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RECORDATION NO. 13971-R  
FILE NO. 1425

SEP 10 1987 - 5 03 PM

INTERSTATE COMMERCE COMMISSION

September 10, 1987

\*NOT ADMITTED IN D.C.  
\*\*ADMITTED IN MD.

7-2344030  
SEP 11 1987  
Fec 8. / 10 1987

SEP 10 4 55 PM '87  
MOTOR OPERATING UNIT  
ICC OFFICE OF  
THE SECRETARY

DELIVERED BY HAND

Ms. Noreta R. McGee  
Secretary  
Interstate Commerce Commission  
12th Street and Constitution Avenue, N.W.  
Washington, D.C. 20423

ICC Washington, D. C.

Dear Ms. McGee:

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

This document is an Assignment, a secondary document, dated May 25, 1987. The primary documents to which this is connected are recorded as follows: (1) Security Agreement dated September 10, 1982 bearing Recordation No. 13971, and (2) Security Agreement dated March 26, 1984 bearing Recordation No. 14308.

We request that this Assignment be cross-indexed. The names and addresses of the parties to the documents are as follows:

Assignor: First National Bank of Dunmore  
102 E. Drinker Street  
Dunmore, Pennsylvania 18512

Assignee: Louis DeNaples  
c/o McDonnell, O'Brien & Wright  
203 Franklin Avenue  
Scranton, Pennsylvania 18503

*Handwritten signature/initials on the left margin.*

Ms. Noreta R. McGee

-2-

September 10, 1987

A description of the equipment covered by this document follows:

(a) One 1952 SW-9 locomotive with serial number 4199-1, and engine with serial number 52L72; (b) One 1959 CR-7242-GP-9 E.M.D. locomotive; and (c) One CR-8408 SW-1 E.M.D. locomotive.

A check drawn to the order of the Interstate Commerce Commission in the amount of \$10.00 is enclosed for the fee. Please return the original and any extra copies not needed by the Commission for recordation to:

John Docherty, Esq.  
Weiner, McCaffrey, Brodsky & Kaplan, P.C.  
Suite 800  
1350 New York Avenue, N.W.  
Washington, D.C. 20005-4797

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

Assignment dated May 25, 1987, together with a Security Agreement bearing Recordation No. 13971, and a Security Agreement bearing Recordation No. 14308; and covering (a) One 1952 SW-9 locomotive with serial number 4199-1 and engine with serial number 52L72; (b) One 1959 CR-7242-GP-9 E.M.D. locomotive; and (c) One CR-8408-SW-1 E.M.D. locomotive.

Very truly yours,



Christy Story  
Legal Assistant

3285R/8135

Interstate Commerce Commission  
Washington, D.C. 20423

OFFICE OF THE SECRETARY

9/11/87

John Docherty, Esq.  
Weiner, McCaffrey, Brodsky & Kaplan, P.C.  
1350 New York Ave. N.W. Suite 800  
Washington-D.C. 20005-4797

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 9/10/87 at 5:05pm, and assigned recordation number(s) - <sup>13971</sup>~~14308~~-D & 14308-A

Sincerely yours,

*Norata R. McGee*  
Secretary

Enclosure(s)

SEP 10 1987 -5 05 PM

INTERSTATE COMMERCE COMMISSION

ASSIGNMENT

KNOW ALL MEN BY THESE PRESENTS, that the FIRST NATIONAL BANK OF DUNMORE, for and in consideration of the sum of \$1.00, and other good and valuable consideration unto it in hand paid by Louis DeNaples, the receipt of which is hereby acknowledged, DOES HEREBY GRANT, BARGAIN, SELL, ASSIGN, TRANSFER AND SET FORTH OVER WITHOUT RECOURSE unto Louis DeNaples, his heirs, successors and assigns all its right, title and interest in the following:

1. Promissory Note dated September 10, 1982 in the face amount of \$109,751.00 given and executed by POCONO NORTHEAST RAILWAY, INC., to the FIRST NATIONAL BANK OF DUNMORE, a copy of said Promissory Note is attached hereto and made a part hereof and marked Exhibit A.
2. Security Agreement dated September 10, 1982 given and executed by POCONO NORTHEAST RAILWAY, INC., to the FIRST NATIONAL BANK OF DUNMORE, including all collateral pledged therein as well as the First Supplement to Security Agreement dated October 6, 1983, including all collateral pledged therein. A copy of said Security Agreement and First Supplement are attached hereto and made a part hereof and marked Exhibit B & C respectively.
3. Promissory Note dated March 26, 1984 in the face amount of \$45,000.00 given and executed by POCONO NORTHEAST RAILWAY, INC., to the FIRST NATIONAL BANK OF DUNMORE. A copy of said Promissory Note is attached hereto, made a part hereof and marked Exhibit D.
4. Security Agreement dated March 26, 1984 given and executed by POCONO NORTHEAST RAILWAY, INC., to the FIRST NATIONAL BANK OF DUNMORE, including all collateral pledged therein. A copy of said Security Agreement is attached hereto, made a part hereof and marked Exhibit E.

TOGETHER will all rights, remedies and incidences thereunto belonging. And all its right, title, interest, property, claim and demand in and to the same.

To have, hold, receive and take all and singular the rights hereby granted and assigned or mentioned and intended so to be, unto the said Louis DeNaples, or his heirs, executors, administrators and assigns, to and for its proper use, benefit and behoof forever;

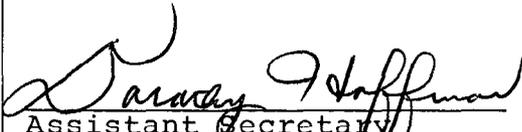
The aforesaid Assignment is made without recourse and the assignee, Louis DeNaples acknowledges and agrees by his acceptance of this assignment to save the First National Bank of Dunmore harmless from any and all liability for the payment or nonpayment of the debts evidenced by the Promissory Notes and Security Agreements.

Further the First National Bank of Dunmore makes no representations or warranties as to the validity or enforceability of the Promissory Notes or Security Agreements. The First National Bank of Dunmore does represent that it has not previously assigned the Promissory Note or Security Agreement.

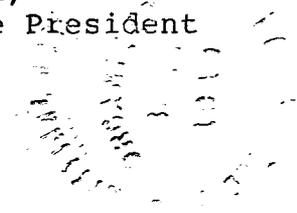
Witness its hand and seal this 25th day of May, 1987.

Attest:

First National Bank of Dunmore

  
Assistant Secretary

By   
Dan O'Brien,  
Senior Vice President



# Security Agreement

THIS AGREEMENT, Made the 10th day of SEPTEMBER 1982, by and between

THE FIRST NATIONAL BANK OF DUNMORE, a national banking association,

13791  
RECORDATION NO. .... Filed 1425

SEP 13 1982 - 3 02 PM

of the Borough of Dunmore  
County of Lackawanna, and State of Pennsylvania  
hereinafter called the Creditor, AND

POCONO NORTHEAST RAILWAY, INC., a Pennsylvania corporation,

of the City of Wilkes-Barre, County of Luzerne  
and State of Pennsylvania, hereinafter called the Debtor;

WHEREAS, the Debtor, concurrently with the execution and delivery of this Agreement, is becoming indebted to the Creditor in the amount of \$109,751.00, further evidenced by the Debtor's promissory note of even date herewith in said amount, payable in accordance with the terms of said note, which is incorporated herein by reference;

AND WHEREAS, the Debtor desires to enter into this Agreement for the purpose of creating a security interest in favor of the Creditor in the goods and chattels described in the schedule hereto attached, marked "Schedule A" and made a part hereof;

AND WHEREAS, said goods and chattels are now or will be located ~~XX~~ in Luzerne County and Lackawanna County, Pennsylvania.

NOW, THEREFORE, THIS AGREEMENT WITNESSETH, That Debtor, in order to secure (1) the payment of the debt evidenced by said note; (2) all costs and expenses incurred in the collection of the same, including the attorney fee and commission therein provided for; (3) all future advances and expenditures made by the Creditor for any rents, taxes, levies, assessments, charges, insurance, repairs, maintenance or protection on or of the goods and chattels described in Schedule A hereof; (4) all other money heretofore or hereafter advanced by the Creditor to or for the account of the Debtor at the option of the Creditor, and/or all future direct or contingent liabilities of the Debtor to the Creditor and (5) together with all interest on all of the foregoing, and intending to be legally bound, hereby grants to the Creditor a security interest in said goods and chattels described on Schedule A hereof.

UNTIL default hereunder, Debtor shall be entitled to possession of the goods and chattels and to use and enjoy the same.

THE DEBTOR warrants and agrees that:

1. If this transaction involves the loan of money from the Creditor to the Debtor for the purpose of acquiring goods and chattels with the proceeds of the loan, the Debtor will use the entire proceeds of the borrowing, together with such additional funds of the Debtor as may be necessary to pay the purchase price for the goods and chattels, and for no other purpose.

2. The goods and chattels are not now and will not be so affixed or related to realty as to be a part thereof.

3. The goods and chattels are or will be owned by the Debtor and are not subject to any security interest except that created by this Agreement, or to any liens or encumbrances, and the Debtor will defend the goods and chattels against the claims and demands of all persons.

4. The Debtor will not sell, exchange, lease, mortgage, encumber or pledge, conceal, remove or otherwise dispose of the goods and chattels, or create any security interest therein (except that created by this Agreement), or attempt to do so without the prior written consent of the Creditor.

5. Debtor will care for and maintain the goods and chattels in a good, careful and husbandlike condition, manner and repair, reasonable wear and tear excepted, and will pay and discharge all taxes, levies and other impositions levied thereon as well as the cost of repairs to or maintenance of the same. If Debtor fails to pay such sums, Creditor may do so for Debtor's account, adding the amount thereof to the debt secured hereby;

6. Debtor will insure the goods against such risks and casualties and in such amounts as Creditor shall require, and shall pay all premiums therefor. All insurance policies shall be written for the benefit of Debtor and Creditor as their interests may appear, and such policies or certificates evidencing the same shall be furnished to Creditor. If Debtor fails to pay the premium on any such insurance, Creditor may do so for Debtor's account, adding the amount thereof to the debt secured hereby. Debtor hereby assigns to Creditor any return or unearned premiums which may be due upon cancellation of any such policies for any reason whatsoever and directs the insurers to pay Creditor any amounts so due. Creditor is hereby appointed Debtor's attorney-in-fact to endorse any draft or check which may be payable to Debtor in order to collect such return or unearned premiums or the proceeds of such insurance; any balance of insurance proceeds remaining after payment in full of all amounts secured hereunder shall be paid to Debtor.

7. Debtor will not permit any of the goods to be removed from the location specified above without the prior written consent of Creditor, and will permit Creditor to inspect the goods and chattels at any time.

8. Debtor will not permit any other security interest to attach to any of the goods; permit the goods to be levied upon under any legal process; or permit anything to be done that may impair the value of any of the goods and chattels or the security intended to be afforded by this Agreement.

9. Debtor will pay all costs of filing any financing, continuation or termination statement with respect to the security interest created by this Agreement. Creditor is hereby appointed Debtor's attorney-in-fact to do all acts and things which Creditor may deem necessary to perfect and continue perfected the security interest created by this Agreement and to protect the goods and chattels.

10. Debtor will promptly notify the Creditor of any change in his residence or of the location of any of the goods and chattels and hereby certifies that the Debtor's present residence is at the address shown above.

11. If the goods include a motor vehicle for which a certificate of title is issuable, Debtor will deliver to Creditor the certificate of title issued with respect thereto, and hereby agrees to cause a statement of Creditor's security interest to be noted as a lien on said certificate. Failure of Debtor to deliver the certificate of title to Creditor within ten (10) days from the date of this Agreement shall constitute a default hereunder.

12. If any of said goods and chattels shall be injured or destroyed without fault of Debtor, such injury or destruction shall, at the option of the Creditor, constitute a default under this Agreement with respect to the item damaged or destroyed. After notice of ninety days by the creditor to the

13. The death, bankruptcy or insolvency of the Debtor shall, at the option of the Creditor, cause the entire indebtedness secured hereby to become immediately due and payable. debtor.

PROVIDED, HOWEVER, That in case of default in the payment of said debt or any part or future advances, expenditures or liabilities hereby secured, or in the due observance or performance of any of the other conditions or agreements hereof, or in case any of the warranties of Debtor herein contained shall prove to be false or misleading, Creditor may declare the unpaid balance of said debt and all such advances, expenditures and liabilities immediately due and payable without demand or notice, and Creditor may proceed to exercise any one or more of the rights or remedies accorded by the Uniform Commercial Code enacted in Pennsylvania on April 6, 1953, and any rights or remedies upon any judgment entered upon the accompanying note simultaneously or consecutively, and the choice of one or more rights or remedies shall not be construed as a waiver or election barring other rights or remedies. It is understood and agreed that this Agreement has been made and entered into in pursuance to said Code and shall be subject to all of the provisions thereof, and the Creditor has all the rights and remedies accorded thereby. If any provision of this Agreement shall for any reason be held to be invalid or unenforceable, such invalidity or unenforceability shall not affect any other provision hereof, but this Agreement shall be construed as if such invalid or unenforceable provision had never been contained herein. Upon the happening of any such default, Debtor, upon demand by the Creditor, shall assemble the goods and chattels and make them available to the Creditor at a place reasonably convenient to both parties.

If Debtor is to acquire goods and chattels with the proceeds of a loan secured hereby, then the Debtor hereby authorizes the Creditor to disburse the proceeds of said borrowing directly to the seller of the goods and chattels and/or to the insurance agent or broker.

The rights and privileges of Creditor under this Agreement shall inure to the benefit of their, his, her or its heirs, legatees, personal representatives, successors and assigns. All covenants, warranties and agreements of Debtor contained in this Agreement are joint and several and shall bind their, his, her or its personal representatives, heirs, legatees, successors and assigns.

WITNESS the due execution hereof the day, month and year first above written.

ATTEST:

POCONO NORTHEAST RAILWAY, INC.

*James V. McFadden*

By: *J. David Crane* 

Debtor  
THE FIRST NATIONAL BANK OF DUNMORE

By: *J. David Lombardi* 

Creditor

~~XXXXXX~~ Attest:

*Daniel O'Brien*  
Vice President ~~SECRETARY~~

COMMONWEALTH OF PENNSYLVANIA:

:SS

COUNTY OF Lackawanna :

On this, the 10th day of September, 1982, before me the undersigned officer, personally appeared J. David Crane, who acknowledged himself to be the President of Pocono Northeast Railway, Inc., a Corporation, and that he as such President, being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of the Corporation by himself as

WITNESS my hand and official seal, the day and year aforesaid.

*Daniel David Kuchar*

NOTARY PUBLIC

DANIEL DAVID KUCHAR, NOTARY PUBLIC  
SCRANTON, LACKAWANNA COUNTY  
MY COMMISSION EXPIRES SEPT. 2, 1985  
Member, Pennsylvania Association of Notaries

COMMONWEALTH OF PENNSYLVANIA:

:SS

COUNTY OF LACKAWANNA :

On this, the 10th day of September, 1982, before me the undersigned officer, personally appeared J. David Lombardi who acknowledged himself to be the Senior V.P. of The First National Bank of Dunmore, and that he as such Senior V.P., being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of the Bank by himself as

WITNESS my hand and official seal, the day and year aforesaid.

DANIEL DAVID KUCHAR, NOTARY PUBLIC  
SCRANTON, LACKAWANNA COUNTY  
MY COMMISSION EXPIRES SEPT. 2, 1985

*Daniel David Kuchar*  
PUBLIC

SCHEDULE "A"

LOCOMOTIVES & VEHICLES

<u>Description</u>	<u>Quantity</u>
B-7050 Hi Railer 78 Chevy Suburban No. CCL268F110535	1
S-2118 Block Truck 75 Ford LNT-8000 w/air compressor & electric welder No. U81DVX14199	1
CR-8638 SW-9 E.M.D. Locomotive Built 12/55	1
CR-8408 SW-1, E.M.D. Locomotive	1
Hi Railer Chevy Pick-up	1

TRACK MATERIALS & TOOLS

<u>Description</u>	<u>Quantity</u>
Claw Bar	3
Spike Maul	6
Spike Puller	2
8# Sledge D.F.	2
10# Sledge D.F.	2
12# Sledge D.F.	2
Rail Tongs	2
34-A Timber Tongs	4
18# Wedge Point Lining Bar	2
22# Wedge Point Lining Bar	2
26# Wedge Point Lining Bar	2
Track Chisel w/handle	2
Single End Track Wrench 3/4"	1
Single End Track Wrench 7/8"	1
Single End Track Wrench 1"	1
Double End Track Wrench 7/8 x 1	1
Double End Track Wrench 1 x 1 1/8	1
#17 Pipe Center Gage	1
#27 Track Level	1
Radio Car Door Opener #15	1
Radio Car Door Opener #30	1
First Aid Kit A/O W110	4
Maul Handles	4
Sledge Handles	4
Pick Handles	4
Safety Glasses, with clear side shield	12
Hard Hats w/ adjustable head band	12
Rail Fork	3
Track Punch	2

<u>Description</u>	<u>Quantity</u>
Track Shovel	6
Bush Hooks	3
Ballast Forks	3
Ditch Spade	2
A 17 Track Jacks Aluminum	2
5/8x6" Track Spikes	12
Frog Wrench 1 1/2 x 1 3/4	1
Washers	2
Bolt-Keg	2
Bond Wire	1 box
Ties, 7 IG	50
Locks	48
Keys	25
Claw Bar	1
Spike Maul	1
Rail Tongs	3
Lag Screwdrivers	2
Track Cart	1
Dolly Cart, 3 wheeler	1
Nolan Butterfly Rerailers	1 pair
Rerailers (over rail)	2 pair
Butterflies without wedges	3 pair
Rerailing Shells	7 pair
Gauge Rods Fixed	21
Gauge Rods Adjustable	13
90-112 Comp. Bars	4
100-135 Comp. Bars	3
130-135 Comp. Bars	2
130-100 Comp. Bars	2
Come Along	1
Track Jacks	2
Track Gauge	1
Track Level	1
Claw Bar	4
Spike Maul	3
Lining Bars	2
Track Jacks	2

SAFETY LAMPS

<u>Description</u>	<u>Quantity</u>
Trainmans Lantern Model 222-RIH	6
Bulbs	4 dozen
Car Inspectors Lamp Model 500B	6
High Intensity Marker 861 Amber	2
Charger 854-12	1

## LOCOMOTIVE MATERIAL

<u>Description</u>	<u>Quantity</u>
Fuel Oil	1,000 gal
Fueling Adapter	2
Fueling Oil Filters	5
Lube Oil	2-55 gal. drums
Air Compressor Oil	1-55 gal. drum
Governor Oil	10 gallons
Jet Lube	2 cases/48 lb. per case
Fuses, various sizes	24
Head Light Bulb	2
Light Bulb-74V	1 carton
Water Hose	100 ft. heavy duty
Sand hose-pipe fittings copper tubing	6
Back up Air Hose	1
Locomotive Brake Shoes	204 per pallet
Bell Ring	1
Assorted Engine Gaskets	1 case
Fire Extinguishers	4 (50 lbs.)
Sand-Bag	2 ton
Blue flags	material to make
Heavy bar	1

## CAR DEPARTMENT MATERIALS

<u>Description</u>	<u>Quantity</u>
Air hose gaskets	100
Angle cocks	6
Nipple, Union, Elbows	12
Air Hose	12
Cast iron brake shoe	1 pallet
2" comp. shoe	1 pallet
Brake Shoe key	50
E. 60 CHT Couplers body R	6
E. 50 HT coupler knuckles R	6
E. 40 coupler locks	6
E. 24A coupler lock lifter R	12
E. 30 coupler thrower R	6
Coupler cross key ret.	6
Coupler draft key ret. lock	6
Coupler draft key	3
Coupler draft key washer	3
Uncoupling lever non telescoping	6
Uncoupling level telescoping	6
Coupler knuckle pin	6
Coupler yokes Y to HT	1
Journal lubricators 5 1/2 X 10 Group A	1 box
Journal lubricators 6 X 11 Group A	1 box

14308

RECORDATION NO. \_\_\_\_\_ Filed 1423

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INTERSTATE COMMERCE COMMISSION

SECURITY AGREEMENT

THIS AGREEMENT, Made the 26th day of MARCH, 1984, by and between FIRST NATIONAL BANK OF DUNMORE of the Borough of Dunmore, County of Lackawanna, and State of Pennsylvania, hereinafter called the Creditor, AND POCONO NORTHEAST RAILWAY, INC. of Wilkes-Barre, County of Luzerne and State of Pennsylvania, hereinafter called the Debtor;

WHEREAS, the Debtor, concurrently with the execution and delivery of this Agreement, is becoming indebted to the Creditor in the amount of \$45,000.00, further evidenced by the Debtor's promissory note of even date herewith in said amount, payable in accordance with the terms of said note, which is incorporated herein by reference;

AND WHEREAS, the Debtor desires to enter into this Agreement for the purpose of creating a security interest in favor of the Creditor in certain property, hereinafter referred to as Collateral, more particularly described in the schedule hereto attached, marked "Schedule A" and made a part hereof;

AND WHEREAS, said Collateral is now or will be located at 81 West Union Street, Wilkes-Barre, Pennsylvania, 18701;

NOW THEREFORE, THIS AGREEMENT WITNESSETH: That Debtor, in order to secure (1) the payment of the debt evidenced by said note; (2) all costs and expenses incurred in the collection of the same, including the attorney's fee and commission therein provided for; (3) all future advances and expenditures made by the Creditor for any rents, taxes, levies, assessments, charges, insurance, repairs, maintenance or protection on or of the Collateral described in Schedule A hereof; (4) all other money heretofore or hereafter advanced by the Creditor to or for the account of the Debtor at the option of the Creditor, and/or all future direct or contingent liabilities of the Debtor to the Creditor and (5) together with all interest on all of the foregoing, and intending to be legally bound, hereby grants to the Creditor a security interest in said Collateral described on Schedule A hereof.

UNTIL default hereunder, Debtor shall be entitled to possession of the Collateral and to use and enjoy the same.

THE DEBTOR warrants, covenants and agrees that:

1. If this transaction involves the loan of money from the Creditor to the Debtor for the purpose of acquiring the Collateral with the proceeds of the loan, the Debtor will use the entire proceeds of the borrowing, together with such additional funds of

the Debtor as may be necessary to pay the purchase price for the Collateral and for no other purpose. If Debtor is to acquire Collateral with the proceeds of a loan secured hereby, then the Debtor hereby authorizes the Creditor to disburse the proceeds of said borrowing directly to the seller of the Collateral and/or to the insurance agent or broker.

2. The Collateral is not now or will not be so affixed or related to realty as to be a part thereof.

3. The Collateral is or will be owned by the Debtor and is not subject to any security interest except that created by this Agreement, or to any liens or encumbrances, and the Debtor will defend the Collateral against the claims and demands of all persons.

4. The Debtor will not sell, exchange, lease, mortgage, encumber or pledge, conceal, remove or otherwise dispose of the Collateral, or create any security interest therein (except that created by this Agreement), or attempt to do so without the prior written consent of the Creditor.

5. Debtor will care for and maintain the Collateral in a good, careful and husbandlike condition, manner and repair, reasonable wear and tear excepted, and will pay and discharge all taxes, levies and other impositions levied thereon as well as the cost of repairs to or maintenance of the same. If Debtor fails to pay such sums, Creditor may do so for Debtor's account, adding the amount thereof to the debt secured hereby;

6. Debtor will insure the Collateral against such risks and casualties and in such amounts as Creditor shall require, and shall pay all premiums therefor. All insurance policies shall be written for the benefit of Debtor and Creditor as their interests may appear, and such policies or certificates evidencing the same shall be furnished to Creditor. If Debtor fails to pay the premium on any such insurance, Creditor may do so for Debtor's account, adding the amount thereof to the debt secured hereby. Debtor hereby assigns to Creditor any return or unearned premiums which may be due upon cancellation of any such policies for any reason whatsoever and directs the insurers to pay Creditor any amounts so due. Creditor is hereby appointed Debtor's attorney-in-fact to endorse any draft or check which may be payable to Debtor in order to collect such return or unearned premiums or the proceeds of such insurance; any balance of insurance proceeds remaining after payment in full of all amounts secured hereunder shall be paid to Debtor.

7. Debtor will permit Creditor to inspect the Collateral at any time.

8. Debtor will not permit any other security interest to attach to the Collateral; permit the Collateral to be levied upon under any legal process; or permit anything to be done that may

impair the value of the Collateral or the security intended to be afforded by this Agreement.

9. The Debtor hereby grants to the Creditor a security interest in and to all proceeds, increases, substitutions, replacements, additions, and accessions to the Collateral. This provision shall not be construed to mean that the Debtor is authorized to sell, lease or dispose of the Collateral without the consent of the Creditor.

10. The Debtor shall, if in the Creditor's judgment the Collateral has materially decreased in value or if the Creditor shall at any time deem that the Creditor is insecure, either provide enough additional Collateral to satisfy the Creditor or reduce the total indebtedness by an amount sufficient to satisfy the Creditor.

11. The Debtor will pay the note secured by this Security Agreement and any renewal or extension thereof and any other indebtedness hereby secured in accordance with the terms and provisions thereof and will repay immediately all sums expended by the Creditor in accordance with the terms and provisions of this Security Agreement.

12. In performing any act under this Security Agreement and the note secured thereby, time shall be of the essence. The Creditor's acceptance of partial or delinquent payments, or the failure of the Creditor to exercise any right or remedy shall not be a waiver of any obligation of the Debtor or right of the Creditor or constitute a waiver of any other similar default subsequently occurring.

13. Debtor will pay all costs of filing any financing, continuation or termination statement with respect to the security interest created by this Agreement. Creditor is hereby appointed Debtor's attorney-in-fact to do all acts and things which Creditor may deem necessary to perfect and continue perfected the security interest created by this Agreement and to protect the Collateral.

14. Debtor will promptly notify the Creditor of any change in its place of business or of the location of the Collateral and hereby certifies that the Debtor's present business address is at the address shown above.

15. If the Collateral includes a motor vehicle for which a certificate of title is issuable, Debtor will deliver to Creditor the certificate of title issued with respect thereof, and hereby agrees to cause a statement of Creditor's security interest to be noted as a lien on said certificate. Failure of Debtor to deliver the certificate of title to Creditor within ten (10) days from the date of this Agreement shall constitute a default hereunder.

16. If any of said Collateral shall be injured or destroyed without fault of Debtor, such injury or destruction shall, at the option of the Creditor, constitute a default under this Agreement.

17. The bankruptcy or insolvency of the Debtor shall, at the option of the Creditor, cause the entire indebtedness secured hereby to become immediately due and payable.

PROVIDED, HOWEVER, That in case of default in the payment of said debt or any part or future advances, expenditures or liabilities hereby secured, or in the due observance or performance of any of the other conditions or agreements hereof, or in case of any of the warranties of Debtor herein contained shall prove to be false or misleading, Creditor may declare the unpaid balance of said debt and all such advances, expenditures and liabilities immediately due and payable without demand or notice and Creditor may proceed to exercise any one or more of the rights or remedies accorded by the Uniform Commercial Code enacted in Pennsylvania on April 6, 1953 and amendments thereto, and any rights or remedies upon any judgment entered upon the accompanying note simultaneously or consecutively, and the choice of one or more rights or remedies shall not be construed as a waiver or election barring other rights or remedies. It is understood and agreed that this Agreement has been made and entered into in pursuance to said Code and shall be subject to all of the provisions thereof, and the Creditor has all the rights and remedies accorded thereby. If any provision of this Agreement shall for any reason be held to be invalid or unenforceable, such invalidity or unenforceability shall not affect any other provision hereof, but this Agreement shall be construed as if such invalid or unenforceable provision had never been contained herein. Upon the happening of any such default, Debtor, upon demand by the Creditor, shall assemble the Collateral and make it available to the Creditor at a place reasonably convenient to both parties. The Creditor shall also have the right to remove the Collateral from the premises of the Debtor and, for purposes of removal and possession, the Creditor or its representatives may enter any premises of the Debtor without legal process and the Debtor hereby waives and releases the Creditor of and from any and all claims in connection therewith or arising therefrom.

The rights and privileges of Creditor under this Agreement shall inure to the benefit of its heirs, legatees, personal representatives, successors and assigns. All covenants, warranties and agreements of Debtor contained in this Agreement are joint and several and shall bind its personal representatives, heirs, legatees, successors and assigns.

This Agreement shall be construed under and in accordance with the Pennsylvania Uniform Commercial Code and other applicable laws of the Uniform Commercial Code as well as all other rights and remedies possessed by the holder of said note.

WITNESS the due execution hereof the day, month and year first above written.

ATTEST:

[Signature]  
Secretary

FIRST NATIONAL BANK OF DUNMORE

By [Signature]  
Creditor

ATTEST:

[Signature]  
Secretary

POCONO NORTHEAST RAILWAY, INC.

By [Signature]  
G. David Crane  
Debtor

Commonwealth of Pennsylvania

: ss.

County of Lackawanna

On this 26TH day of MARCH, 1984, before me, the subscriber, a notary public, in and for said Commonwealth and County, personally appeared J. DAVID LOMBARDI who acknowledged himself to be the SENIOR VICE PRESIDENT of First National Bank of Dunmore, a Corporation, and that he as such SENIOR VICE PRESIDENT being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of the Corporation by himself as SENIOR VICE PRESIDENT.

WITNESS my hand and official seal the day and year aforesaid.

[Signature]

Notary Public

DANIEL DAVID KUCHAR, NOTARY PUBLIC  
SCRANTON, LACKAWANNA COUNTY  
MY COMMISSION EXPIRES SEPT. 2, 1985  
Member, Pennsylvania Association of Notaries

Commonwealth of Pennsylvania

: ss.

County of Lackawanna

On this 26TH day of MARCH, 1984, before me, the subscriber, a notary public, in and for said Commonwealth and County, personally appeared G. DAVID CRANE who acknowledged himself to be the President of Pocono Northeast Railway, Inc., a Corporation, and that he as such President, being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of the Corporation by himself as President.

WITNESS my hand and official seal the day and year aforesaid.

[Signature]

Notary Public

DANIEL DAVID KUCHAR, NOTARY PUBLIC  
SCRANTON, LACKAWANNA COUNTY  
MY COMMISSION EXPIRES SEPT. 2, 1985  
Member, Pennsylvania Association of Notaries

(1) 1952 SW-9 Locomotive with serial number 4199-1 and  
Engine with serial number 52L72.

SCHEDULE A