

Secretary
Interstate Commerce Commission
October 4, 1990
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Lackawaxen and Stourbridge Railroad Corporation
Fonfulco, Inc.
Delaware Otsego Equipment Corporation
The New York, Susquehanna and Western Railroad Corporation
Susquehanna Properties, Inc.
Delta Warehousing Corporation
Staten Island Railway Corporation
Rahway Valley Railroad Company
Rahway Valley Company, Lessee
Susquehanna Bulk Systems, Inc.
1 Railroad Avenue
Cooperstown, New York 13326

Chemical Bank *Lessor*
90 Presidential Plaza
Syracuse, New York 13202

A description of the equipment covered by the documents is as follows:

All machinery, apparatus, equipment, fittings, inventory and fixtures now owned or hereafter acquired, including all locomotives, railcars, railroad rolling stock and maintenance-of-way equipment.

A fee of \$210.00 is enclosed. Please return the original and any extra copies not needed by the Commission for recordation to Ronald A. Mittleman, Esq., Lacy Katzen, Ryen & Mittleman, The Granite Building, 130 East Main Street, 2nd Floor, Rochester, New York, 14604-1686.

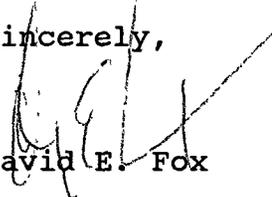
A short summary of the documents to appear in the index follows:

1. New York IDA Mortgage;
2. New York Non-IDA Mortgage;
3. New York Class 2 Mortgage (Otsego IDA);
4. New York Class 2 Mortgage;
5. New Jersey Class 2 Mortgage;
6. New Jersey Property Mortgage;
7. Collateral Assignment of Leases and Rents (NY);
8. Collateral Assignment of Leases and Rents (NJ-Delaware Otsego);
9. Collateral Assignment of Leases and Rents (NJ-Corporate Guarantors);

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10. Pledge and Security Agreement (Accounts);
11. Pledge and Security Agreement (All);
12. Assignment of Proceeds (Little Ferry);
13. Assignment of Proceeds, Agreements and Contracts; and
14. Pledge and Assignment.

Sincerely,



David E. Fox

DEF:trc

Enclosure(s)

trc\d:\wp\letters\delaware.ltr

1970X (NJ Prop)

17053 E
RECORDATION NO. FILED 1425
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INTERSTATE COMMERCE COMMISSION

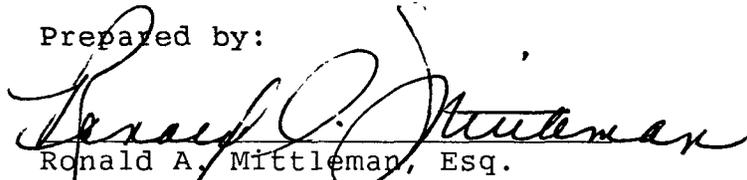
THE NEW YORK, SUSQUEHANNA AND
WESTERN RAILWAY CORPORATION,
RAHWAY VALLEY RAILROAD COMPANY and
RAHWAY VALLEY COMPANY, LESSEE

TO

CHEMICAL BANK

MORTGAGE

Prepared by:


Ronald A. Mittleman, Esq.

Dated: As of September 27, 1990

RECORD AND RETURN TO:

Lacy, Katzen, Ryen & Mittleman
The Granite Building
130 East Main Street
Rochester, New York 14604
Attention: Ronald A. Mittleman, Esq.

MORTGAGE

THIS MORTGAGE made as of the 27th day of September, 1990, between THE NEW YORK, SUSQUEHANNA AND WESTERN RAILWAY CORPORATION, a New Jersey corporation ("New York"), RAHWAY VALLEY RAILROAD COMPANY, a New Jersey corporation ("Rahway") and RAHWAY VALLEY COMPANY, LESSEE, a New Jersey corporation ("Lessee") (New York, Rahway and Lessee collectively referred to herein as the "Mortgagor"), Mortgagor having a principal place of business at 1 Railroad Avenue, Cooperstown, New York 13326 and CHEMICAL BANK, a New York banking corporation having an office at 90 Presidential Plaza, Syracuse, New York 13202 (hereinafter referred to as "Mortgagee"),

W I T N E S S E T H :

WHEREAS, Mortgagor is the owner of fee estates, rights-of-way, easements, licenses and other rights, titles and interests in real property in the premises described in Exhibit "A" attached hereto (hereinafter referred to as the "Premises");

NOW, THEREFORE, to secure the payment of an indebtedness in the principal sum of Eleven Million Dollars (\$11,000,000), lawful money of the United States of America, to be paid with interest (said indebtedness, interest and all other sums which may or shall become due hereunder under the Notes (as hereinafter defined), this Mortgage and all other mortgages, security agreements or other agreements entered into the date hereof (the "Other Agreements") being hereinafter collectively referred to as the "Debt") according to certain 8-year term note in the principal amount of \$6,000,000 (the "\$6,000,000 Term Note"), a certain 8-year term note in the principal amount of \$3,000,000 dated the date hereof (the "\$3,000,000 Term Note"), and a certain 3-year revolving note which may be converted to a 4-year term note in an amount up to \$2,000,000 (the "Revolving Credit Term Note"), all dated the date hereof given by Mortgagor to Mortgagee (the \$6,000,000 Term Note, the \$3,000,000 Term Note, the Revolving Credit Note and the Revolving Credit Term Note hereinafter collectively referred to as the "Notes"), Mortgagor has mortgaged, given, granted, bargained, sold, aliened, enfeoffed, conveyed, confirmed and assigned, and by these presents does mortgage, give, grant, bargain, sell, alien, enfeoff, convey, confirm and assign unto Mortgagee forever all right, title and interest of Mortgagor now owned, or hereafter acquired, in and to the following property, rights and interests (such property, rights and interests being hereinafter collectively referred to as the "Mortgaged Property"):

- (a) the Premises;

(b) all buildings, structures and improvements now or hereafter located on the Premises (hereinafter referred to as the "Improvements");

(c) all of the estate, right, title, interest, claim or demand of any nature whatsoever of Mortgagor, either in law or in equity, in possession or expectancy, in and to the Mortgaged Property or any part thereof;

(d) all easements, rights-of-way, licenses, gores of land, streets, roads, ways, alleys, parking areas, passages, sewer rights, waters, water courses, water rights and powers, and all estates, rights, titles, interests, privileges, liberties, tenements, hereditaments, and appurtenances of any nature whatsoever, in any way belonging, relating or pertaining to the Mortgaged Property, now or hereafter appurtenant or transferred thereto (including, without limitation, any and all development rights, air rights or similar or comparable rights of any nature whatsoever now or hereafter appurtenant to the Premises or now or hereafter transferred to the Premises) and all land lying in the bed of any street, road or avenue, opened or proposed, in front of or adjoining the Premises to the center line thereof;

(e) all machinery, apparatus, equipment, fittings, inventory, fixtures and other property of every kind and nature whatsoever owned by Mortgagor, or in which Mortgagor has or shall have an interest, now or hereafter located upon the Mortgaged Property, or appurtenances thereto, or usable in connection with the present or future operation and occupancy of the Mortgaged Property including but not limited to all of the right, title and interest of the Mortgagor in and to all track, track material, ties, ballasts, machinery, apparatus, equipment, locomotives, rail cars, railroad rolling stock, and maintenance of way equipment, fittings, fixtures and articles of personal property installed in, attached to or useful in connection with the present or future use of the Mortgaged Property or the present or future operation or maintenance of the Improvements, whether now owned or hereafter acquired, all replacements thereof, substitutions therefor and additions thereto, together with the proceeds thereof, including but not limited to, all heating, lighting, laundry, incinerating and power equipment, engines, pipes, pumps, tanks, motors, conduits, switchboards, fire extinguishing, refrigerating, ventilating fans, air-cooling and air-conditioning apparatus, elevators, escalators, shades, awnings, screens, storm doors and windows, stoves, refrigerators, attached cabinets, partitions, ducts and compressors, all building equipment, materials and supplies of any nature whatsoever owned by Mortgagor, or in which Mortgagor has or shall have an interest, now or hereafter located upon the Mortgaged Property (hereinafter collectively referred to as the "Equipment"), and the right, title and interest of Mortgagor in and to any of the Equipment which may be subject to any security agreements (as defined in the Uniform Commercial Code of New Jersey), superior in lien to the lien of this Mortgage;

(f) all awards or payments, including interest thereon, and the right to receive the same, which may be made with respect to the Mortgaged Property, the Improvements, the Equipment or any part thereof or any right of the Mortgagor appurtenant thereto whether from the exercise of the right of eminent domain (including any transfer made in lieu of the exercise of said right), including, but not limited to, any awards or payments, including interest thereon, for use and occupations or for change of grade of street, or for any other injury to or decrease in the value of the Mortgaged Property;

(g) all leases and other agreements affecting the use or occupancy of the Mortgaged Property now or hereafter entered into (hereinafter referred to as the Leases) including, without limitation, all rentals, and all other amounts payable thereunder, any amounts receivable in connection with any licenses, license rights, easements or other agreements, insurance proceeds (other than insurance proceeds payable under liability policies to or for the benefit of Mortgagor) and condemnation, requisition and other payments of any kind for or with respect to the Mortgaged Property, together with all rights, powers, privileges and options of the Mortgagor thereunder including, but without limiting the generality of the foregoing, the present and continuing right to make claim for, collect, receive and receipt for any rents, income, revenues, issues and profits and other sums of money payable by the Mortgagor or receivable by Mortgagor under any Lease, whether payable as the purchase price or otherwise pursuant to any Lease and the proceeds thereof, together with the right to bring all actions and proceedings under any Lease or for the enforcement thereof, and to do any and all things which Mortgagor is or may become entitled to do under any Lease including, without limitation, the right to receive and apply the rents, issues and profits of the Mortgaged Property (hereinafter referred to as the Rents) to the payment of the Debt;

(h) all proceeds of and any unearned premiums on any insurance policies together with any and all claims of the Mortgagor with respect thereto covering the Mortgaged Property, the Improvements or the Equipment or any part thereof including, without limitation, the right to receive and apply the proceeds of any insurance, judgments, or settlements made in lieu thereof, for damage to the Mortgaged Property;

(i) the right, in the name and on behalf of Mortgagor, to appear in and defend any action or proceeding brought with respect to the Mortgaged Property, the Improvements or the Equipment or any part thereof, and to commence any action or proceeding to protect the interest of Mortgagee in the Mortgaged Property; and

(j) all oil, gas, water and minerals including but not limited to cement rock, clay, coal, curbing, dimension stone,

dolostone, emery, flagstone, garnet, gem stones, granite, gravel, gypsum, iron, lead, limestone, marble, marl, metallic ore, paying blocks, peat, riprap, roadstone, salt, sand, sandstone, shale, silver, slate, stone, talc, titanium, trap rock, wollastonite, zinc or any other inorganic substance, solid materials, liquid materials, or substance of commercial value found in natural deposits in or on the earth;

TO HAVE AND TO HOLD the above granted and described Mortgaged Property unto and to the proper use and benefit of Mortgagee, and the successors and assigns of Mortgagee, forever;

AND Mortgagor covenants and agrees with and represents and warrants to Mortgagee as follows:

1. Payment of Debt. Mortgagor will pay the Debt at the time and in the manner provided for its payment in the Notes, the Loan Agreement, this Mortgage and the Other Agreements.

2. Warranty of Title. Subject only to those exceptions to title specifically set forth in the title policy issued or to be issued by American Title Insurance Company to Mortgagee and insuring the lien of this Mortgage, Mortgagor warrants the title to the Premises, the Improvements, the Equipment and the balance of the Mortgaged Property. Mortgagor also represents and warrants that (i) Mortgagor is now, and after giving effect to this Mortgage will be in, a solvent condition, (ii) the execution and delivery of this Mortgage by Mortgagor does not constitute a "fraudulent conveyance" within the meaning of Title 11 of the United States Code as now constituted or under any other applicable statute, and (iii) no bankruptcy or insolvency proceedings are pending or contemplated by or against Mortgagor.

3. Insurance. Mortgagor (i) will keep the Mortgaged Property, Improvements and the Equipment insured against loss or damage by fire, standard extended coverage perils and such other hazards as Mortgagee shall from time to time require in amounts approved by Mortgagee, which amounts shall in no event be less than 100% of the full insurable value of the Improvements and the Equipment and shall be sufficient to meet all applicable co-insurance requirements, and (ii) will maintain rental and business interruption insurance and such other forms of insurance coverage with respect to the Mortgaged Property as Mortgagee shall from time to time require in amounts approved by Mortgagee. All policies of insurance (hereinafter referred to as the "Policies") shall be issued by insurers having a minimum policy holders rating of "A" per the latest rating publication of Property and Casualty Insurers by A.M. Best Company and who are lawfully doing business in New York and New Jersey and are otherwise acceptable in all respects to Mortgagee. All Policies

shall contain the standard New York mortgagee non-contribution clause endorsement or an equivalent endorsement satisfactory to Mortgagee naming Mortgagee as the person to which all payments made by the insurer thereunder shall be paid and shall otherwise be in form and substance satisfactory in all respects to Mortgagee. Blanket insurance policies shall not be acceptable for the purposes of this paragraph unless otherwise approved to the contrary by Mortgagee. Mortgagor shall pay the premiums for the Policies as the same become due and payable. At the request of Mortgagee, Mortgagor will deliver the Policies to Mortgagee. Not later than ten (10) days prior to the expiration date of each of the Policies, Mortgagor will deliver to Mortgagee a renewal policy or policies marked "premium paid" or accompanied by other evidence of payment of premium satisfactory to Mortgagee. If at any time Mortgagee is not in receipt of written evidence that all insurance required hereunder is in force and effect, Mortgagee shall have the right without notice to Mortgagor to take such action as Mortgagee deems necessary to protect its interest in the Mortgaged Property, including, without limitation, the obtaining of such insurance coverage as Mortgagee in its sole discretion deems appropriate, and all expenses incurred by Mortgagee in connection with such action or in obtaining such insurance and keeping it in effect shall be paid by Mortgagor to Mortgagee upon demand. Mortgagor shall at all times comply with and shall cause the Improvements and Equipment and the use, occupancy, operation, maintenance, alteration, repair and restoration thereof to comply with the terms, conditions, stipulations and requirements of the Policies. If the Premises, or any portion thereof, is located in a Federally designated "special flood hazard area", in addition to the other Policies required under this paragraph, a flood insurance policy shall be delivered by Mortgagor to Mortgagee. If no portion of the Premises is located in a Federally designated "special flood hazard area" such fact shall be substantiated by a certificate in form satisfactory to Mortgagee from a licensed surveyor, appraiser or professional engineer or other qualified person. If the Mortgaged Property shall be damaged or destroyed, in whole or in part, by fire or other property hazard or casualty, Mortgagor shall give prompt notice thereof to Mortgagee. Sums paid to Mortgagee by any insurer may be retained and applied by Mortgagee toward payment of the Debt whether or not then due and payable in such order, priority and proportions as Mortgagee in its discretion shall deem proper or, at the discretion of Mortgagee, the same may be paid, either in whole or in part, to Mortgagor for such purposes as Mortgagee shall designate. If Mortgagee shall receive and retain such insurance proceeds, the lien of this Mortgage shall be reduced only by the amount thereof received and retained by Mortgagee and actually applied by Mortgagee in reduction of the Debt.

4. Payment of Taxes, etc. Mortgagor shall pay all taxes, assessments, water rates, sewer rents and other charges, including

vault charges and license fees for the use of vaults, chutes and similar areas adjoining the Premises, now or hereafter levied or assessed against the Mortgaged Property (hereinafter referred to as the "Taxes") prior to the date upon which any fine, penalty, interest or cost may be added thereto or imposed by law for the nonpayment thereof. Mortgagor shall deliver to Mortgagee, upon request, receipted bills, cancelled checks and other evidence satisfactory to Mortgagee evidencing the payment of the Taxes prior to the date upon which any fine, penalty, interest or cost may be added thereto or imposed by law for the nonpayment thereof. Notwithstanding the foregoing, the Mortgagor may in good faith actively contest any such Taxes and permit the Taxes so contested to remain unpaid, provided that (a) Mortgagor shall have first notified the Mortgagee of such contest, (b) no Event of Default shall have occurred hereunder; (c) the Mortgagor shall have created adequate reserves in accordance with generally accepted accounting principals; and (d) Mortgagor demonstrates to the satisfaction of Mortgagee that the nonpayment of such Taxes and the contest thereof will not materially endanger the lien of the Mortgage or subject the Mortgaged Property or any part thereof to loss or forfeiture.

5. Escrow Fund. Mortgagor will, at the option of Mortgagee, pay to Mortgagee on the first day of each calendar month one-twelfth of an amount (hereinafter referred to as the Escrow Fund) which would be sufficient to pay the Taxes payable, or estimated by Mortgagee to be payable, during the ensuing twelve (12) months. Mortgagee will apply the Escrow Fund to the payment of Taxes which are required to be paid by Mortgagor pursuant to the provisions of this Mortgage. If the amount of the Escrow Fund shall exceed the amount of the Taxes payable by Mortgagor pursuant to the provisions of this Mortgage, Mortgagee shall, in its discretion, (a) return any excess to Mortgagor, or (b) credit such excess against future payments to be made to the Escrow Fund. In allocating such excess, Mortgagee may deal with the person shown on the records of Mortgagee to be the owner of the Mortgaged Property. If the Escrow Fund is not sufficient to pay the Taxes, as the same become payable, Mortgagor shall pay to Mortgagee, upon request, an amount which Mortgagee shall estimate as sufficient to make up the deficiency. Until expended or applied as above provided, any amounts in the Escrow Fund may be commingled with the general funds of Mortgagee and shall constitute additional security for the Debt and shall not bear interest.

6. Condemnation. Notwithstanding any taking by any public or quasi-public authority through eminent domain or otherwise, Mortgagor shall continue to pay the Debt at the time and in the manner provided for its payment in the Note and this Mortgage and the Debt shall not be reduced until any award or payment therefor shall have been actually received and applied by Mortgagee to the discharge of the Debt. Mortgagee may apply the entire amount of any

such award or payment to the discharge of the Debt whether or not then due and payable in such order, priority and proportions as Mortgagee in its discretion shall deem proper. If the Mortgaged Property is sold, through foreclosure or otherwise, prior to the receipt by Mortgagee of such award or payment, Mortgagee shall have the right, whether or not a deficiency judgment on the Note shall have been sought, recovered or denied, to receive such award or payment, or a portion thereof sufficient to pay the Debt, whichever is less. Mortgagor shall file and prosecute its claim or claims for any such award or payment in good faith and with due diligence and cause the same to be collected and paid over to Mortgagee. Mortgagor hereby irrevocably authorizes and empowers Mortgagee, in the name of Mortgagor or otherwise, to collect and receipt for any such award or payment and to file and prosecute such claim or claims. Although it is hereby expressly agreed that the same shall not be necessary in any event, Mortgagor shall, upon demand of Mortgagee, make, execute and deliver any and all assignments and other instruments sufficient for the purpose of assigning any such award or payment to Mortgagee, free and clear of any encumbrances of any kind or nature whatsoever.

7. Leases and Rents. Subject to the terms of this paragraph, Mortgagee waives the right to enter the Mortgaged Property for the purpose of collecting the Rents, and grants Mortgagor the right to collect the Rents. Mortgagee shall hold the Rents, or an amount sufficient to discharge all current sums due on the Debt, for use in payment of the Debt. The right of Mortgagor to collect the Rents may be revoked by Mortgagee upon any default by Mortgagor under the terms of the Note or this Mortgage by giving notice of such revocation to Mortgagor. Following such notice Mortgagee may retain and apply the Rents toward payment of the Debt in such order, priority and proportions as Mortgagee, in its discretion, shall deem proper, or to the operation, maintenance and repair of the Mortgaged Property, and irrespective of whether Mortgagee shall have commenced a foreclosure of this Mortgage or shall have applied or arranged for the appointment of a receiver. Mortgagor shall not, without the consent of Mortgagee, modify or cancel any Leases or accept prepayments of installments of the Rents for a period of more than one (1) month in advance or further assign the whole or any part of the Rents for any Leases which the Mortgagor receives payments in excess of One Hundred Thousand Dollars (\$100,000) per year except that with respect to the Leases that are set forth in Schedule A attached. The Mortgagor may accept prepayment but only to the extent set forth on Schedule A. Mortgagor shall (a) fulfill or perform each and every provision of the Leases on the part of Mortgagor to be fulfilled or performed, (b) promptly send copies of all notices of default which Mortgagor shall send or receive under the Leases to Mortgagee, and (c) enforce, short of termination of the Leases, the performance or observance of the provisions thereof

by the tenants thereunder. Mortgagor shall from time to time, but not less frequently than once every ninety (90) days, provide to Mortgagee a complete and detailed leasing status report with respect to the Improvements, which leasing status report shall be in form and substance satisfactory in all respects to Mortgagee. In addition to the rights which Mortgagee may have herein, in the event of any default under this Mortgage, Mortgagee, at its option, may require Mortgagor to pay monthly in advance to Mortgagee, or any receiver appointed to collect the Rents, the fair and reasonable rental value for the use and occupation of such part of the Mortgaged Property as may be in possession of Mortgagor. Upon default in any such payment, Mortgagor will vacate and surrender possession of the Mortgaged Property to Mortgagee, or to such receiver and, in default thereof, Mortgagor may be evicted by summary proceedings or otherwise. Nothing contained in this paragraph shall be construed as imposing on Mortgagee any of the obligations of the lessor under the Leases.

8. Maintenance of the Mortgaged Property. Mortgagor shall cause the Mortgaged Property to be maintained in good condition and repair and will not commit or suffer to be committed any waste of the Mortgaged Property nor shall the Mortgagor abandon the Mortgaged Property without the Mortgagee's prior written consent which shall not be unreasonably withheld. The Improvements and the Equipment shall not be removed, demolished or materially altered (except for normal replacement of the Equipment), without the consent of Mortgagee except normal replacements of Improvements in the ordinary course of business shall be permitted. Mortgagor shall promptly comply with all existing and future governmental laws, orders, ordinances, rules and regulations affecting the Mortgaged Property, or any portion thereof or the use thereof. Mortgagor shall or shall cause all tenants, subtenants, and occupants of the Mortgaged Property to promptly repair, replace or rebuild any part of the Mortgaged Property which may be damaged or destroyed by fire or other property hazard or casualty (including any fire or other property hazard or casualty for which insurance was not obtained or obtainable) or which may be affected by any taking by any public or quasi-public authority through eminent domain or otherwise, and shall complete and pay for, within a reasonable time, any structure at any time in the process of construction or repair on the Premises. If such fire or other property hazard or casualty shall be covered by the Policies, Mortgagor's obligation to repair, replace or rebuild such portion of the Mortgaged Property shall be contingent upon Mortgagee paying Mortgagor the proceeds of the Policies, or such portion thereof as shall be sufficient to complete such repair, replacement or rebuilding, whichever is less. Mortgagor will not, without obtaining the prior consent of Mortgagee, initiate, join in or consent to any private restrictive covenant, zoning ordinance, or other public or private restrictions,

limiting or affecting the uses which may be made of the Mortgaged Property or any part thereof.

9. Environmental Representations. Mortgagor hereby makes the following representations and warranties:

(a) At the written request of Mortgagee, Mortgagor shall conduct and complete all investigations, studies, sampling, and testing, and all remedial, removal, and other actions necessary to clean up and remove all Hazardous Substances, on, from, or affecting the Mortgaged Property (i) in accordance with all applicable Federal, state, and local laws, ordinances, rules, regulations and policies, (ii) to the satisfaction of Mortgagee, and (iii) in accordance with the orders and directives of all Federal, state and local governmental authorities. In the event this Mortgage is foreclosed, or Mortgagor tenders a deed in lieu of foreclosure, Mortgagor shall be responsible for all clean-up necessary to deliver the Mortgaged Property to Mortgagee free of any and all Hazardous Substances so that the condition of the Mortgaged Property shall conform with all applicable Federal, state, and local laws, ordinances, rules or regulations affecting the Mortgaged Property. For the purposes of this section, "Hazardous Substances" includes, without limit, any flammable explosives, radioactive materials, hazardous materials, hazardous wastes, asbestos, PCB's, or other hazardous or toxic substances which are or could be detrimental to the Mortgaged Property, human health or the environment or in violation of any Federal, state or local laws, ordinances, rules or regulations, or related materials defined in the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended (42 U.S.C. Section 9601, et seq.) ("CERCLA"), the Hazardous Materials Transportation Act, as amended (49 U.S.C. Section 1801, et seq.) ("HMTA"), the Resource Conservation and Recovery Act, as amended (42 U.S.C. Section 6901, et seq.) ("RCRA"), the Federal Clean Water Act, as amended (33 U.S.C. Section 1251, et seq.) ("Clean Water Act"), and the Federal Clean Air Act, as amended (42 U.S.C. Section 7401, et seq.) ("Clean Air Act"), the New Jersey Environmental Cleanup Responsibility Act, as amended (N.J.S.A. 12:1k-6, et seq.) ("ECRA"), the Spill Compensation and Control Act, as amended (N.J.S.A. 58:10-23.11, et seq.) ("Spill Act"), the New Jersey Tank Registration Act, as amended (N.J.S.A. 58:10A-21, et seq.) ("NJ Tank Registration Act"), and the New Jersey Water Pollution Control Act, as amended (N.J.S.A. 58:10A-1, et seq.) ("NJ Water Pollution Act"), and in the regulations adopted and publications promulgated pursuant thereto, or any other so-called "Superfund" or "Superlien" law, or any other Federal, state or local environmental law, ordinance, rule or regulation.

(b) No lien has been attached to any revenues or the Mortgaged Property as a result of the chief executive of the New Jersey Spill Compensation Fund expending monies from said fund to

pay for "Damages", as such term is defined in N.J.S.A. 58:10-23.11b(d), arising from an intentional or unintentional action or omission of the Mortgagor or any previous owner and/or operator of said Mortgaged Property.

(c) In the event that there shall be filed a lien against the Mortgaged Property by the New Jersey Department of Environmental Protection, pursuant to and in accordance with the provisions of N.J.S.A. 58:10-23.11f(f), as a result of the chief executive of the New Jersey Spill Compensation Fund having expended monies from said fund to pay for "Damages", as such term is defined in N.J.S.A. 58:10-23.11g, and/or "Cleanup and Removal Costs", as such term is defined in N.J.S.A. 58:10-23.11b(d), arising from an intentional or unintentional action or omission of the Mortgagor, resulting in the releasing, spilling, pumping, pouring, emitting, emptying or dumping of Hazardous Substances into waters of the State of New Jersey or onto lands from which it might flow or drain into said waters, then Mortgagor shall, within thirty (30) days from the date that Mortgagor is given notice that the lien has been placed against the Mortgaged Property or within such shorter period of time in the event that the State of New Jersey has commenced steps to cause the Mortgaged Property to be sold pursuant to the lien, either (i) remove the lien from the Mortgaged Property, or (ii) furnish (a) a bond satisfactory to the Mortgagee in the amount of the claim out of which the lien arises, (b) a cash deposit in the amount of the claim out of which the lien arises, or (c) other security satisfactory to Mortgagee in an amount sufficient to discharge the claim out of which the lien arises.

(d) In connection with the purchase of the Mortgaged Property if acquired on or after January 1, 1984, Mortgagor has obtained from the New Jersey Department of Environmental Protection a letter certifying that the purchase of the Mortgaged Property is not subject to the provisions of ECRA.

(e) From and after the date hereof, in the event compliance with ECRA is required for any reason, Mortgagor shall upon demand by Mortgagee post a bond or other security with Mortgagee reasonably satisfactory to Mortgagee in all respects, to secure Mortgagor's obligations hereunder or under ECRA.

(f) Mortgagor shall promptly provide Mortgagee with copies of all notices received by or prepared by Mortgagor in connection with CERCLA, HMTA, RCRA, Clean Water Act, Clean Air Act, ECRA, Spill Act, NJ Tank Registration Act, NJ Water Pollution Act, or any other Federal, state or local environmental law, ordinance, rule or regulation relating to the Mortgaged Property. For the purposes of this subsection, the term "notice" shall mean any summons, citation, directive, order, claim, pleading, application, filing, report,

findings, declaration or other materials pertinent to compliance with such environmental laws, ordinances, rules or regulations.

(g) In addition to the foregoing, Mortgagor hereby agrees to defend, indemnify, and hold harmless Mortgagee, its employees, agents, officers and directors, from and against any claims, demands, penalties, fines, liabilities, settlements, damages, costs or expenses of whatever kind or nature, known or unknown, contingent or otherwise, arising out of, or in any way related to (i) the presence, disposal, release or threatened release of any Hazardous Substances which are on, from or affecting the soil, water, vegetation, buildings, personal property, persons, animals, or otherwise; (ii) any personal injury (including wrongful death) or property damage (real or personal) arising out of or related to such Hazardous Substances; (iii) any lien imposed upon the Mortgaged Property in favor of any governmental entity as a result of the presence, disposal, release or threat of release of Hazardous Substances which are on, from or affecting the soil, water, vegetation, buildings, personal property, persons, animals, or otherwise; and (iv) any lawsuit brought or threatened, settlement reached or governmental order relating to such Hazardous Substances, demands of governmental authorities, or any policies or requirements of Mortgagee, which are based upon or in any way related to such Hazardous Substances including, without limitation, attorney and consultant fees, investigation and laboratory fees, court costs, and litigation expenses. The provisions of this paragraph shall be in addition to any and all other obligations and liabilities Mortgagor may have to Mortgagee at common law, and shall survive the transactions contemplated herein, and any transfer or title to the Mortgaged Property, including without limitation, the foreclosure of this Mortgage or the acceptance of a deed in lieu of foreclosure.

(h) In all of its future leases with tenants, Mortgagor shall include provisions similar to those contained in this Section imposing upon its tenants substantially the same obligations with respect to the environmental matters as set forth herein.

(i) Upon request by Mortgagee, Mortgagor shall provide Mortgagee with information regarding the use and operation of the Mortgaged Property, including but not limited to (i) the location and description (including identification by the applicable Standard Industrial Classification Code number) of all occupants of the Mortgaged Property; (ii) the location and type of all Hazardous Substances maintained, stored, processed or otherwise located on the Mortgaged Property, to the extent known by Mortgagor after diligent investigation; (iii) the location of all electric transformers and underground tanks; and (iv) any other information which Mortgagee may reasonably require.

10. Estoppel Certificates. Mortgagor, within ten (10) days after request by Mortgagee and at Mortgagor's expense, will furnish Mortgagee with a statement, duly acknowledged and certified, setting forth the amount of the Debt and the offsets or defenses thereto, if any.

11. Transfer or Encumbrance of the Mortgaged Property. No part of the Mortgaged Property nor any interest of any nature whatsoever therein nor any interest of any nature whatsoever in Mortgagor (whether partnership, stock, equity, beneficial, profit, loss or otherwise) shall in any manner be further encumbered, sold, transferred, assigned or conveyed, or permitted to be further encumbered, sold, transferred, assigned or conveyed without the prior consent of Mortgagee, which consent in any and all circumstances may be withheld in the sole and absolute discretion of Mortgagee except as otherwise provided in Section 9.21 of the Loan Agreement. The provisions of the foregoing sentence of this paragraph shall apply to each and every such further encumbrance, sale, transfer, assignment or conveyance, regardless of whether or not Mortgagee has consented to, or waived by its action or inaction its rights hereunder with respect to, any such previous further encumbrance, sale, transfer, assignment or conveyance, and irrespective of whether such further encumbrance, sale, transfer, assignment or conveyance is voluntary, by reason of operation of law or is otherwise made.

12. Notice. Any notice, request, demand, statement, authorization, approval or consent made hereunder shall be in writing and shall be hand delivered or sent by Federal Express, or other reputable courier service, or by postage pre-paid registered or certified mail, return receipt requested, and shall be deemed given (i) when received at the following addresses if hand delivered or sent by Federal Express, or other reputable courier service, and (ii) three (3) business days after being postmarked and addressed as follows if sent by registered or certified mail, return receipt requested:

If to Mortgagor:

The New York, Susquehanna
and Western Railway Corporation
1 Railroad Avenue
Cooperstown, New York 13326
Attention: Chief Financial Officer

With a copy to:

Rubin, Quinn, Moss & Heaney
1800 Penn Mutual Tower
510 Walnut Street
Philadelphia, Pennsylvania 19106
Attention: William Quinn

Rahway Valley Railroad Company
1 Railroad Avenue
Cooperstown, New York 13326
Attention: Chief Financial Officer

Rahway Valley Company, Lessee
1 Railroad Avenue
Cooperstown, New York 13326
Attention: Chief Financial Officer

If to Mortgagee:

Chemical Bank
90 Presidential Plaza
Syracuse, New York 13202
Attention: Account Executive for
Delaware-Otsego Corporation

With a copy to:

Lacy, Katzen, Ryen & Mittleman
The Granite Building
130 East Main Street
Rochester, New York 14604
Attention: Ronald A. Mittleman, Esq.

Each party may designate a change of address by notice to the other party, given at least fifteen (15) days before such change of address is to become effective. The failure to provide a copy shall not alter the effectiveness of the notice.

13. Sale of Mortgaged Property. If this Mortgage is foreclosed, the Mortgaged Property, or any interest therein, may, at the discretion of Mortgagee, be sold in one or more parcels or in several interests or portions and in any order or manner.

14. Changes in Laws Regarding Taxation. In the event of the passage after the date of this Mortgage of any law of the State of New Jersey deducting from the value of real property for the purpose of taxation any lien or encumbrance thereon or changing in any way the laws for the taxation of mortgages or debts secured by mortgages for state or local purposes or the manner of the collection of any such taxes, and imposing a tax, either directly or indirectly, on this Mortgage, the Note or the Debt, Mortgagor shall, if permitted by law, pay any tax imposed as a result of any such law within the statutory period or within fifteen (15) days after demand by Mortgagee, whichever is less, provided, however, that if, in the opinion of the attorneys for Mortgagee, Mortgagor is not permitted by law to pay such taxes, Mortgagee shall have the right, at its option, to declare the Debt due and payable on a date specified in a prior notice to Mortgagor of not less than thirty (30) days.

15. No Credits on Account of the Debt. Mortgagor will not claim or demand or be entitled to any credit or credits on account of the Debt for any part of the Taxes assessed against the Mortgaged Property or any part thereof and no deduction shall otherwise be made or claimed from the taxable value of the Mortgaged Property, or any part thereof, by reason of this Mortgage or the Debt.

16. Offsets, Counterclaims and Defenses. Any assignee of this Mortgage and the Notes shall take the same free and clear of all offsets, counterclaims or defenses of any nature whatsoever which Mortgagor may have against any assignor of this Mortgage and the Note, and no such offset, counterclaim or defense shall be interposed or asserted by Mortgagor in any action or proceeding brought by any such assignee upon this Mortgage or the Note and any such right to interpose or assert any such offset, counterclaim or defense in any such action or proceeding is hereby expressly waived by Mortgagor.

17. Other Security for the Debt. Mortgagor shall observe and perform all of the terms, covenants and provisions contained in the Notes, the Loan Agreement, the Other Agreements and in all other mortgages and other instruments or documents evidencing, securing or guaranteeing payment of the Debt, in whole or in part, or otherwise executed and delivered in connection with the Notes, this Mortgage, the Loan Agreement, the Other Agreements or the loan evidenced and secured thereby.

18. Documentary Stamps. If at any time the United States of America, any state thereof, or any governmental subdivision of any such state, shall require revenue or other stamps to be affixed to the Note or this Mortgage, Mortgagor will pay for the same, with interest and penalties thereon, if any.

19. Right of Entry. Mortgagee and its agents shall have the right to enter and inspect the Mortgaged Property at all reasonable times.

20. Books and Records. Mortgagor will keep and maintain or will cause to be kept and maintained on a fiscal year basis in accordance with generally accepted accounting practices consistently applied proper and accurate books, records and accounts in accordance with Sections 8.07 and 8.13 of the Loan Agreement. In addition, Mortgagor shall keep and maintain separate books and records for the Class 2 Property (as defined in the Loan Agreement).

21. Performance of Other Agreements. Mortgagor shall observe and perform each and every term to be observed or performed by Mortgagor pursuant to the terms of any agreement or recorded instrument affecting or pertaining to the Mortgaged Property.

22. Events of Defaults. The Mortgagee may, by written notice to Mortgagor, terminate the Commitment (as defined in the Loan Agreement), and declare the Notes and the Debt together with any

accrued interest and applicable payment fees or Indemnification Fees to be forthwith due and payable upon the occurrence of any one or more of the following events (herein collectively referred to as "Events of Default") and shall become automatically due and payable, without notice or demand, upon the occurrence of any event set forth in subparagraph (i), (j) or (k) below:

(a) if any portion of the Debt is not paid in accordance with the Loan Agreement and the Notes;

(b) if Mortgagor shall fail to pay within twenty (20) days of notice and demand by Mortgagee, any installment of any assessment against the Mortgaged Property for local improvements heretofore or hereafter laid, which assessment is or may become payable in annual or periodic installments and is or may become a lien on the Mortgaged Property, notwithstanding the fact that such installment may not be due and payable at the time of such notice and demand;

(c) except as may be permitted herein, if any Federal tax lien is filed against Mortgagor, any guarantor of the Debt or the Mortgaged Property and the same is not discharged of record within thirty (30) days after the same is filed;

(d) except as may be permitted herein, if without the consent of Mortgagee (which consent in any and all circumstances may be withheld in the sole and absolute discretion of Mortgagee) any part of the Mortgaged Property or any interest of any nature whatsoever therein or any interest of any nature whatsoever in Mortgagor (whether partnership, stock, equity, beneficial, profit, loss or otherwise) is in any manner further encumbered, sold, transferred, assigned or conveyed, and irrespective of whether any such further encumbrance, sale, transfer, assignment or conveyance is voluntary, by reason of operation of law or is otherwise made;

(e) if without the consent of Mortgagee any Improvement or the Equipment (except for normal replacement of the Equipment) is removed, demolished or materially altered, or if the Mortgaged Property is not kept in good condition and repair;

(f) if the Policies are not kept in full force and effect, or if the Policies are not delivered to Mortgagee upon request;

(g) except as set forth herein, if without the consent of Mortgagee any Leases are made, cancelled or modified or if any portion of the Rents is paid for a period of more than one (1) month in advance or if any of the Rents are further assigned;

(h) if any representation or warranty of Mortgagor, or of any person (herein referred to as a Guarantor) guaranteeing payment of the Debt or any portion thereof or performance by Mortgagor of any of the terms of this Mortgage made herein or in any such guaranty, or in any certificate, report, financial statement or

other instrument furnished in connection with the making of the Note, this Mortgage, or any such guaranty, shall prove false or misleading in any material respect;

(i) the Mortgagor shall (i) apply for or consent to the appointment of a receiver, trustee or liquidator of the Mortgagor of any of their respective properties or assets, (ii) admit in writing the inability to pay their debts as they mature, (iii) make a general assignment for the benefit of creditors, (iv) be adjudicated bankrupt or insolvent, or (v) file a voluntary petition in bankruptcy, or a petition or an answer seeking reorganization or an arrangement with creditors or to take advantage of any bankruptcy, reorganization, insolvency, readjustment of debt, dissolution or liquidation by law or statute, or an answer admitting the material allegations of a petition filed against the Mortgagor in any proceeding under any such law or the filing of an involuntary bankruptcy against the Mortgagor if not removed within sixty (60) days or if corporate action shall be taken by the Mortgagor for the purpose of effecting any of the foregoing;

(j) an order, judgment or decree shall be entered, without the application, approval or consent of the Mortgagor, by any court of competent jurisdiction, approving a petition seeking reorganization of the Mortgagor, or of all or a substantial part of the respective properties or assets of the Mortgagor or appointing a receiver, trustee or liquidator of the Mortgagor and such order, judgment or decree shall continue unstayed and in effect for a period of thirty (30) days;

(k) final judgment for the payment of money in excess of an aggregate of Fifty Thousand Dollars (\$50,000) shall be rendered against the Mortgagor and the same shall remain undischarged for a period of sixty (60) days, unless the same is subject to an appeal and a bond is posted to stay execution;

(l) if Mortgagor or other person shall be in default under any of the Notes, the Loan Agreement, the Other Agreements or under any other mortgage, instrument or document evidencing, securing or guaranteeing payment of the Debt, in whole or in part, or otherwise executed and delivered in connection with the Notes, this Mortgage, the Loan Agreement, the Other Agreements or the loan evidenced and secured thereby;

(m) if Mortgagor or other person shall be in default under any mortgage or deed of trust covering any part of the Mortgaged Property whether superior or inferior in lien to this Mortgage, and including, without limitation, any such mortgage or deed of trust now or hereafter held by Mortgagor;

(n) if the Mortgaged Property shall become subject (i) to any tax lien, other than a lien for local real estate taxes and assessments not due and payable, or (ii) to any lis pendens, notice of pendency, stop order, notice of intention to file mechanics' or materialmans' lien, mechanics' or materialmans' lien or other lien of any nature whatsoever and the same shall not either be discharged of record or in the alternative insured over to the satisfaction of Mortgagee by the title company insuring the lien of this Mortgage within a period of thirty (30) days after the same is filed or recorded, and irrespective of whether the same is superior or subordinate in lien or other priority to the lien of this Mortgage and irrespective of whether the same constitutes a perfected or inchoate lien or encumbrance on the Mortgaged Property or is only a matter of record or notice; or

(o) if Mortgagor shall continue to be in default under any of the other terms, covenants or conditions of this Mortgage for five (5) days after notice from Mortgagee in the case of any default which can be cured by the payment of a sum of money or for twenty (20) days after notice from Mortgagee in the case of any other default, provided that if such default cannot reasonably be cured within such twenty (20) day period and Mortgagor shall have commenced to cure such default within such twenty (20) day period and thereafter diligently and expeditiously proceeds to cure the same, such twenty (20) day period shall be extended for so long as it shall require Mortgagor in the exercise of due diligence to cure such default, it being agreed that no such extension shall be for a period in excess of sixty (60) days.

(p) if an Event of Default occurs under any of the Financing Documents (as defined in the Loan Agreement).

23. Right to Cure Defaults. If default in the performance of any of the covenants of Mortgagor herein occurs, Mortgagee may, at its discretion, remedy the same and for such purpose shall have the right to enter upon the Mortgaged Property or any portion thereof without thereby becoming liable to Mortgagor or any person in possession thereof holding under Mortgagor. If Mortgagee shall remedy such a default or appear in, defend, or bring any action or proceeding to protect its interest in the Mortgaged Property or to foreclose this Mortgage or collect the Debt, the costs and expenses thereof (including reasonable attorneys' fees to the extent permitted by law), with interest as provided in this paragraph, shall be paid by Mortgagor to Mortgagee upon demand. All such costs and expenses incurred by Mortgagee in remedying such default or in appearing in, defending, or bringing any such action or proceeding shall be paid by Mortgagor to Mortgagee upon demand, with interest (calculated for the actual number of days elapsed on the basis of a 360-day year) at a rate per annum (herein referred to as the

"Default Rate") equal to two percent (2%) in excess of the rate(s) in effect immediately prior to such Event of Default, provided, however, that the Default Rate shall in no event exceed the maximum interest rate which Mortgagor may by law pay, for the period after notice from Mortgagee that such costs or expenses were incurred to the date of payment to Mortgagee. The term "Prime Rate" shall mean such rate of interest as publicly announced by Mortgagee at its principal office from time to time as its prime rate. To the extent any of the aforementioned costs or expenses paid by Mortgagee after default by Mortgagor shall constitute payment of (i) taxes, charges or assessments which may be imposed by law upon the Mortgaged Property, (ii) premiums on insurance policies covering the Mortgaged Property, (iii) expenses incurred in upholding the lien of this Mortgage, including, but not limited to, the costs and expenses of any litigation to collect the indebtedness secured by this Mortgage or to prosecute, defend, protect or preserve the rights and the lien created by this Mortgage, or (iv) any amount, cost or charge to which Mortgagee becomes subrogated, upon payment, whether under recognized principles of law or equity, or under express statutory authority; then, and in each such event, such costs, expenses and amounts, together with interest thereon at the Default Rate, shall be added to the indebtedness secured by this Mortgage and shall be secured by this Mortgage. Notwithstanding anything to the contrary contained in this Mortgage, the maximum amount of the principal indebtedness secured by this Mortgage at execution or which under any contingency may become secured by this Mortgage is Eleven Million Dollars (\$11,000,000), plus all amounts expended by Mortgagee after default by Mortgagor, as hereinabove set forth in this paragraph.

24. Remedies of Mortgagee. Notwithstanding any other provision of this Mortgage to the contrary, upon the occurrence of an Event of Default, Mortgagee may, at its option, upon notice exercise any one or more or all of the following remedies in addition to those set forth elsewhere in this Mortgage:

(a) at any time, in its sole discretion, enter upon and take possession of the Mortgaged Property or any part thereof, to perform any acts Mortgagee deems necessary or proper to conserve the Mortgaged Property and the security thereof and to collect and receive all rents, issues and profits thereof, including those past due as well as those accruing thereafter;

(b) as a matter of strict right and without regard to the value or occupancy of the security, have a receiver appointed to enter upon and take possession of the Mortgaged Property, collect the Rents and apply the same as the court may direct, such receiver to have all the rights and powers permitted under the laws of the State of New Jersey; and

(c) exercise any other remedy specifically granted under any other instrument executed by Mortgagor in connection with this Mortgage or now or hereafter existing in equity, at law, by virtue of statute or otherwise.

In the case of either (a) or (b) above, Mortgagee or the receiver may also take possession of, and for these purposes use, any and all personal property constituting part of the Mortgaged Property and used by Mortgagor in the rental, sale or leasing thereof or any part thereof. The expenses (including receiver's fees, counsel fees, costs and agent's compensation) incurred pursuant to the powers herein contained shall be secured thereby. Mortgagee shall (after payment of all costs and expenses incurred) apply the Rents received by it to the Debt in such priority and proportions as Mortgagee in its discretion shall deem proper. The right to enter and take possession of the Mortgaged Property, to manage and operate the same, and to collect the Rents, whether by a receiver or otherwise, shall be in addition to any other right or remedy hereunder or afforded by law, and may be exercised concurrently therewith or independently thereof.

25. Appointment of Receiver. Mortgagee, in any action to foreclose this Mortgage or upon the actual or threatened waste to any part of the Mortgaged Property or upon the occurrence of any default hereunder, shall be at liberty, without notice, to apply for the appointment of a receiver of the Rents, and shall be entitled to the appointment of such receiver as a matter of right, without regard to the value of the Mortgaged Property as security for the Debt, or the solvency or insolvency of any person then liable for the payment of the Debt.

26. Non-Waiver. The failure of Mortgagee to insist upon strict performance of any term of this Mortgage shall not be deemed to be a waiver of any term of this Mortgage. Mortgagor shall not be relieved of Mortgagor's obligation to pay the Debt at the time and in the manner provided for its payment in the Note and this Mortgage by reason of (i) failure of Mortgagee to comply with any request of Mortgagor to take any action to foreclose this Mortgage or otherwise enforce any of the provisions hereof or of the Note or any other mortgage, instrument or document evidencing, securing or guaranteeing payment of the Debt or any portion thereof, (ii) the release, regardless of consideration, of the whole or any part of the Mortgaged Property or any other security for the Debt, or (iii) any agreement or stipulation between Mortgagee and any subsequent owner or owners of the Mortgaged Property or other person extending the time of payment or otherwise modifying or supplementing the terms of the Note, this Mortgage or any other mortgage, instrument or document evidencing, securing or guaranteeing payment of the Debt or any portion thereof, without first having obtained the consent of

Mortgagor, and in the latter event, Mortgagor shall continue to be obligated to pay the Debt at the time and in the manner provided in the Note and this Mortgage, as so extended, modified and supplemented, unless expressly released and discharged from such obligation by Mortgagee in writing. Regardless of consideration, and without the necessity for any notice to or consent by the holder of any subordinate lien, encumbrance, right, title or interest in or to the Mortgaged Property, Mortgagee may release any person at any time liable for the payment of the Debt or any portion thereof or any part of the security held for the Debt and may extend the time of payment or otherwise modify the terms of the Note or this Mortgage, including, without limitation, a modification of the interest rate payable on the principal balance of the Note, without in any manner impairing or affecting this Mortgage or the lien thereof or the priority of this Mortgage, as so extended and modified, as security for the Debt over any such subordinate lien, encumbrance, right, title or interest. Mortgagee may resort for the payment of the Debt to any other security held by Mortgagee in such order and manner as Mortgagee, in its discretion, may elect. Mortgagee may take action to recover the Debt, or any portion thereof, or to enforce any covenant hereof without prejudice to the right of Mortgagee thereafter to foreclose this Mortgage. Mortgagee shall not be limited exclusively to the rights and remedies herein stated but shall be entitled to every additional right and remedy now or hereafter afforded by law. The rights of Mortgagee under this Mortgage shall be separate, distinct and cumulative and none shall be given effect to the exclusion of the others. No act of Mortgagee shall be construed as an election to proceed under any one provision herein to the exclusion of any other provision.

27. Liability. If Mortgagor consists of more than one person, the obligations and liabilities of each such person hereunder shall be joint and several.

28. Construction. This Mortgage is entered into by the parties in the State of New York but to the extent of the remedial provisions thereof are required to be governed by the laws of the State of New Jersey then and to that extent this Mortgage shall be governed by and construed in accordance with the laws of the State of New Jersey.

29. Security Agreement. This Mortgage constitutes both a real property mortgage and a "security agreement", within the meaning of the Uniform Commercial Code, and the Mortgaged Property includes both real and personal property and all other rights and interest, whether tangible or intangible in nature, of Mortgagor in the Mortgaged Property. Mortgagor by executing and delivering this Mortgage has granted to Mortgagee, as security for the Debt, a security interest in the Equipment. If Mortgagor shall default

under the Note or this Mortgage, Mortgagee, in addition to any other rights and remedies which it may have, shall have and may exercise immediately and without demand any and all rights and remedies granted to a secured party upon default under the Uniform Commercial Code, including, without limiting the generality of the foregoing, the right to take possession of the Equipment or any part thereof, and to take such other measures as Mortgagee may deem necessary for the care, protection and preservation of the Equipment. Upon request or demand of Mortgagee, Mortgagor shall at its expense assemble the Equipment and make it available to Mortgagee at a convenient place acceptable to Mortgagee. Mortgagor shall pay to Mortgagee on demand any and all expenses, including legal expenses and attorneys' fees, incurred or paid by Mortgagee in protecting its interest in the Equipment and in enforcing its rights hereunder with respect to the Equipment. Any notice of sale, disposition or other intended action by Mortgagee with respect to the Equipment sent to Mortgagor in accordance with the provisions of this Mortgage at least seven (7) days prior to the date of any such sale, disposition or other action, shall constitute reasonable notice to Mortgagor, and the method of sale or disposition or other intended action set forth or specified in such notice shall conclusively be deemed to be commercially reasonable within the meaning of the Uniform Commercial Code unless objected to in writing by Mortgagor within five (5) days after receipt by Mortgagor of such notice. The proceeds of any sale or disposition of the Equipment, or any part thereof, may be applied by Mortgagee to the payment of the Debt in such order, priority and proportions as Mortgagee in its discretion shall deem proper.

30. Further Acts, etc. Mortgagor will, at the cost of Mortgagor, and without expense to Mortgagee, do, execute, acknowledge and deliver all and every such further acts, deeds, conveyances, mortgages, assignments, notices of assignments, transfers and assurances as Mortgagee shall, from time to time, require for the better assuring, conveying, assigning, transferring and confirming unto Mortgagee the property and rights hereby mortgaged or intended now or hereafter so to be, or which Mortgagor may be or may hereafter become bound to convey or assign to Mortgagee, or for carrying out the intention or facilitating the performance of the terms of this Mortgage or for filing, registering or recording this Mortgage and, on demand, will execute and deliver and hereby authorizes Mortgagee to execute in the name of Mortgagor to the extent Mortgagee may lawfully do so, one or more financing statements, chattel mortgages or comparable security instruments, to evidence more effectively the lien hereof upon the Mortgaged Property.

31. Headings, etc. The headings, titles and captions of various paragraphs of this Mortgage are for convenience of reference only and are not to be construed as defining or limiting, in any way, the scope or intent of the provisions hereof.

32. Filing of Mortgage, etc. Mortgagor forthwith upon the execution and delivery of this Mortgage and thereafter, from time to time, will cause this Mortgage, and any security instrument creating a lien or evidencing the lien hereof upon the Mortgaged Property and each instrument of further assurance to be filed, registered or recorded in such manner and in such places as may be required by any present or future law in order to publish notice of and fully to protect, preserve and perfect the lien hereof upon, and the interest of Mortgagee in, the Mortgaged Property. Mortgagor will pay all filing, registration and recording fees, and all expenses incident to the preparation, execution and acknowledgment of this Mortgage, any mortgage supplemental hereto, any security instrument with respect to the Mortgaged Property, and any instrument of further assurance, and all Federal, state, county and municipal taxes, duties, imposts, assessments and charges arising out of or in connection with the execution and delivery of this Mortgage, any mortgage supplemental hereto, any security instrument with respect to the Mortgaged Property or any instrument of further assurance. Mortgagor shall hold harmless and indemnify Mortgagee, its successors and assigns, against any liability incurred by reason of the imposition of any tax on the making and recording of this Mortgage.

33. Usury Laws. This Mortgage and the Notes are subject to the express condition that at no time shall Mortgagor be obligated or required to pay interest on the principal balance due under the Notes at a rate which could subject the holder of the Notes to either civil or criminal liability as a result of being in excess of the maximum interest rate which Mortgagor is permitted by law to contract or agree to pay. If by the terms of this Mortgage or the Notes Mortgagor is at any time required or obligated to pay interest on the principal balance due under the Notes at a rate in excess of such maximum rate, the amount received in excess of such maximum lawful interest rate shall be held by the Bank, if the Mortgagor shall so request, and applied to the principal balance of the Notes if the conditions and provisions are satisfied as set forth in Sections 2.02, 3.02 and 4.02, respectively, of the Loan Agreement.

34. Sole Discretion of Mortgagee. Except as may otherwise be expressly provided to the contrary, wherever pursuant to the Note, this Mortgage, or any other document or instrument now or hereafter executed and delivered in connection therewith or otherwise with respect to the loan secured hereby, Mortgagee exercises any right given to it to consent or not consent, or to approve or disapprove, or any arrangement or term is to be satisfactory to Mortgagee, the decision of Mortgagee to consent or not consent, or to approve or disapprove or to decide that arrangements or terms are satisfactory or not satisfactory, shall be in the sole and absolute discretion of Mortgagee and shall be final and conclusive.

35. Reasonableness. If at any time Mortgagor believes that Mortgagee has not acted reasonably in granting or withholding any approval or consent under the Note, this Mortgage, or any other document or instrument now or hereafter executed and delivered in connection therewith or otherwise with respect to the loan secured hereby, as to which approval or consent either Mortgagee has expressly agreed to act reasonably, or absent such agreement, a court of law having jurisdiction over the subject matter would require Mortgagee to act reasonably, then Mortgagor's sole remedy shall be to seek injunctive relief or specific performance and no action for monetary damages or punitive damages shall in any event or under any circumstance be maintained by Mortgagor against Mortgagee.

36. Recovery of Sums Required To Be Paid. Mortgagee shall have the right from time to time to take action to recover any sum or sums which constitute a part of the Debt as the same become due, without regard to whether or not the balance of the Debt shall be due, and without prejudice to the right of Mortgagee thereafter to bring an action of foreclosure, or any other action, for a default or defaults by Mortgagor existing at the time such earlier action was commenced.

37. Authority. Mortgagor (and the undersigned representative of Mortgagor, if any) has full power, authority and legal right to execute this Mortgage, and to mortgage, give, grant, bargain, sell, alien, enfeoff, convey, confirm and assign the Mortgaged Property pursuant to the terms hereof and to keep and observe all of the terms of this Mortgage on Mortgagor's part to be performed.

38. Actions and Proceedings. Mortgagee shall have the right to appear in and defend any action or proceeding brought with respect to the Mortgaged Property and to bring any action or proceeding, in the name and on behalf of Mortgagor, which Mortgagee, in its discretion, feels should be brought to protect its interest in the Mortgaged Property.

39. Inapplicable Provisions. If any term, covenant or condition of this Mortgage shall be held to be invalid, illegal or unenforceable in any respect, this Mortgage shall be construed without such provision.

40. Duplicate Originals. This Mortgage may be executed in any number of duplicate originals and each such duplicate original shall be deemed to constitute but one and the same instrument.

41. Certain Definitions. Unless the context clearly indicates a contrary intent or unless otherwise specifically provided herein, words used in this Mortgage shall be used interchangeably in

singular or plural form and the word "Mortgagor" shall mean each Mortgagor and any subsequent owner or owners of the Mortgaged Property or any part thereof or interest therein; the word "Mortgagee" shall mean Mortgagee or any subsequent holder of the Note; the word "Note" shall mean the Note or any other evidence of indebtedness secured by this Mortgage; the word "Guarantor" shall mean each person guaranteeing payment of the Debt or any portion thereof or performance by Mortgagor of any of the terms of this Mortgage and their respective heirs, executors, administrators, legal representatives, successors and assigns; the word "person" shall include an individual, corporation, partnership, trust, unincorporated association, government, governmental authority, or other entity; the words "Mortgaged Property" shall include any portion of the Mortgaged Property or interest therein; the word "Debt" shall mean all sums secured by this Mortgage; and the word "default" shall mean the occurrence of any default by Mortgagor or other person in the observance or performance of any of the terms, covenants or provisions of the Note or this Mortgage on the part of Mortgagor or such other person to be observed or performed without regard to whether such default constitutes or would constitute upon notice or lapse of time, or both, an Event of Default under this Mortgage. Whenever the context may require, any pronouns used herein shall include the corresponding masculine, feminine or neuter forms, and the singular form of nouns and pronouns shall include the plural and vice versa.

42. Waiver of Notice. Mortgagor shall not be entitled to any notices of any nature whatsoever from Mortgagee except with respect to matters for which this Mortgage specifically and expressly provides for the giving of notice by Mortgagee to Mortgagor, and Mortgagor hereby expressly waives the right to receive any notice from Mortgagee with respect to any matter for which this Mortgage does not specifically and expressly provide for the giving of notice by Mortgagee to Mortgagor.

43. No Oral Change. This Mortgage may only be modified, amended or changed by an agreement in writing signed by Mortgagor and Mortgagee, and may only be released, discharged or satisfied of record by an agreement in writing signed by Mortgagee. No waiver of any term, covenant or provision of this Mortgage shall be effective unless given in writing by Mortgagee and if so given by Mortgagee shall only be effective in the specific instance in which given. Mortgagor acknowledges that the Note, this Mortgage and the other documents and instruments executed and delivered in connection therewith or otherwise in connection with the loan secured hereby set forth the entire agreement and understanding of Mortgagor and Mortgagee with respect to the loan secured hereby and that no oral or other agreements, understanding, representation or warranties exist with respect to the loan secured hereby other than those set

forth in the Note, this Mortgage and such other executed and delivered documents and instruments.

44. Absolute and Unconditional Obligation. Mortgagor acknowledges that Mortgagor's obligation to pay the Debt in accordance with the provision of the Notes, the Loan Agreement, the Other Agreements and this Mortgage is and shall at all times continue to be absolute and unconditional in all respects, and shall at all times be valid and enforceable irrespective of any other agreements or circumstances of any nature whatsoever which might otherwise constitute a defense to the Note or this Mortgage or the obligation of Mortgagor thereunder to pay the Debt or the obligations of any other person relating to the Note or this Mortgage or the obligations of Mortgagor under the Note or this Mortgage or otherwise with respect to the loan secured hereby, and Mortgagor absolutely, unconditionally and irrevocably waives any and all right to assert any defense, setoff, counterclaim or crossclaim of any nature whatsoever, except for defenses and counterclaims which would be lost with respect to the obligation of Mortgagor to pay the Debt in accordance with the provisions of the Note and this Mortgage or the obligations of any other person relating to the Note or this Mortgage or obligations of Mortgagor under the Note or this Mortgage or otherwise with respect to the loan secured hereby in any action or proceeding brought by Mortgagee to collect the Debt, or any portion thereof, or to enforce, foreclose and realize upon the lien and security interest created by this Mortgage or any other document or instrument securing repayment of the Debt, in whole or in part.

45. Waiver of Trial by Jury. Mortgagor hereby irrevocably and unconditionally waives, and Mortgagee by its acceptance of the Notes, the Loan Agreement, the Other Agreements and this Mortgage irrevocably and unconditionally waives, any and all rights to trial by jury in any action, suit or counterclaim arising in connection with, out of or otherwise relating to the Note, this Mortgage, any other document or instrument now or hereafter executed and delivered in connection therewith or the loan secured by this Mortgage.

46. Waiver of Statutory Rights. Mortgagor shall not and will not apply for or avail itself of any appraisal, valuation, stay, extension or exemption laws, or any so-called "Moratorium Laws", now existing or hereafter enacted, in order to prevent or hinder the enforcement or foreclosure of this Mortgage, but hereby waives the benefit of such laws to the full extent that Mortgagor may do so under applicable law. Mortgagor for itself and all who may claim through or under it waives any and all right to have the property and estates comprising the Mortgaged Property marshalled upon any foreclosure of the lien of this Mortgage and agrees that any court having jurisdiction to foreclose such lien may order the Mortgaged Property sold as an entity. Mortgagor hereby waives for itself and all who may claim through or under it, and to the full extent Mortgagor may do so under applicable law, any and all rights of

redemption from sale under any order or decree of foreclosure of this Mortgage or granted under any statute now existing or hereafter enacted.

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

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

THE NEW YORK, SUSQUEHANNA AND WESTERN RAILWAY CORPORATION

By: William B. Blatter
Name: William B. Blatter
Title: Senior Vice President

Attest:
[Signature]
Asst. Secretary

RAHWAY VALLEY RAILROAD COMPANY

By: William B. Blatter
Name: William B. Blatter
Title: Senior Vice President

Attest:
[Signature]
Secretary

RAHWAY VALLEY COMPANY, LESSEE

By: William B. Blatter
Name: William B. Blatter
Title: Senior Vice President

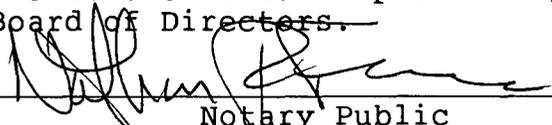
Attest:
[Signature]
Secretary

STATE OF NEW YORK)

SS.:

COUNTY OF MONROE)

BE IT REMEMBERED that on this ²⁶ day of September, 1990, before me, the subscriber, personally appeared William B. Blatter, the Senior Vice President of THE NEW YORK, SUSQUEHANNA AND WESTERN RAILWAY CORPORATION, RAHWAY VALLEY RAILROAD COMPANY and RAHWAY VALLEY COMPANY, LESSEE, who I am satisfied, is the person who has signed the within instrument, and I having first made known to him the contents thereof he thereupon acknowledged that he signed, sealed with the corporate seal and delivered the said instrument in his capacity as an officer of such corporations, and that the within instrument is the voluntary act and deed of said corporations, made by virtue of authority from its Board of Directors.



Notary Public
NATHAN R. FENNO
Notary Public for the
State of New York
Qualified in Otsego County
4786561
Commission Expires 03/30/91

Little Ferry Yard

ALL THAT TRACT OR PARCEL OF LAND situate in the Village of Ridgefield Park and the Borough of Ridgefield, County of Bergen, State of New Jersey BEGINNING at a point in the westerly right of way line of the New York, Susquehanna and Western Railroad where the same intersects the southerly line of Bergen Turnpike (50 feet wide) said point having coordinates based on the New Jersey Plane Coordinate System N. 734,275.11 feet E 2,176,627.41 feet running thence:

1. Across the New York Susquehanna and Western Railroad right of way along the southeasterly prolongation of the southerly right of way line of Bergen Turnpike S. 60 deg. 46' 01" E. 67.86' to a point; thence:

2. Along the easterly right of way line of the New York, Susquehanna and Western Railroad S. 1 deg. 22' 57" W. 121.28' to a point where the same intersects the pierhead and bulkhead line of the Overpeck Creek as established on a certain map entitled "Department of the Army, New York District Corps of Engineers, New York, New York, Pierhead and bulkhead lines, Hackensack River, New Jersey". Said last mentioned point intersects said bulkhead line on a line drawn between Pierhead Point 153 and Pierhead Point 155 all as shown on said map; thence:

3. Along said Pierhead/Bulkhead line, S. 72 deg. 22' 46" E. 20.83' to a point; thence:

4. Along said easterly right of way line parallel with and distant 50.00' easterly at a right angle from the original centerline of the New York, Susquehanna and Western Railroad S. 1 deg. 22' 57" W. 1,676.56 feet to a point of curvature; thence:

5. Southwesterly and thence southeasterly on a curve to the left having a radius of 5,679.66', an arc distance of 1,579.82' to a point of tangency; thence:

6. Still along the same, S. 16 deg. 33' 33" E. 3,283.54' to a point; thence:

7. Still along the same, S. 14 deg. 34' 02" E. 2,445.22 feet to a point where said right of way line intersects the southwesterly right of way of the New York, Susquehanna and Western Railroad, Undercliff Branch, thence:

8. Along said southwesterly right of way line northwesterly on a curve to the right having a radius of 1,960.08 feet, an arc distance of 1,519.26 feet to a point thence;

9. N. 8 deg. 19' 02"W. 885.88 feet to a point, said point being northwesterly at 90 deg. from Station 946 + 10 of the baseline for the New Jersey Turnpike, all as shown on a certain

map entitled "New Jersey Turnpike Authority, New Jersey Turnpike Parcel Property Map, Section N. 7, Station 936 + 25.40 to Station 959 + 82.83, Ridgfield, Bergen County, New Jersey. Drawing No. 3B-127C" thence;

10. N. 33 deg. 05' 01" W. 136.45 feet to a point in the southwesterly line of a 40 ft. wide Public Service Electric and Gas Company easement, thence;

r

11. Along the southerly line of said easement N. 81 deg. 40' 58" E. 37.44 feet to a point thence;

12. Along the easterly line and along a relocated Public Service Electric and Gas easement and access right of way N. 24 deg. 01' 33"W. 497.65 feet to a point, said point being distant 145 feet northwesterly from Station 6126 + 60 of the baseline for the New Jersey Turnpike 1969, widening Section # 7B, thence;

13. Along the northerly line of said easement and access right of way N. 84 deg. 03' 27"W. 38.56 feet to a point thence;

14. Along the easterly line of Parcel No. 1 N. 22 deg. 50' 35"W. 106.91 feet to a point, all as shown on a certain map entitled "New York, Susquehanna and Western Railroad Co. Prop. Sale of Land, Ridgfield, New Jersey, Office of C.H. Eng. Paterson, N.J., Scale 1" = 200 ft. Nov. 30, 1965, Drwg. No. C1-65-1" thence;

15. Still along the same N. 14 deg. 34' 02" W. 590.00 feet to a point thence;

16. Still along the same, N. 4 deg. 35' 07" W. 1,269.21 feet to a point thence;

17. Still along the same, N. 14 deg. 34' 02" W. 473.38 feet to a point and the northeasterly corner of said Parcel No. 1 thence;

18. Along the northerly line of Parcel No. 1 and southerly line of a 60 ft. wide Public Service Electric and Gas Company easement, S. 72 deg. 03' 19" W. 390 feet more or less to a point in the former high water line of the Hackensack River all as shown on a certain map entitled "Right of Way and Track Map, New York, Susquehanna and Western Railroad operated by New York, Susquehanna and Western Railroad, Station 437 plus 22 to Station 542 plus 82, Scale 1" = 200 feet, June 30, 1918 Office of Valuation Engineer, New York, New York, Sheet V3NJ2" thence;

19. Along said high water line northerly the various courses thereof 3,800 feet more or less to a point where the Hackensack River meets the southerly line of the Overpeck Creek thence;

20. Along the southerly line of the Overpeck Creek in the general easterly direction approximately 500 feet to a point in

the westerly right of way line of the New York, Susquehanna and Western Railroad, said point being distance the following courses and distances from the end of the 17th course of this description:

A) Along the northeasterly prolongation of the northerly line of Parcel No. 1 aforesaid it being along the southerly line of a Public Service Electric and Gas easement N. 72 deg. 03' 19" E. 130.77 feet to a point in the westerly right of way line of the New York, Susquehanna and Western Railroad thence;

B) Along said westerly right of way line parallel with and distant 50 feet westerly at a right angle from the original centerline of said right of way N. 14 deg. 33' 38" W. 367.14ft. to a point of curvature thence;

C) Still along the same northwesterly and then northeasterly on a curve to the right having a radius of 5,779.66 feet, an arc distance of 1,608.23 feet to a point of tangency thence;

D) Still along the same, N. 1 deg. 22' 57" E. 1370 ft. more or less to a point where said right of way line intersects the southerly line of the Overpeck Creek and end of the 20th course of the herein described description thence;

21. Still along said right of way line, N. 1 deg. 22' 57" E. 335 ft. more or less to a point in the pierhead and bulkhead line of the Overpeck Creek aforesaid. Said point being distant from the end of Course C herein N. 1 deg. 22' 57" E. 1,705.10 feet thence;

22. Along the pierhead/bulkhead line of the Overpeck Creek S. 72 deg. 22' 46" E. 20.83 feet to a point thence;

23. Still along the westerly right of way line of the New York, Susquehanna and Western Railroad being parallel to and distant 30 feet of the original centerline of said railroad N. 1 deg. 22' 57" E. 135.51 feet to the point or place of BEGINNING.

Excepting therefrom land conveyed by the New York, Susquehanna and Western Railroad to James V. Frola by Deed Book 4972, Page 303, shown as Parcel No. 2 as shown on a certain map entitled "New York, Susquehanna and Western Railroad Co., Prop. Sale of Land, Ridgfield, New Jersey, Office of C.H. Eng. Paterson, N.J., Scale 1" = 200 ft. Nov. 30, 1965, Drwg. No. C1-65-1" resurveyed and shown on a certain map entitled "Key Map, Boundary and Topographic Survey, Block 169, Lot 1, Borough of Ridgfield, Bergen County, New Jersey, Drawing No. 85-101-1" prepared by Bosell Engineering Company, Ridgfield Park, New Jersey.

BEGINNING at a point it being the same as described in Deed Book 4972, Page 303, said point being the following courses and distances form the end of the 7th course of the preceding description running thence;

A) Along the 7th course in reverse direction it being the easterly right of way line of the New York, Susquehanna and Western Railroad N. 14 deg. 34' 02" W. 1951.23 feet thence;

B) Across the railroad right of way, S. 75 deg. 25' 58" W. 62.35 feet to the point of beginning of this description running thence;

1. Along the westerly right of way line of the New York, Susquehanna and Western Railroad being parallel to and distant 12.35 feet southwesterly at a right angle from the original centerline of said railroad, S. 14 deg. 34' 02" JE. 1,645.47 feet to a point thence;

2. S. 75 deg. 25' 58" W. 21.37 feet to a point in the easterly right of way line of the Undercliff Branch of The New York, Susquehanna and Western Railroad thence;

3. Along the said easterly right of way line northwesterly on a curve to the right having a radius of 1,860.08 feet, an arc length of 1,305.85 feet to a point of tangency thence;

4. Still along the same, N. 3 deg. 28' 02" W. 540.16 feet to a point thence;

5. Parallel to New Jersey Turnpike baseline N. 31 deg. 41' 15" E. 109.74 feet to a point thence;

6. S. 24 deg. 19' 05"E. 227.15 feet to the point or place of BEGINNING.

EXCEPTION CONTAINING: 7.8628 ACRES

In addition to the exception of Lot 1, Block 169, the following parcels are also excepted:

1. PART OF WEST SHORE RAILROAD ROW

A. Strip of land 17' wide by 950 feet more or less long extending parallel to and distant 17' westerly at a right angle to seventh course of this description and extending approximately N. 14 deg. 34' 02" E. 950 feet from the end of said seventh course.

CONTAINING: 0.37 Acres more or less.

2. OVERPECK CREEK

That portion of the description lying within the high water lines of the Overpeck Creek.

CONTAINING: 0.38 ACRES MORE OR LESS

3. EASEMENTS

Subject to rights of others to various easements conveyed to the New Jersey Turnpike Authority, Public Service Electric and Gas Company and any others that a complete title search may disclose.

This description in accordance with a map entitled "Survey lands of New York, Susquehanna and Western Railway Corp. Village of Ridgefield Park, Borough of Ridgefield, Bergen County, New Jersey" prepared by Boswell Engineering Company, Ridgefield Park, New Jersey, Dated September 28, 1985.

Warren D. Skrable
N.J. P.L.S. No. 13457

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 north 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 north-easterly 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 south-westerly direction to the Borough of Hackensack-Borough of Maywood line at or about Valuation Station 745 + 00; thence south-westerly 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.

ALL THOSE TRACTS OR PARCELS OF LAND and premises, situate, lying and being in the Township of Vernon, Borough of Hamburg and Township of Hardyston, in the Country of Sussex and State of New Jersey, more particularly described herein.

(NJS 46:15-2.1) No property tax identification number is available on date of this deed.

Hudson Secondary Branch

Sussex County, New Jersey

ALL THAT LINE of Railroad being a portion of Grantor's Hudson Secondary Branch identified as Line Code 0101 in the records of the United States Railway Association and also being the former Lehigh and Hudson "River Railway Company's Main Line also identified in Conveyance Document No. L&HR-CRC-RP-1 filed and recorded on October 12, 1978 in the office of the Secretary of State of New Jersey and EXTENDS from the State Line between New York and New Jersey near Dekays Road in Vernon Township and continues in a general southwesterly direction passing through Dekays, Vernon, McAfee in Vernon Township to its point of ending at railroad Mile Post 34.6 in Hamburg, Hardyston Township, Sussex County, New Jersey and which point of ending is indicated on Exhibit "A" hereof.

ALL THOSE TRACTS OF PARCELS OF LAND AND PREMISES, situate, lying and being in the Township of Pequannock and Borough of Riverdale, in the County of Morris and State of New Jersey, more particularly described herein.

(NJS 46:15-21) No property tax identification number is available on date of this deed.

Greenwood Lake Spur Branch

Morris County, New Jersey

ALL THAT LINE OF RAILROAD being a portion of Grantor's Greenwood Lake Spur (also known as the Pompton Industrial Tract) identified as Line Code 6172 in the records of the United States Railway Association and also being the former Erie Lackawanna's Greenwood Lake Spur also identified in Conveyance Document No. EL-CRC-RP-6 filed and recorded on October 12, 1978 in the Office of the Secretary of State of New Jersey and EXTENDS from the Pequannock River at the County Line between Wayne Township, Passaic County and Pequannock Township, Morris County, New Jersey and extending in a general northerly direction and passing through Pequannock, Pompton Plans, Riverdale, Pompton to the Pequannock River between Pequannock Township, Morris County and Pompton Township, Passaic county, New Jersey.

ALL THOSE TRACTS OR PARCELS OF LAND and premises, situate, lying and being in the Township of Wayne, in the County of Passaic and State of New Jersey, more particularly described herein.

(NJS 46:15-21) No property tax identification number is available on date of this deed.

Greenwood Lake Spur Branch

Passaic County, New Jersey

ALL THAT LINE OF RAILROAD being a portion of Grantor's Greenwood Lake Spur (also known as the Pompton Industrial Tract) identified as Line Code 6172 in the records of the United States Railway Association and also being the former Erie Lackawanna's Boonton Line also identified in Conveyance Document No. EL-CRC-RP-7 filed and recorded on October 12, 1978 in the office of the Secretary of State of New Jersey and BEGINNING at Railroad Mile Post 22.1, which is situate south of Ryerson Avenue and the railroad right of way in Wayne, Passaic County, New Jersey and is indicated on Exhibit "A" hereof, and which extending from said Mile Post in a general northerly direction through Wayne to the Pequannock River at the County Line between Wayne Township, Passaic County and Pequannock Township, Morris County, New Jersey; and

ALL THAT LINE OF RAILROAD being a portion of Grantor's Greenwood Lake Spur (also known as the Pompton Industrial Track) identified as Line Code 6172 in the Record's of the United States

Railway Association and also being the former Erie Lackawanna's Boonton Line also identified in conveyance Document No. EL-CRC-RP-7 filed and recorded on October 12, 1978 in the office of the Secretary of State of New Jersey and EXTENDS from the Pequannock River and the County Line between Pequannock Township, Morris County and Pompton Township, Passaic County, New Jersey and extending to the point of ending at railroad Station 1490+52 (approximately Railroad Mile Post 28.3) which is 446 feet, more or less, south of Willard Street as indicated on Exhibit "B", hereof at Pompton Junction, Passaic County, New Jersey.

Ogdensburg Branch

ALL THAT CERTAIN LINE of Railroad, being a portion of Grantor's Ogdensburg Industrial Track identified as Line Code 0105 in the records of the United States Railway Association and also being a portion of the former Lehigh and Hudson River Railway Company's line of Railroad known as the Lehigh and Hudson River Main Line (Line Code 0105) and further identified in the Recorder's Office of Sussex County, New Jersey in Book 1207 at page 152; and

SITUATE in Sussex County, New Jersey and BEGINNING in Franklin Borough at Railroad Mile Post 0.0, as indicated in Exhibit "A" on Map No. 1 hereof, and which Railroad Mile Post is adjacent to the Hudson Secondary Track in the Borough of Franklin and is identified in an Indenture from Grantor to Grantee and the County of Sussex on Map No. 2 thereof; and thence extending from said Railroad Mile Post in a general southerly direction through the Borough of Franklin and passing through Railroad Mile Post 1.0, as indicated in Exhibit "A" on Map No. 2 hereof; and thence continuing and still extending in that general southerly direction and passing through Railroad Mile Post 2 and then passing through the Boundary Line between the Borough of Franklin and the Borough of Ogdensburg and then continuing through Ogdensburg to the point of ENDING at Railroad Mile Post 2.9, as indicated in Exhibit "A" on Map No. 3 hereof; in Ogdensburg, Sussex County, New Jersey.

BEING a part or portion of the same premises which John G. Triano, as Trustee of the Property of The Lehigh and Hudson River Railway Company, Debtor, by Conveyance Document No. L&HR-CRC-RP-1 dated March 29, 1976 and recorded on September 10, 1984 in the Recorder's Office of Sussex County, New Jersey, in Book 1207 at page 149&c., and also filed and recorded on October 12, 1978 in the New Jersey Office of the Secretary of State, and which Conveyance Document granted and conveyed the aforesaid property unto Consolidated Rail Corporation.

UNDER and SUBJECT, however, to (1) whatever rights the public may have to the use of any roads, alleys, bridges or streets crossing the premises herein described, (2) any streams, rivers and creeks passing under, across or through the premises herein described, and (3) any easements or agreements of record or otherwise affecting the land hereby conveyed, and to the state

of facts which a personal inspection or accurate survey would disclose, and to any pipes, wires, poles, cables, culverts, drainage courses or systems and their appurtenances now existing and remaining in, on, under, over, across and through the herein conveyed premises, together with the right to maintain, repair, renew, replace, use and remove same, if any.

Rahway Valley

Section 1.

Beginning at a point on the north right-of-way line of the Central Railroad of New Jersey, distance 231.98 feet easterly from an iron monument at the southwest corner of land formerly of Charles Flemer, and being distant 25 feet southwesterly at right angles to the established center line of New Orange Four Junction Railroad, as formerly designated, now designated Rahway Valley Railroad; thence along a curve northwesterly to the right with a radius of 393.6 feet, 300.33 feet to the center of Westfield Avenue; thence south 79 degrees 52 minutes west along the center line of Westfield Avenue 5.14 feet to the westerly line of land formerly of Charles Flemer; thence along said line and binding on land of or formerly of Mrs. C. Pennell north 10 degrees 8 minutes west 283 feet to the northeast corner of land of said Pennell; thence north 79 degrees 52 minutes east 25.14 feet to a point distant 25 feet westerly at right angles to the established center line of Rahway Valley Railroad; thence parallel with said center line north 5 degrees 12 minutes east 1198.05 feet; thence along a curve to the left with a radius of 794.02 feet, 381.2 feet to the northerly line of land formerly of Charles Flemer; thence along said line north 62 degrees 8-1/2 minutes east 50.2 feet to a point distant 25 feet easterly at right angles from the established center line of Rahway Valley Railroad; thence southerly parallel to said center line and distant 25 feet therefrom along a curve to the right with a radius of 844.02 feet, 410.05 feet to a point; thence still parallel with said center line south 5 degrees 12 minutes west 1274.63 feet; thence along a curve to the left with a radius of 343.6 feet, 546.26 feet to the westerly line of land of or formerly of O. S. Bogart; thence along said line south 10 degrees 8 minutes east 5.06 feet to the northerly right-of-way line of the Central Railroad of New Jersey; thence along said line south 79 degrees 52 minutes west 117.02 feet to the place of beginning. Containing 2.5 acres, more or less.

All of the above described section being a part of the land formerly owned by Charles Flemer.

Section 2

Being lots numbered 2733, 2707, 2708, 2709, 2710, 2711, 2712, 2713, 2714, 2715, 2716, 2717, 2718, 2985, 2986, 2987, 2988, 2991, 2992, 2993, 2994, 2995, 2996, 2997, 2990, 3010, 3011, 3012, and 3013, on map of Aldene, Union County, N. J. Recorded.

Section 3

Beginning in the center line of Faitoute Avenue; thence along the line formerly dividing land of Phoebe O. Woodruff from John Seaton south 41 degrees 54 minutes west 175.4 feet; thence south 44 degrees 17 minutes west 947.5 feet; thence north 47 degrees 52 minutes west 60 feet; thence north 43 degrees 54 minutes east 1118.3 feet to the center line of Faitoute Avenue; thence along the center line of Faitoute Avenue south 51 degrees 52 minutes east 60.3 feet to the place of beginning. Containing 1.717 acres.

Being a strip of land conveyed by Phoebe O. Woodruff to Charles W. Manahan, Jr., trustee.

Section 4

Beginning in the center line of Faitoute Avenue at the southwest corner of land formerly of Jacob T. Faitoute; thence north 43 degrees 54 minutes east 225.28 feet; thence parallel with the established center line of Rahway Valley Railroad, and distant 30 feet southerly therefrom north 65 degrees 38 minutes east 446.14 feet; thence still parallel with said center line on a curve to the left with a radius of 644.56 feet, 443.8 feet to the westerly line of Market Street; thence north 24 degrees 22 minutes west along the westerly line of Market Street 63.16 feet to the northwest corner of Market Street and Fairfield Avenue; thence along the northerly line of Fairfield Avenue south 65 degrees 38 minutes west 18.45 feet; thence westerly along a curve to the right with a radius of 584.56 feet and parallel to said center line 428.3 feet; thence south 65 degrees 38 minutes west 457.76 feet; thence south 43 degrees 54 minutes west 242.86 feet to the center line of Faitoute Avenue; thence along the center line of Faitoute Avenue south 51 degrees 52 minutes east 60.3 feet to the place of beginning: Being a strip of land 60 feet in width. Consisting of portions of land formerly owned by Jacob T. Faitoute and Noah Woodruff. Containing 1.55 acres, more or less.

Section 5.

Beginning on the west line of Market Street, distant 12.47 feet northerly from the northwest corner of Market Street and Fairfield Avenue; thence northerly on a curve to the left with a radius of 589.56 feet parallel with and 25 feet distant from the established center line of Rahway Valley Railroad 471.9 feet; thence at right angles to said center line north 65 degrees 38 minutes east 50 feet; thence southerly along a curve to the right with a radius of 639.56 feet parallel to said center line and distant 25 feet therefrom 560.1 feet to the westerly line of Market Street; thence along the westerly line of Market Street north 24 degrees 22 minutes west 68.13 feet to the place of beginning. Being a strip of land fifty feet in width lying 25 feet on either side of the established centerline of Rahway Valley Railroad: Containing 0.59 acres, more or less. Consisting

of portions of land formerly owned by Jacob T. Faitoute, the Estate of E. I. Tucker, John O. Stearns and Noah Woodruff.

Section 6.

Beginning at a point distant 459.56 feet northerly and 165 feet easterly from the intersection of the center lines of Market Street and Fairfield Avenue; thence north 24 degrees 22 minutes west 2885.4 feet to the north line of New Orange Boulevard, being a tract of land lying 25 feet on the west side and 75 feet on the east side of the above described portion of the established center line of Rahway Valley Railroad. Containing 6.59 acres, more or less. Consisting of portions of land formerly owned by John O. Stearns, Stephen T. Baker, J. M. and John Crane and Christian Bangert.

Section 7. Railroad Right-of-way.

Beginning at a point in the northerly line of the Boulevard, at Kenilworth, formerly New Orange, where the present established center line of the Rahway Valley Railroad intersects the said northerly line of the Boulevard, thence north 24 degrees 22 minutes west 633.2 feet; thence on a curve to the left with a radius of 716.78 feet, 591.7 feet; thence north 71 degrees 42 minutes west 992 feet. Being a tract of land having a width of 55 feet on the westerly side and 45 feet on the easterly side of the above described portion of the established center line of the Rahway Valley Railroad, containing 5.1 acres more or less, the said tract of land being known as Section 7 of the right-of-way of the Rahway Valley Railroad, consisting of portions of land formerly owned by Wetzell and Adams, David J. Crane, James L. Benedict and Robert S. Williams.

Section 8.

Beginning in the westerly right-of-way line of the Rahway Valley Railroad distant 55 feet southwesterly from the established center line of said Railroad at the northwesterly corner of Section 7, as hereinabove described; thence along a curve to the right with a radius of 1016.87 feet, 1079.7 feet; thence north 11 degrees 8 minutes west 2271.6 feet, more or less, to the center line of Chester Avenue, also known as the Old Scotch Plains road; thence along the center line of Chester Avenue south 85 degrees 25 minutes east 127.27 feet to the line of land of the estate of James Nealon; thence along said line of Nealon 2 degrees east 259.02 feet, thence still along said line of Nealon south 11 degrees 57 minutes east 575.7 feet; thence still along said line of Nealon south 42 degrees 51 minutes east 30 feet, more or less, to a point distant 100 feet easterly at right angles from the westerly right-of-way line of said Railroad, as hereinabove described; thence parallel with the said westerly right-of-way line and distant 100 feet easterly therefrom south 11 degrees 8 minutes east 1393.6 feet; thence still parallel with said westerly right-of-way line on a curve to the left with a radius of 916.87 feet, 969.91 feet to the northeasterly corner of

Section 7, as herein described; and thence south 18 degrees 18 minutes west 100 feet to the point or place of beginning; containing 6.53 acres, more or less, consisting of portions of land formerly owned by James L. Benedict, Robert S. Williams and James C. Woodruff.

Section 9.

Beginning in the southerly right-of-way line of Rahway Valley Railroad at a point distant at right angles northerly 400 feet from the north line of Munroe Avenue; thence parallel with Munroe Avenue south 82 degrees 22 minutes west 2924.65 feet, more or less, to the easterly line of North Fourteenth Street; thence along the easterly line of North Fourteenth Street south 7 degrees 38 minutes east 3.4 feet; thence on a curve to the left with a radius of 294.62 feet, 418.04 feet; thence south 7 degrees 38 minutes east 105.38 feet to the northerly line of Munroe Avenue; thence along the northerly line of Munroe Avenue south 82 degrees 22 minutes west 0.56 feet; thence on a curve to the right with a radius of 344.62 feet, 521.7 feet; thence south 82 degrees 22 minutes west 3,020 feet, more or less, to the Rahway River; thence up the said river to a point distant 50 feet northerly at right angle from the last described course; thence parallel to the said course north 82 degrees 22 minutes east 2945 feet, more or less, to a point at right angles from the beginning of said course; thence on a curve to the left with a radius of 294.62 feet, 443.16 feet to the northerly line of Munroe Avenue; thence along the northerly line of Munroe Avenue north 82 degrees 22 minutes east 0.66 feet; thence north 7 degrees 38 minutes west 105.38 feet; thence on a curve to the right with a radius of 344.62 feet, 496.62 feet to the easterly line of North Fourteenth Street; thence along the easterly line of North Fourteenth Street north 7 degrees 38 minutes west 2.9 feet; thence north 82 degrees 22 minutes east 2821.83 feet, more or less, to the southerly right of way line of Rahway Valley Railroad,; thence along said right of way line south 71 degrees 42 minutes east 114.33 feet to the place of beginning. Containing 7.91 acres, more or less. Consisting of portions of land formerly owned by James J. Benedict and McCullough and Seaton.

Section 10. Station Tract.

Beginning in the Southerly right-of-way line of the Rahway Valley Railroad at its intersection with the northerly line of Section 9, which point is distant northerly at right angles 450 feet from the north line of Munroe Avenue; thence along the northerly line of Section 9 south 82 degrees 22 minutes west 821.83 feet to the easterly line of North 22d Street; thence along the easterly line of North 22d street north 7 degrees 38 minutes, west 250 feet; thence north 82 degrees 22 minutes east 329.96 feet to the aforesaid southerly right-of-way line; thence along said right-of-way line on a curve to the left with a radius of 771.78 feet, 121.09 feet; thence still along said right-of-way line south 71 degrees 42 minutes east 430.97 feet to the place of beginning.

Containing 3.25 acres, more or less.

Consisting of Portions of land formerly owned by James L. Benedict and Robert S. Williams.

Section 11.

Beginning at the intersection of the northerly line of New Orange Boulevard with the easterly right-of-way line of Rahway Valley Railroad, thence along said right-of-way line north 24 degrees 22 minutes west 450 feet; thence north 65 degrees 38 minutes east 100 feet; thence south 24 degrees 22 minutes east 450 feet to the northerly line of New Orange Boulevard; thence along northerly line of New Orange Boulevard south 65 degrees 38 minutes west 100 feet to the place of beginning. Containing 1.04 acres, more or less. Consisting of portions of land formerly owned by George Hotz, Christian Bangert, Wetzel and Adams, and David J. Crane.

- Section 12.

Beginning in the center line of Colfax Avenue, distant 1346.61 feet easterly from the intersection of the center line of Faitoute Avenue; thence north 33 degrees 5 minutes west 1616.43 feet to the southerly line of section 6; thence north 65 degrees 38 minutes east along said line 34.68 feet to the southeast corner of section 6; thence north 24 degrees 22 minutes west 103.73 feet along the easterly right-of-way line of Rahway Valley Railroad, being the easterly line of section 6; thence south 33 degrees 5 minutes east parallel to the first course and distant 50 feet therefrom 1724.16 feet to the center line of Colfax Avenue; thence along the center line of Colfax Avenue south 68 degrees 44 minutes west 51.08 feet to the place of beginning. Containing 1.88 acres, more or less. Consisting of portions of land formerly owned by John O. Stearns, E. I. Tucker Estate and Noah Woodruff.

Section 13.

Beginning in the easterly right-of-way line of Rahway Valley Railroad at its intersection with the northerly line of land of Thomas McDevit, which point is distant southerly 1523.85 feet from the centerline of the New Orange Boulevard; thence along line of said McDevit north 59 degrees 6 minutes east 5.67 feet; thence along a curve northeasterly with a radius of 323.27 feet, 447.37 feet; thence parallel to New Orange Boulevard and distant 1260 feet southerly from the center line thereof north 65 degrees 38 minutes east 1576.73 feet to the westerly line of South Thirty-seventh Street; thence north 24 degrees 22 minutes west along the westerly line of said street 50 feet; thence south 65 degrees 38 minutes west 1576.73 feet; thence on a curve to the left with a radius of 373.27 feet, 390.68 feet to the easterly right-of-way line of Rahway Valley Railroad; thence along the

right-of-way line south 24 degrees 22 minutes east 127.46 feet to the place of beginning. Containing 2.32 acres, more or less. Consisting of portions of land formerly owned by J. M. and John Crane and James W. Higgins.

Section 14.

Conveys Lots 3792 - 3793 - 3794 - 3795 - 3791 in Block 112, on certain map made by A. M. Woodruff, Surveyor, dated January 6, 1892, and filed in office of Clerk of Union County, and known as Map of Aldene. Also the following: Lots 3782 - 3782-1\2 - 3783 -3783-1\2 -3784 - 3784-1\2- 3785 - 3785-1\2 - 3786 - 3786-1\2 -3787-1\2 -3788 - 3788-1\2 -3781 - in Block 111, on the aforesaid Map.

Engine Yard.

Beginning at a point in the north-easterly right-of-way line of the aforescribed Section 7 of the Rahway Valley Railroad right-of-way distant 522.5 feet south-easterly from the point where the north-easterly corner of Section 7 meets the south-easterly corner of Section 8 aforescribed; thence at right angles to said north-easterly right-of-way line north 18 degrees 18 minutes east 100 feet; thence parallel to said northeasterly right-of-way line south 71 degrees 42 minutes east 400 feet; thence south 18 degrees 18 minutes west 100 feet to the north-easterly line of aforesaid Section 7; thence both 71 degrees 42 minutes west 400 feet along the said north-easterly line of Section 7 to the point or place of beginning; Being a tract of land containing 0.918 acres, more or less, formerly owned by Wetzel and Adams.

With the railway built thereon, with all branches, tracks, sidings, switches, and other superstructures; as also the franchises and appurtenances belonging to and connected with the operation of the said property as a railroad, with all the grants, rights and privileges connected therewith.

The foregoing described property constituting and being intended hereby to constitute and include the railroad, branches, switches and structures of New Orange Four Junction Railroad prior to and at the making of the joint agreement of merger and consolidation made December first, 1904, by and between New Orange Four Junction Railroad, a corporation of the State of New Jersey, as party of the first part, and said Rahway Valley Railroad Company as party of the second part, which joint agreement was filed on February 28, 1905, in the office of the Secretary of State of the State of New Jersey at Trenton, New Jersey.

ALSO the lands described as follows:

Section 1.

From Station 0 00 to the center line of Chester Avenue.

A strip of land one hundred feet in width, or fifty feet on either side of the center line of the Rahway Valley Railroad Co., excepting where the easterly line of said strip intersects the westerly line of the land of Michael Nealson, where the easterly boundary is the line of the land of said Nealson. Said center line begins at the point of curve of the form of the former New Orange Four Junction R. R., where the said R. R. curves toward North Twentieth Street, Kenilworth. Thence 1st on a bearing of north 62 degrees 30 minutes west for 522.1 feet to a point of curve. Thence 2nd. On a curve to the right with a radius of 955.4 feet for 1009.4 feet. Thence 3rd. on a bearing of north 1 degree 56 minutes west 2250.9 feet to the center line of Chester Avenue and ending there. Containing an area of 8.47 acres, be the same more or less.

Section 2.

From center of Chester Avenue to center of Springfield Road.

Beginning at a point in the center line of Chester Avenue, said point being distant 37.5 measured at right angles, from the center line of the Rahway Valley Railroad where the same crosses Chester Avenue. Thence 1st. Binding on the land of the estate of F. Haines, on a bearing of north 1 degree 56 minutes west for 404.3 feet to a point of curve. Thence 2nd. On a curve to the left with a radius of 1395.2 feet for 588.6 feet to a point where the said curve intersects the southerly boundary of the lands of Dennis Long. Thence 3rd. Still on a curve to the left with a radius of 1395.2 feet and binding on the land of Dennis Long for 492.0 feet more or less. Thence 4th. Still binding on the land of said Long, on a bearing of north 45 degrees 13 minutes west for 20.0 feet more or less to the intersection of the southerly line of the land of August Rast. Thence 5th. Still on a bearing of north 45 degrees 13 minutes west and binding on the lands of August Rast for 1450.0 feet where the said course intersects the southerly line of the lands of John Fisher. Thence 6th. Still on a bearing of north 45 degrees 13 minutes west and binding on the land of John Fisher for 809.5 feet more or less to where the said course intersects the southerly boundary of the lands formerly belonging to Mary C. Miller. Thence 7th. Binding on the land formerly owned by Mary C. Miller, on a course north 45 degrees 13 minutes west for 248 feet more or less, to the center of the Springfield Road. Thence 8th. Along the center of said road on a course of north 49 degrees 45 minutes east for 75.9 feet. Thence 9th. On a bearing of south 45 degrees 13 minutes west for 280 feet more or less, and parallel to and distant from the seventh course 75 feet to the line of the land of John Fisher. Thence 10th. Binding on the land of said Fisher, on a bearing of south 45 degrees 13 minutes east for 801.1 feet more or less to where the said course intersects the northerly boundary of the land of August Rast. The said course being parallel to and distant from the sixth course, in an easterly direction 75 feet. Thence 11th. Still binding on the land of said Fisher for 5.55 feet on a bearing of north 66 degrees 45 minutes east to a corner of the lands of August Rast. Thence 12th. Binding on the

lands of August Rast, on a bearing of south 45 degrees 13 minutes west for 1237.5 feet to the northerly line of the land of J. Faitoute, said course being parallel to and distant from the fifth course in an easterly direction 80.5 feet. Thence 13th Binding on the land of J. Faitoute on a bearing of south 10 degrees 15 minutes west for 5.8 feet. Thence 14th. Still binding on said line on a bearing of south 45 degrees 13 minutes east for 105 feet more or less to the northerly line of the land of Dennis Long, said course being parallel to and distant from the fifth course 75 feet in an easterly direction. Thence 15th. Binding on the land of Dennis Long on a bearing of south 45 degrees 13 minutes east for 89 feet more or less to a point of curve. Thence 16th. Still binding on the lands of said Long on a curve to the right with a radius of 1470.2 feet for 450.5 feet more or less to the northerly boundary of the land of the estate of F. Haines. The said course being parallel to and distant from the third course 75 feet in an easterly direction. Thence 17th. Binding on the land of the Haines estate and still on a curve to the right with a radius of 1470.2 feet for 663.6 feet. Thence 18th. Still binding on the land of the Haines estate on a bearing of south 1 degree 56 minutes east for 427.5 feet to the center line of Chester Avenue. Thence 19th. Following the curve of the center line of Chester Avenue in a westerly direction for 80.5 feet to the place of beginning. The second section is composed of the lands acquired from the following former owners and covered by the respective deeds from each. Estate of F. Haines; Estate of Dennis Long; Estate of Augustus Rast; Estate of John Fisher; Estate of Mary C. Miller; Estate of Jacob Faitoute. Containing an area of 6-892/1000 acres be the same more or less.

Section 3.

From Springfield Road to Westfield Avenue, Springfield.

Beginning at a point in the center line of the Springfield Road, said point being distant from the center corner of the land of John Fisher and that formerly owned by Mary C. Miller 257 feet in a westerly direction. Thence 1st. Binding on the land of Chas. Hornecker on a bearing of north 45 degrees and 13 minutes west for 1283.5 feet more or less, to the southerly line of the land of Daniel R. Smith. Thence 2nd. Binding on the land of said Smith on a bearing of north 45 degrees 13 minutes west for 1230 feet more or less to the center line of the Rahway River, said centerline being the southerly line of the land of William Flemer. Thence 3rd. Binding on the land of said Flemer still on a bearing of north 45 degrees 13 minutes west for 1152 feet more or less to the centerline of Van Winkles Brook, said center line being the southerly boundary of the land of John Wright. Thence 4th. Still on the same bearing and binding on the land of John Wright for 810 feet more or less to the southerly line of the land of Thomas Wright. Thence 5th. Binding on the land of Thomas Wright for 379.5 feet more or less on a bearing north 45 degrees 13 minutes west to the center line of Westfield Avenue, Thence 6th. Following the center line of Westfield Avenue for 76.1 feet more or less in an easterly direction. Thence 7th.

On a course south 45 degrees 13 minutes east for 25 feet to the southerly line of the Westfield road. Thence 8th. Along the said north 45 degrees 19 minutes east for 25.01 feet. Thence 9th. Binding on the land of Thomas Wright on a bearing of south 45 degrees 13 minutes for 435.38 feet. Thence 10th. Still binding on said land for a bearing of south 44 degrees and 47 minutes west for 25 feet. Thence 11th. Still binding on said land on a bearing of south 45 degrees 13 minutes east for 189.52 feet to the northerly line of the land of John Wright. Thence 12th. Binding on the land of John Wright on a bearing of south 45 degrees 13 minutes east for 535 feet more or less to the center line of Van Winkles Brook, said center line being the boundary between the lands of John Wright and William Flemer. Thence 13th. Binding on the land of William Flemer on a course south 45 degrees 13 minutes east for 1164 feet more or less to the center of the Rahway River the same being the northerly boundary of the land of Daniel R. Smith. Thence 14th. Binding on the land of said Smith on a course of south 45 degrees 13 minutes east for 1283 feet more or less to the northerly line of the land of Chas. Hornecker. Thence 15th. Binding on the land of said Hornecker on a course south 45 degrees 13 minutes east for 1225 feet more or less to the center of the Springfield road. Thence 16th. Thence following the center line of the Springfield road in a westerly direction for 75 feet to the place of beginning. The third section is composed of lands acquired from the following owners and is covered by the respective deeds from each. Chas. Hornecker, Daniel R. Smith, William Flemer, John Wright, Thomas Wright. Containing a total area of 8.60 acres to be the same more or less.

Section 4

From Westfield Road to the Baltusrol Way.

Beginning in the center line of the Westfield road at a point where the easterly line of the land of the Illingsworth estate intersects the same. Thence 1st. Binding on the easterly line of the Illingsworth estate on a bearing of north 45 degrees 38 minutes west for 1621 feet to the southwesterly corner of the land formerly owned by Theodore Reeves. Thence 2nd. Still binding on the Illingsworth line on a bearing of north 45 degrees 31 minutes west for 957 feet to the lands of Louis Keller. Thence 3rd. Binding on the land of Louis Keller for 8.02 feet on a course north 58 degrees east. Thence 4th. On a course north 44 degrees 43 minutes west for 407.5 feet, more or less. Thence 5th. South 53 degrees west 82 feet. Thence 6th. North 44 degrees 43 minutes West 197.5 feet to the center line of the Baltusrol Road. Thence 7th. Along the same north 29 degrees east, 182.5 feet. Thence 8th. On a curve to the left with a radius of 13827 feet for 216 feet. Thence 9th. South 45 degrees 13 minutes East, 483 feet more or less to the Northerly line of said Reeves land. Thence 10th. Along said line of Reeves South 58 degrees West, 78 feet, to the place of Beginning. Thence 11th. Still binding on the land of Reeves on a bearing of south 45 degrees 31 minutes east for 939 feet more or less to the land

of Arthur Devine. Thence 12th. Binding on the land of said Devine for 1610 feet on a course of south 45 degrees 38 minutes east to the center line of the Westfield road. Thence 13th. Following the center line of the Westfield road in a southwesterly direction for 75 feet to the place of beginning. The fourth section is composed of the land acquired from the following former owners and covered by the respective deeds from each: Estate of Arthur Devine; Theodore Reeves; Louis Keller. Containing a total area of 6.076 acres be the same more or less.

Section 5.

From Baltusrol Way to Shunpike Road.

Beginning at a point in the center of the Baltusrol Way, distant from the intersection of the center line of Briant Ave. and Baltusrol Way 286.1 feet on a bearing south 29 degrees west. Thence 1st. On a curve to the right with a radius of 1482.7 feet for 593 feet to the southerly line of the land of Stewart Hartshorn. Thence 2nd. Binding on the land of said Hartshorn for 12.5 feet on a bearing north 76 degrees east. Thence 3rd. Still binding on said land on a curve to the right with a radius of 1470.2 feet for 223 feet. Thence 4th. On a bearing north 6 degrees 34 minutes west for 533.5 feet to a point of curve. Thence 5th. On a curve to the left with a radius of 917.9 feet for 42 feet to the southerly line of Norman Schultz. Thence 6th. Binding on the land of Harshorn for 12.5 feet on a bearing of south 66 degrees 30 minutes west. Thence 7th. Binding on the land of N. Schultz on a curve to the left with a radius of 905.4 feet for 1740 feet to the line between the lands of N. Schultz and Isaac Briant. Thence 8th. Binding on land of Isaac Briant for 14 feet on a bearing north 6 degrees 30 minutes east. Thence 9th. Still binding on said land on a curve to the left with a radius of 917.9 feet for 465.5 feet more or less. Thence 10th. Still binding on said land on a course south 33 degrees 20 minutes west for 404.3 feet to a point of curve. Thence 11th. On a curve to the right with a radius of 2902.4 feet for 556.5 feet more or less to the easterly line of the land formerly belonging to the Foster Estate. Thence 12th. Following the former easterly boundary of the Foster Estate on a course of south 58 degrees east and binding on the land of Isaac Briant for 12.7 feet. Thence 13th. On a curve to the right with a radius of 2914.9 feet for 501 feet more or less to the northerly line of the land of the Commonwealth Quarry Co. Thence 14th. South 76 degrees 26 minutes west for 95 feet to the northeasterly corner of land formerly owned by Susan Allen. Thence 15th. Binding on said land in a westerly direction for 208 feet to the southeasterly corner of the land of the Kemp estate. Thence 16th. Binding on the land of the Kemp Estate for 37.5 feet in a northwesterly direction. Thence 17th. On a course north 54 degrees 04 minutes east for 295 feet to a point of curve. Thence 18th. On a curve to the left with a radius of 2814.9 feet for 460.5 feet to the line of the land of Isaac Briant. Thence 19th. Binding on the land of Isaac Briant for 12.7 feet on a bearing of south 58 degrees east. Thence 20th. On a curve to the left with a

radius of 2827.4 feet for 560 feet. Thence 21st. On a bearing of north 33 degrees 20 minutes east for 404.3 feet to a point of curve. Thence 22nd. On a curve to the right with a radius of 992.9 feet for 555 feet to the line of the land of Norman Schultz. Thence 23rd. Following said line on a bearing of north 6 degrees 30 minutes east and binding on land of Isaac Briant for 14 feet. Thence 24th. Binding on the land of Norman Schultz on a curve to the right with a radius of 1005.4 feet for 1162 feet more or less to the land of Beverly Ward. Thence 25th. Binding on the land of Beverly Ward for 60ft. to a point. Thence 26th. In an easterly direction and still binding on said land for 30 feet to a point. Thence 27th. Binding on the land of Norman Schultz on a curve to the right with a radius of 1005.4 feet for 600 feet to the line of the land of Stewart Hartshorn. Thence 28th. Binding on the land of Stewart Hartshorn for 12.5 feet on a bearing of south 66 degrees 30 minutes west. Thence 29th. On a curve to the right with a radius of 992.9 feet for 63 feet more or less. Thence 30th. On a bearing south 6 degrees 34 minutes east for 533.5 feet to a point of curve. Thence 31st. On a curve to the left with a radius of 1395.2 feet for 213 feet to the line of land of J. C. Salter. Thence 32nd. Still binding on the land of S. Hartshorn on a course of north 76 degrees east for 12.5 feet. Thence 33rd. On a curve to the left with a radius of 1382.7 feet for 507 feet to the center line of the Baltusrol Way. Thence 34th. Along said center line on a bearing of south 29 degrees for 114 feet to the point of beginning. Section No. 5 is composed of lands acquired from the following owners and is covered by the respective deeds from each. J. C. Salter; Stewart Hartshorn; Norman Schultz; Estate of Isaac Briant; Foster Estate. Containing an area of 10-723/1000 be the same more or less.

Section 6.

From the Shunpike Road to the Northerly line of the Humphrey Estate.

Beginning at a point in the line between the land of the Commonwealth Quarry Co. and the Foster Estate, said point being 60 feet from the northeasterly corner of the land formerly belonging to Susan Allen. Thence 1st. On a course of south 54 degrees 04 minutes west for 87.7 feet to the line dividing the land of the Quarry Co. from the land of Susan Allen. Thence 2nd. Binding on the land of Susan Allen on the course of south 54 degrees 04 minutes west for 217 feet to the easterly line of the land formerly belonging to Clemons Vetter. Thence 3rd. Still on the course south 54 degrees 04 minutes west and binding on the land formerly owned by Clemons Vetter for 93 feet. Thence 4th. Binding on the Allen land on a course of south 54 degrees 04 minutes west for 360 feet to the line between the land of Nellie Sayre and Susan Allen. Thence 5th. Still binding on said land on a course south 12 degrees 26 minutes east for 13.4 feet. Thence 6th. On a course south 54 degrees 04 minutes west and binding on the land of Nellie Sayre for 222 feet to a point of curve. Thence 7th. On a curve to the right with a radius of 959.9 feet for 58 feet to the line dividing the land of Witkopp

and Jones from Nellie Sayre. Thence 8th. Binding on the land of Witkopp and Jones for 13.1 feet on a bearing of north 44 degrees 45 minutes west. Thence 9th. On a curve to the right with a radius of 947.4 feet and still binding on said land for 515.46 feet to the southerly line of the Humphrey Estate. Thence 10th. Still binding on the land of Witkopp and Jones on a bearing of south 56 degrees west for 25 feet. Thence 11th. Binding on the land of the Humphrey Estate on a curve to the right with a radius of 959.9 feet for 115 feet. Thence 12th. On a curve to the right with a radius of 2654.5 feet for 1258.9 feet. Thence 13th. On a course of north 50 degrees 27 minutes west and still binding on the land of said estate for 430.6 feet to the boundary line between the land of Mary P. Dean and Humphrey estate. Thence 14th. Binding on the land formerly owned by Mary P. Dean for 100.2 feet on a course of north 37 degrees 51 minutes east. Thence 15th. Binding on the land of the Humphrey estate on a course of south 50 degrees 27 minutes east for 425.2 feet more or less to a point of curve. Thence 16th. On a curve to the left with a radius of 2354.5 feet for 1213.3 feet. Thence 17th. On a curve to the left with a radius of 859.9 feet for a distance of 296 feet more or less to the southeasterly boundary of the Humphrey Estate. Thence 18th. Still on a curve to the left with a radius of 859.9 feet for 261 feet more or less to the westerly line of Nellie Sayre's land. Thence 19th. On a curve to the left with a radius of 859.9 feet for 75 feet. Thence 20th. North 54 degrees 4 minutes east for 266 feet to the westerly line of Susan Allen's land. Thence 21st. Following the said line for 17.5 feet on a bearing of north 2 degrees 26 minutes west to the southerly boundary of the Humphrey estate. Thence 22nd. On a bearing of north 55 degrees 30 minutes east for 520.8 feet and binding on the lands of the Humphrey estate and the John Kemp Estate. Thence 23rd. North 66 degrees 30 minutes east for 158.4 feet and binding on the lands formerly owned by the Foster Estate. Thence 24th. North 73 degrees 26 minutes east for 60 feet and still binding on the former land of the Foster Estate to the place of beginning. The sixth section is composed of lands acquired from the following former owners and covered by the respective deeds from each. The Commonwealth Quarry Co. Susan Allen; Clemmons Vetter; Nellie Sayre; Witkopp & Jones; The Humphrey Estate. Containing 7-199/1000 acres be the same more or less.

* Section 7.

From the northwesterly line of the Humphrey Estate to the center line of Morris Avenue, Summit and running through lands acquired from Mary P. Dean, George S. Dean, Dean & Parse, and W. S. & B. S. Dean, and including a lot purchased from S. E. Houston. Being a strip of land 60 feet in width or 30 feet on either side of the following described center line, excepting the lot purchased from S. E. Houston. The said center line begins in the northwesterly line of the Humphrey Estate distant from the westerly corner of said estate on a course north 37 degrees 51 minutes east 530 feet. Thence 1st. On a bearing north 52 degrees 7 minutes west for 552 feet more or less to a point of

curve. Thence 2nd. On a curve to the right with a radius of 819.02 feet for 693.8 feet to a point in the center line of Morris Avenue, Summit and distant 274.2 feet from the center line of Denman place. Excepting the portion of the amount included in the lot formerly owned by S. E. Houston.

S. E. Houston lot; Beginning at a stake for a corner in the westerly line of Ashwood Ave., distant 556 feet from the southerly line of Morris Ave. Thence 1st. On the line of S. E. Houston's lot north 73 degrees 4 minutes west 100.06 feet to a stake for a corner. Thence 2nd. Binding on the lands of the estate of P. Dean and parallel with Ashwood Avenue south 18 degrees 53 minutes west 17.57 feet to a stake in the line of said estate. Thence 3rd. Still on said estate line south 16 degrees 34 minutes west 32.72 feet to a stake for a corner. Thence 4th. Still binding on the line of said estate south 73 degrees 4 minutes east 100 feet to the westerly line of Ashwood Avenue. Thence 5th. Along the westerly line of said Avenue north 16 degrees 34 minutes east 31.34 feet to a stake. Thence 6th. Still along westerly side of said Avenue north 18 degrees 51 minutes east 18.66 feet to the point or place of beginning. Containing an area of 1.716 acres.

Section 8.

From the center line of Morris Ave. to the Overlook Road and Park Avenue, Summit and to the D. L. & W. R.R. Lands. Morris Avenue to Overlook Road.

Beginning in the center line of Morris Avenue at a point measured along said line from the line of John Denman's land 91 feet. Thence 1st. On a line parallel to and 75 feet westerly from John Denman's line for 440 feet more or less to the southerly line of lands conveyed by the Martin Estate to F. H. Alleman et al. Thence 2nd. Binding on said line south 87 degrees 17 minutes east for 13 feet. Thence 3rd. North 5 degrees 30 minutes east for 78 feet more or less to a point of curve. Thence 4th. On a curve to the left with a radius of 375 feet for 341 feet more or less to a point parallel with and 115 feet distant from the center line of Park Avenue. Thence 5th. Northwesterly parallel with and distant 115 feet from the center line of Park Avenue to center line of the Overlook Road. Thence 6th. Along the center line of Overlook road north 23 degrees 3 minutes west to a point 73.70 feet from the intersection of said line with the center line of Park Avenue. Thence 7th. Southwesterly parallel with and distant from the center line of Park Avenue 45 feet to the westerly line of the land of John Denman. Thence 8th. Along the westerly line of said Denman's land south 5 degrees 30 minutes west for 661.66 feet more or less to the center line of Morris Avenue 91 feet more or less in a westerly direction to the point of beginning.

Easement over land of Morris County Traction Co.

Beginning at a point in the center line of Park Avenue, said

point being 218.5 feet southeasterly from the intersection of the southerly line of land of G. V. Muchmore and the center line of Park Avenue, thence along the center line of Park Avenue south 47 degrees east 170 feet, thence on a curve to the right with a radius of 1049.76 feet for a distance of 65 feet to a point being 20 feet distant therefrom for 156 feet, thence on a curve to the left with a radius of 949.76 feet for 77 feet to the place of beginning. From the center of Park Avenue to the land of the Delaware, Lackawanna & Western R. R. Co.

Beginning in the center line of Park Avenue at a point distant from the intersection of G. V. Muchmore's southerly line with the said center line 218.5 feet in a southeasterly direction, thence on a curve to the left with a radius of 949.76 feet and binding on the land of the Summit Home Land Co. for 260.5 feet more or less to the southeasterly line of G. V. Muchmore's land, thence along said line north 23 degrees 30 minutes east for 34 feet, thence along the same north 53 degrees west for 58.17 feet, thence still along the same 89 feet to the southerly line of the D. L. & W. R. R. Co.'s land, thence along the southerly line of the D. L. & W. R. R. Co. south 53 degrees east for 240 feet, thence on a curve to the right with a radius of 1049.76 feet for 382.5 feet more or less to the westerly line of James McLaughlin land, thence along said line to its intersection with the center line of Park Avenue, thence along the center line of Park Avenue on a bearing north 47 degrees west to the place of beginning.

The eighth section is composed of lands acquired from the following former owners and is covered by the respective deeds from each: Estate of Mary T. Martin; F. H. Alleman; Morris County Traction Co.; Summit Home Land Co.; A. B. Chandler; Peter Depue. Containing 2 819/1000 acres be the same more or less.

The foregoing described lands constitute all of the property owned by Rahway in the County of Union, State of New Jersey; excepting therefrom such lands as from time to time may have been sold of record by Rahway and with the approval when necessary of proper New Jersey and federal Authorities, subject to such grants, easements and rights of way as are of record and such tenancies as have also been granted. Also and including all roadbeds, superstructures, rights-of-way, rails, tracks, bridges, viaducts, turntables, docks, depots, stations, buildings, and houses of every kind, shops, structures, erections and fixtures, wheresoever situated and now owned or possessed by Rahway, and all other real property, of any kind and description belonging to or appertaining to or provided for use upon or in connection with the lines of railroad, branches, terminals or other property, intended to be mortgaged, now acquired and possessed by Rahway.