Subject to the provisions of Paragraph 10 of this Mortgage, the Mortgagor covenants and agrees that the Mortgagor will not remove or suffer to be removed from the mortgaged premises any fixtures as defined by the law in New Jersey, presently or in the future to be incorporated into, installed in, annexed or affixed to the realty nor will the Mortgagor execute or cause to be executed any security interest upon any such fixtures, additions to, substitutions or replacements thereof or upon any fixtures in the future to be installed in, annexed or affixed to the premises, without the written consent of the Mortgagee.

9. PERFORMANCE. The Mortgagor covenants and agrees to perform and abide by the terms and covenants herein and the terms and covenants in the Note and the Agreement.

10. A. RELEASES OF MORTGAGED PROPERTY. From time to time, Mortgagor may request release by Mortgagee from the lien of this Mortgage of any of the mortgaged property; Mortgagor may dispose of such portion of the mortgaged property as may be released by Mortgagee; and Mortgagor may dispose of without release the various kinds of property in this Paragraph 10 described as so disposable; all on the conditions and subject to the limitations herein set forth.

Whenever requesting the release of any property pursuant to this Paragraph, Mortgagor shall, except as hereinafter in this Paragraph 10 specifically provided, deliver to Mortgagee:

(1) a request ("Request") for the release of the property described in an Officers' Certificate, (as defined in subparagraph F of this Paragraph), which shall:

(a) set forth the description of the property sought to be released;

(b) state such facts as shall be necessary to show that the release sought is authorized under the provisions and restrictions of this Paragraph 10;

(c) set forth the selling price of the property sought to be released, if it is to be sold, or a description of any property or other benefits to be received in exchange therefor and of any prior lien thereon; and

(d) set forth the fair value of the property sought to be released and state that such fair value is not greater than the price of which it is to be sold, or is not greater than the fair value of the property (including any cash) to be received in exchange therefor, as the case may be.

(2) A certified resolution of Mortgagor's Board of Directors approving such release, which may be in general terms and relate to classes of releases;

(3) An opinion of counsel for Mortgagor stating that the action so requested is authorized by the provisions of this Paragraph 10; that no authorization of any governmental agency is required for any sale or exchange referred to in the said Officers' Certificate or that any such authorization which is required has been obtained and is in full force and effect, specifying the same; that to the knowledge of counsel there are no prior liens on any property to be released except those specified in the Officers' Certificate required by the foregoing subparagraph (2) and that the instrument furnished to Mortgagee in connection with the action so requested are in compliance with the provisions of this Paragraph 10; and where necessary or appropriate that no conveyances, declarations or instruments of further assurance are necessary for the purpose of subjecting such property to a lien of this Mortgage except such conveyances, declarations or instruments of further assurance, if any, as may be delivered to Mortgagee with such opinion of counsel for such purpose; and

(4) If the aggregate fair value of any particular property to be released and of all other property released from the lien of this Mortgage during the then current calendar year, as shown by Officers' Certificate provided under subparagraph A(1) of this Paragraph 10 or under this

subparagraph (4), Mortgagor shall deliver to Mortgagee the certificate of an independent engineer, appraiser or other expert dated not more than thirty days prior to the Request, stating the fair value as of the date of the Certificate, in the opinion of the signer, of the property to be released and the fair value of any property being received by the Mortgagor from any sale, exchange or other disposition of the property to be released.

(5) Such other information as Mortgagee may request.

B. Upon receipt of the documents and information specified in subparagraph A of this Paragraph 10, Mortgagee shall release from the lien of this Mortgage any of the mortgaged property covered by the Request. All cash received by Mortgagor for properties so released, to the extent such cash is not in excess of the fair value of the property to be sold, shall be paid to Mortgagee unless Mortgagor provides Mortgagee an Officers' Certificate certifying that it has made capital expenditures, within twenty-four (24) months preceding the date of such Request, properly chargeable under the accounting rules of the Interstate Commerce Commission to capital accounts of railroads Nos. 731, Road and Equipment Property, 732, Improvements on Leased Property, and 737, Miscellaneous Physical Property. In the event Mortgagor has made such expenditures and cash received for property so released has not previously been used to reimburse Mortgagor for such expenditures, Mortgagor may retain such cash to reimburse it for such expenditures.

Mortgagor shall pay to Mortgagee any cash received for mortgaged property sold in excess of its fair value, and Mortgagee shall apply such cash to a reduction of the principal amount of the Note. All property received in exchange shall become mortgaged property subject to the lien of this Mortgage.

C. Mortgagor shall have full power, in its discretion, without notice to, or action by, Mortgagee, from time to time (a) to alter, remove, demolish or retire from service, otherwise by sale or exchange, any building or structure or industry tracks or sidetracks or yardtracks or other similar property subject to this Mortgage which may have become unfit, obsolete, or undesirable for use or which it may deem

necessary or advantageous to alter, remove, demolish or retire in connection with the maintenance or operation of or in the improvement of the mortgaged property, and (b) to sell or dispose of, free from the lien of this Mortgage, any portion of Mortgagor's equipment, machinery, tools, implements, materials, supplies and portable personal property, at any time held subject to the lien hereof, which in the opinion of Mortgagor may have become obsolete or otherwise unfit or undesirable for use or which it may not be necessary or advantageous to retain for use upon the mortgaged property and to sell or dispose of, free from the lien of this Mortgage, or use in the construction of new equipment, machinery or apparatus, any scrap or other material accumulated from any above-mentioned alteration, removal, demolition or retirement, and Mortgagor agrees that it will replace the same with, or substitute therefor, other properties not necessarily of the same character but having a value at least equal to the then value of the old property at the time of its disposition or, if it be sold, to the consideration therefor received by Mortgagor, and such new property shall become subject to the lien of this Mortgage.

D. Mortgagor may at any time, provided that either the general integrity of, and continuity between the principal points then served by, its lines will not be broken thereby or the security of this Mortgage will not be adversely affected to a material degree thereby, make any change in the location of its lines, tracks, station houses, buildings or other structures situated upon any part of the mortgaged property to other premises, or may move any machine tools, machinery or other fixtures to other premises, whether or not such other premises be subject to the lien of this Mortgage; provided, however, that if such other premises are not subject to the lien of this Mortgage, Mortgagor shall deliver to Mortgagee, promptly after any such change in location, a conveyance to Mortgagee subject to the lien of this Mortgage, the new or relocated lines, tracks, station houses, buildings or other structures, and the property on which the same are situated, together with an opinion of its counsel that such conveyance is effective for such purpose, and that such property is not subject to any prior liens, other than such prior liens upon the old premises as may be specified in such opinion of counsel.

E. In addition to any dispositions made pursuant to the foregoing provisions of this Paragraph 10, Mortgagor may from time to time sell, exchange or otherwise dispose of, free from the lien of this Mortgage and without release by Mortgagee, any property, which is not used, or in the opinion of Mortgagor, useful, for railroad purposes, not exceeding any one calendar year a total of One Hundred Thousand (\$100,000) in fair value. Mortgagor agrees that it will, within a reasonable time thereafter, expend the net cash proceeds of any such sales or other dispositions to replace the property so sold or otherwise disposed of by other property (including improvements to property), not necessarily of the same character, which in its judgment is at least of equal fair value. All property resulting from such expenditures and all property received in exchange for property which was subject to the lien hereof shall forthwith become subject to the lien hereof.

Mortgagee from time to time, upon receipt of a Request so to do and an Officers' Certificate specifying the property sold or exchanged or otherwise disposed of and the value thereof at the date of disposition, stating that it is not used or useful for railroad purposes of Mortgagor and stating the value at such date of all property theretofore sold, exchanged or otherwise disposed of by Mortgagor pursuant to this subparagraph E within the calendar year in which such property was sold, exchanged or otherwise disposed of, shall execute and deliver confirmatory releases or certificates that such property is free from the lien of this Mortgage.

F. An "Officers' Certificate" required by this Paragraph 10 means a certificate signed (a) by the Chairman of the Board, the President or Vice President of Mortgagor and (b) by the chief finance officer, chief accounting officer, or by the chief engineer of Mortgagor, and dated not more than thirty days prior to the date when the Certificate is filed with Mortgagee.

G. Mortgagor shall have full power, in its discretion, without notice to, or action by, Mortgagee from time to time to make a lease of, or to grant trackage rights upon, or to grant easements for any purpose in respect of, any part of the mortgaged property which will amend or to enter into any contract affecting the same, in each case, expressly subject to the prior lien of this Mortgage.

11. EXPENDITURES BY MORTGAGEE. Upon any default by the Mortgagor of any of the covenants and terms hereof requiring the expenditure or outlay of monies by the Mortgagor or upon any default of payment due under any prior mortgage or under any security interest on fixtures upon the herein mortgaged premises, the Mortgagee may at the Mortgagee's option expend the monies necessary therefor even to the extent of paying the entire balance of principal and interest due under any such prior mortgage or under such security interest, and the amounts so expended shall be a lien on the mortgaged premises added to and becoming a part of the principal sum due under said Note and secured by this Mortgage and shall be payable on demand with interest at twelve (12%) percent per year from the date of such payments.

Mortgagor agrees that if default shall be made in any of the covenants or conditions herein contained, or contained in any mortgage constituting a lien upon the mortgaged premises prior and superior to the lien hereof, or should any action be commenced to foreclose any such prior mortgage, the Mortgagee shall have the right forthwith, after any such default, to enter upon and take possession of the said mortgaged premises, and to let the said premises, and receive the rents, issues and profits thereof, and to apply the same, after payment of all necessary charges and expenses, on account of the amount hereby secured, and said rents and profits are, in the event of any such default, hereby assigned to the Mortgagee and the Mortgagee shall also be at liberty immediately after any such default, upon proceedings being commenced for the foreclosure of this Mortgage, to apply for the appointment of a receiver of the rents and profits of the said premises, and be entitled to the appointment of such receiver as a matter of right, as security for the amounts due the Mortgagee without consideration of the value of the mortgaged premises or solvency of any person or persons liable for the payment of such amounts.

Acceptance by the Mortgagee of any payments hereunder, after default, or the failure of the Mortgagee, in any one or more instances, to insist upon strict performance by the Mortgagor of any terms and covenants of this Mortgage or to exercise any option or election herein conferred, shall not be deemed to be a waiver or relinquishment for the future of any such terms, covenants, elections or options.

Wherever used herein, the words, "Mortgagor" or "Mortgagee" shall be deemed to include succeeding owners of the mortgaged property or holders of this Mortgage, respectively, regardless of the means of acquisition thereof and the word "Note" shall include all notes secured hereunder.

Wherever in this Mortgage any party shall be designated or referred to by name or general reference, such designation is intended to and shall have the same effect as if the words "heirs, executors, administrators, personal or legal representatives, successors and assigns" had been inserted after each and every designation. All the terms, covenants and conditions herein contained shall be for and shall inure to the benefit of and shall bind the respective parties hereto, and their heirs, executors, administrators, personal or legal representatives, successors and assigns.

This Mortgage is the Mortgage referred to in the Direct Loan Agreement between the parties hereto and is subject to the terms and conditions of the Direct Loan Agreement.

This Mortgage may be subject and subordinate to a mortgage or mortgages to be given to secure the payment of not in excess of \$2,500,000 and interest to a government agency or financial institution as mortgagee.

In all references herein to any parties, persons, entities or corporations, the use of any particular gender or the plural or singular number is intended to include the appropriate gender or number as the text of the within instrument may require.

THE MORTGAGOR HEREBY DECLARES AND ACKNOWLEDGES THAT THE MORTGAGOR HAS RECEIVED, WITHOUT CHARGE, A TRUE COPY OF THIS MORTGAGE.

IN WITNESS WHEREOF, the Mortgagor has signed this Mortgage the day and year first above written.

ATTEST:

THE NEW YORK, SUSQUEHANNA &
WESTERN RAILWAY CORPORATION

Lawrence C. Malahi
ant. Secretary

By:

Walter Rich
Walter Rich, President

SCHEDULE A

ALL THAT LINE OF RAILROAD known as the New York, Susquehanna and Western Railroad Company and its Branches, the main line extending from a connection with the track of Consolidated Rail Corporation in the Township of North Bergen, Hudson County, State of New Jersey, thence through the Counties of Hudson, Bergen, Passaic, Morris and Sussex, to Sparta Junction, Township of Sparta, Sussex County, New Jersey, a distance of 59 + miles, having 59 + miles of road, and 100 + miles of all tracks, and the Undercliff, Lodi and Passaic Branches, having an aggregate of 8 + miles of road and 33.5 + miles of tracks; together with rights of way, main and yard tracks and sidings, bridges, station, office and roadway buildings, shops and engine houses and other appurtenances and also all and singular the roadways of said railroad and branches, all in the State of New Jersey.

The rights of way of the above-described premises are more particularly represented on Valuation Maps of the New York, Susquehanna and Western Railroad Company, each of which is entitled, Right of Way and Track Map - New York, Susquehanna and Western Railroad Company, and is dated June 30, 1918 ("Valuation Maps"). Each of the said maps is on the date hereof on file at the offices of GRANTEE, One Railroad Avenue, Cooperstown, New York 13326.

Including the right, title and interest of GRANTOR in rights of way of branches of said railroad, delineated on the aforesaid maps, but which may extend in distance beyond the termini as above expressed.

The said right of way, lands and premises are more particularly described as follows:

Beginning at a point where the main track of the New York, Susquehanna and Western Railroad Company connects with the track of Consolidated Rail Corporation, being at Valuation Station 142 + 20 (Mile Post 3.41) in the Township of North Bergen, County of Hudson, State of New Jersey; thence in a generally northerly direction to the Hudson County-Bergen County line at or about Valuation Station 425 + 80, a distance of 5.37 miles; thence in a generally northerly, northwesterly, and westerly direction to the Bergen County-Passaic County line at or about Valuation Station 946 + 20, a distance of 9.86 miles; thence in a generally northwesterly direction to the Passaic County-Bergen County line at or about Valuation Station 1228 + 32, a distance of 5.34 miles; thence in a generally northerly direction to the Bergen County-Passaic County line at or about Valuation Station 1728 + 00, a distance of 9.46 miles; thence in a generally southwesterly direction to the Passaic County-Morris County line at or about Valuation Station 1864 + 00, a distance of 2.58 miles; thence in a generally westerly direction to the Morris County-Passaic County line at or about Valuation Station 1962 + 00, a distance of 1.86 miles; thence in a generally northwesterly direction to the Passaic County-Morris County line at or about Valuation Station 1978 + 40, a distance of 0.31 miles;

thence in a generally northwesterly direction to the Morris County-Passaic County line at or about Valuation Station 2009 + 00, a distance of 0.58 miles; thence in a generally northwesterly direction to the Morris County-Passaic County line at or about Valuation Station 2217 + 30, a distance of 3.36 miles; thence in a generally northwesterly direction to the Passaic County-Morris County line at or about Valuation Station 2274 + 60, a distance of 1.09 miles; thence in a generally northwesterly direction to the Morris County-Passaic County line at or about Valuation Station 2385 + 40, a distance of 2.10 miles; thence in a generally northwesterly direction to the Passaic County-Morris County line at or about Valuation Station 2578 + 20, a distance of 3.65 miles; thence in a generally westerly direction to the Morris County-Sussex County line at or about Valuation Station 2598 + 90, a distance of 0.34 miles; thence in a generally northwesterly and then southwesterly direction to the end of the line at a point 0.36 miles west of former Sparta Junction, in the Township of Sparta, County of Sussex, State of New Jersey, being at or about Valuation Station 3299 + 98, a distance of 13.28 miles, all as shown on the said Valuation Maps.

Also the Undercliff Branch, beginning at a point of switch in the main track of the New York, Susquehanna and Western Railroad Company at main line Valuation Station 472 + 13.7, in the Borough of Ridgefield, being Valuation Station 0 + 00 of the Undercliff Branch; thence in a generally southeasterly direction to the Bergen County-Hudson County line at or about Valuation Station 40 + 75, a distance of 0.8 + miles; thence in a generally southeasterly direction to the Hudson County-Bergen County line at or about Valuation Station 65 + 55, a distance of 0.5 + miles; thence in a generally southeasterly direction to the end of the Branch in Edgewater Yard in the Borough of Edgewater at Valuation Station 148 + 71, a distance of 1.6 + miles, a total of 2.9 + miles.

Also beginning at a point of switch on the Undercliff Branch at Valuation Station 134 + 21 and running in a generally southwesterly direction to the end of the line at Valuation Station 195 + 94, a distance of 1.17 miles, in the Borough of Edgewater, County of Bergen.

Also all of the New York, Susquehanna and Western Railroad properties in so-called Edgewater Yard, in the Borough of Edgewater, County of Bergen.

Also remaining rights of way in the line extending northeasterly from Valuation Station 148 + 71 (End of Undercliff Branch) to the end of the line at Valuation Station 284 + 03 +, a distance of 2.56 miles, in the Borough of Edgewater, County of Bergen.

Also the Lodi Branch, beginning at a point of switch in the eastbound main track of the New York, Susquehanna and Western Railroad Company at Valuation Station 728 + 20.5 in the Borough of Hackensack, County of Bergen and running generally in a southwesterly direction to the Borough of Hackensack-Borough of Maywood line at or about Valuation Station 745 + 00; thence southwesterly to the Borough of Maywood-Borough of Lodi line at or about Valuation Station 756 + 20; thence southwesterly to the end of the Branch at Valuation Station 821 + 26, being 1.76 miles in length, and designated as included in Valuation Sections 7-NJ and 8-NJ.

Also the Passaic Branch, beginning at a point of switch in the eastbound main track of the New York, Susquehanna and Western Railroad Company at Valuation Station 873 + 34.5 in the Borough of Garfield, Bergen County, and running in a generally southerly direction to the end of the line at or about Valuation Station 977 + 00; being about 1.96 miles in length and designated as included in Valuation Section 9-NJ.

All as shown on the said Valuation Maps.

STATE OF NEW JERSEY :
COUNTY OF Mercer :

BE IT REMEMBERED, that on this 6th day of August, 1982, before me, the subscriber a(n) Notary Public personally appeared WALTER RICH who, being duly sworn on his oath, did depose and make proof to my satisfaction, that he is the President of The New York, Susquehanna & Western Railway Corporation, the Corporation named in and which executed the within Instrument; that the execution, as well as the making of this Instrument, has been duly authorized by a proper resolution of the Board of Directors of said Corporation; that deponent well knows the corporate seal of said Corporation; and the seal affixed to said Instrument is such corporate seal and was thereto affixed and said Instrument signed and delivered by said President as and for the voluntary act and deed of said Corporation.

A. Theresa Dunlop

A. THERESA DUNLOP
NOTARY PUBLIC OF NEW JERSEY
My Commission Expires August 14, 1986

Prepared by:

Sherrie L. Gibble

Sherrie L. Gibble, Esq.

RUBIN, QUINN & MOSS

ATTORNEYS AT LAW

1800 PENN MUTUAL TOWER

510 WALNUT STREET

PHILADELPHIA, PA. 19106

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MATTHEW D'ANNUNZIO
PETER C. CILIO

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INTERSTATE COMMERCE COMMISSION

* ALSO ADMITTED TO D. C. BAR
** ALSO ADMITTED TO N. J. BAR

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Mr. James H. Bayne,
Secretary
Interstate Commerce Commission
12th and Constitution Avenues
Washington, DC 20423

RE: Documents for Recordation

Dear Sir:

I have enclosed an original and one acknowledged copy of the Inter Creditor Subordination Agreement described below, which is to be recorded pursuant to §11303 of Title 49 of the U.S. Code.

The enclosed Inter Creditor Subordination Agreement is a secondary document dated July 12, 1984. The primary document to which this is related is recorded under Recordation Number 13726.

The names and addresses of the parties to this Inter Creditor Subordination Agreement are as follows:

First Secured Party: New Jersey Economic Development Authority
Capital Place One C.N. 990
Trenton, NJ 08625

Second Secured Party: Home & City Savings Bank
100 State Street
Albany, NY 12201

Handwritten signatures and initials

Mr. James H. Bayne
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July 12, 1984

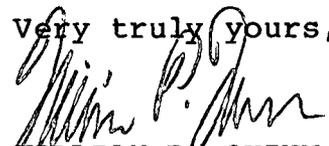
Included in the property covered by the primary document are railroad cars, locomotives and other rolling stock intended for use related to interstate commerce, or interests therein, owned by The New York, Susquehanna and Western Railway Corporation as of the date of such document or thereafter acquired by it or its successors.

A fee of \$10.00 is enclosed. Please return the original document to the undersigned.

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

Inter Creditor Subordination Agreement dated July 12, 1984, between, Home & City Savings Bank, 100 State Street, Albany, New York 12201, and New Jersey Economic Development Authority, Capital Place One, C.N. 990, Trenton, NJ 08625. Such Inter Creditor Subordination Agreement provides that the rights and interest of The New Jersey Economic Development Authority acquired under a Direct Loan Agreement, Promissory Note and Mortgage, dated August 6, 1982 between itself and The New York, Susquehanna and Western Railway Corporation, One Railroad Avenue, Cooperstown, NY 13326, will be subordinated to the rights and interest of Home & City Savings Bank, 100 State Street, Albany, New York 12201, acquired pursuant to a Term Loan Agreement, Promissory Note and Mortgage dated the 12th day of July, 1984.

Very truly yours,



WILLIAM P. QUINN

WPQ/s
Enclosure - \$10.00 Fee