

WITKOWSKI, WEINER, McCAFFREY AND BRODSKY, P. C.

ATTORNEYS AT LAW

SUITE 350

1575 EYE STREET, N. W.

WASHINGTON, D. C. 20005

(202) 628-2000

SANFORD A. WITKOWSKI
HARVEY E. WEINER
R. LAWRENCE McCAFFREY, JR.
JAMES A. BRODSKY
PETER E. KAPLAN

ALAN SCHNEEBERG
RICHARD I. PEYSTER
PETER A. GILBERTSON
FELICIA A. ALTMAYER
MARK H. SIDMAN

4-101A065
APR 10 1984
50.00

April 10, 1984

4308

REGISTRATION NO. Filed 1425

APR 10 1984 -2 55 PM

Ms. Agatha L. Mergenovich
Secretary
Interstate Commerce Commission
12th Street & Constitution Avenue, N.W.
Washington, D.C. 20423

INTERSTATE COMMERCE COMMISSION

Re: Recordation of Documents:
Sales Orders and Security Agreement

Dear Ms. Mergenovich:

Please find enclosed for recordation pursuant to
49 U.S.C. §11303 two counterpart copies of:

SECURITY AGREEMENT, made March 26, 1984, by and
between The First National Bank of Dunmore
("Creditor") and Pocono Northeast Railway, Inc.
("Debtor"), with shipping notice no. 1381 dated
November 7, 1983, of Pocono Northeast Railway, Inc.
("Vendee") to Montour Railroad Company ("Vendor"),
attached.

The names and address of the parties to this
transaction are as follows:

Vendee and Creditor

Pocono Northeast Railway, Inc.
81 West Union Street
Wilkes-Barre, PA 18701

Creditor

First National Bank of Dunmore
102 East Drinker Street
Dunmore, Pennsylvania 18512

RECEIVED
APR 10 2 28 PM '84
I.O.C.
I.E.F. OPERATION BR.

Peter A. Galt
C. C. C. C.

Ms. Agatha L. Mergenovich

-2-

April 10, 1984

Vendor

Montour Railroad Company
4 Station Square
Commerce Court
Pittsburgh, PA 15219

The equipment that is the subject of this transaction is described as follows:

One (1) used locomotive: model SW-9, built by the Electro-Motive Division of General Motors Corporation with the Montour Railroad Company reporting mark "MTR 77".

Pursuant to 49 C.F.R. Part 1116, please stamp the documents described above with the date and hour of recordation, a recordation number and a notation to the effect that it has been filed pursuant to the provisions of section 11303 of the Title 49, United States Code. After performing these tasks, please retain one copy of these documents in the Commission's files and return the other to the delivering agent of:

Witkowski, Weiner, McCaffrey and Brodsky, P.C.
1575 Eye Street, N.W., Suite 350
Washington, D.C. 20005

Enclosed is a check drawn to the order of the Interstate Commerce Commission for filing fees.

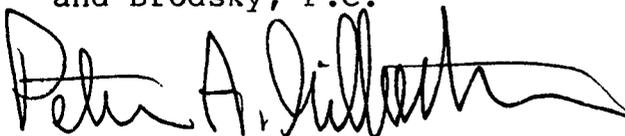
Your cooperation is appreciated.

Respectfully submitted,

POCONO NORTHEAST RAILWAY, INC.

By its Special Counsel,

Witkowski, Weiner, McCaffrey
and Brodsky, P.C.



Peter A. Gilbertson

Interstate Commerce Commission

Washington, D.C. 20423

4/10/84

OFFICE OF THE SECRETARY

**Peter A. Gilbertson
Witkowski, Weiner, McCaffrey & Brodsky
1375 Eye St, N.W. Suite 350
Washington, D.C. 20005**

Dear

Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on **4/10/84** at **2:35pm** and assigned re-
recording number (s). **14308**

Sincerely yours,

James H. Bayne
JAMES H. BAYNE

Secretary

Enclosure(s)

SE-30
(7/79)

APR 10 1984 - 2 25 PM

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:

Barney G. Hoffman
Secretary

FIRST NATIONAL BANK OF DUNMORE

By J. David Lombardi
Creditor

ATTEST:

Joseph E. McFarland
Secretary, Asst.

POCONO NORTHEAST RAILWAY, INC.

By 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.

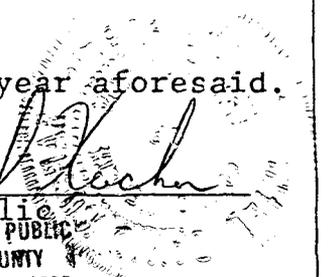
Daniel David Kuchar
Notary Public
DANIEL DAVID KUCCHAR, NOTARY PUBLIC
SCRANTON, LACKAWANNA COUNTY
MY COMMISSION EXPIRES SEPT. 2, 1985
Member, Pennsylvania Association of Notaries

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.

Daniel David Kuchar
Notary Public
DANIEL DAVID KUCCHAR, 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

MONTOUR RAILROAD COMPANY

~~XXXXXX~~

SHIPPING NOTICE

THE FOLLOWING MATERIAL
HAS BEEN SHIPPED TO

Pocono Northeast Railway Inc.

81 West Union Street

Wilkes-Barre, Pa. 18701

GSK FILE REF.	SHIPPER'S CODE NO.	RECEIVER'S CODE NO.	INVOICE NO. 5D-1068-1
			ACCTG. DEPT. NO.
			MONTH ACCT.

SHIPPING POINT

McKees Rocks, Pa.

DATE

November 7,

19 83

DATE OF SHIPMENT	INITIAL AND NUMBER OF CAR	BY PASSENGER TRAIN	REGISTER NUMBER	SIGNED <i>T.M. Durko</i> T. M. Durko - Director, P&M
11-7-83	LOCO PNE 77			

REQN. NO.	QUANTITY	UNIT	FULL DESCRIPTION OF ARTICLES	NEW S. H. REPD.	CLASS	PRICE	UNIT	AMOUNT	ACCOUNT CHARGEABLE
Your Order 1381	1	ea	Used 1200 Horse Power Model SW-9 Diesel-Electric Locomotive (MTR Unit #77) CREDIT AFE 3344			50000	00	50000 00	

NOTE. IF EXCEPTION IS TAKEN TO THIS BILL ACCOUNT ERROR IN PRICES OR EXTENSION, RETURN BILL WITH STATEMENT OF SAME TO ACCOUNTING DEPT. QUESTIONS RELATING TO THE SHIPMENT MUST BE REFERRED TO STOREKLEPER.

TOTAL 50000 00

IF SHIPMENT ON SALES ORDER
SHOW SALES ORDER NUMBER