



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.

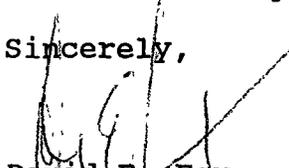
A short summary of the documents to appear in the index follows:

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

17053, *mm*

RECORDING NO. \_\_\_\_\_ FILED 1425

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PLEDGE AND ASSIGNMENT

INTERSTATE COMMERCE COMMISSION

THIS AGREEMENT given by OTSEGO COUNTY INDUSTRIAL DEVELOPMENT AGENCY, a public benefit corporation of the State of New York (the "Agency") dated as of September 27, 1990 to CHEMICAL BANK, a New York banking institution, having an office at 90 Presidential Plaza, Syracuse, New York 13202 (the "Bank").

W I T N E S S E T H:

WHEREAS, the Agency is the owner of a certain fee estate in the premises described in Exhibit "A" attached hereto and made a part hereof (hereinafter referred to as the "Premises"); and

WHEREAS, the Agency has leased the Premises to Cooperstown and Charlotte Valley Railway Corporation ("CCVRC") and therefore CCVRC is the owner of a leasehold estate in the Premises described in Exhibit "A" attached hereto (hereinafter referred to as the "Leasehold") under and pursuant to the provisions of a certain lease agreement described in Exhibit "A-1" attached hereto and made a part hereof (hereinafter referred to as the "Ground Lease");

NOW, THEREFORE, as an inducement to the Bank to lend to the Borrower and 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 and all other indebtedness and all other sums owing by the terms of the Loan Documents, and for value received, the receipt of which is hereby acknowledged, the Agency hereby pledges, assigns, transfers and sets over to the Bank (subject to any prior assignments of the Ground Lease pursuant to a Pledge and Assignment dated as of May 1, 1983) a security interest in any and all monies due or to become due and any and all other rights and remedies of the Agency under or arising out of the Ground Lease, by and between the Agency, as lessors, and CCVRC, as lessee except therefrom the Reserved Rights as defined in the lease dated as of May 1, 1983 by and between the Agency and CCVRC. All capitalized terms contained herein shall have the meanings assigned to them in the Loan Agreement unless otherwise defined herein.

The Bank shall have no obligation, duty or liability under the Ground Lease, except as specifically provided therein and accepted by the Bank in this Agreement; nor shall the Bank be required or obligated in any manner to fulfill or perform any obligation, covenant, term or condition of the Agency thereunder or to make any inquiry as to the nature or sufficiency of any payment received by the Bank, or to present or file any claim, or to take any other action to collect or enforce the payment of any amounts which may have been assigned to it or to which it may be entitled hereunder at any time. The Agency shall at all times remain liable to observe

and perform all of their respective covenants and obligations under the respective Ground Lease and do hereby agree to indemnify and hold harmless the Bank from any liability, loss, damage or expense it may incur under the respective Ground Lease or by reason of this Agreement.

The Agency hereby irrevocably constitutes and appoints the Bank its true and lawful attorneys, with power of substitution for the Agency and in the name of the Agency or in the name of the Bank or otherwise, for the use and benefit of the Bank to ask, demand, require, receive, collect, compound and give discharges and releases of all claims for any and all monies due or to become due under or arising out of the Ground Lease and to endorse any checks and other instruments or orders in connection therewith, and, if any breach, default, or event of default under the Ground Lease shall occur, (a) to settle, compromise, compound and adjust any such claims; (b) to exercise and enforce any and all claims, rights, powers and remedies of the Agency under or arising out of the Ground Lease; (c) to file, commence and prosecute any suits, actions, and proceedings at law or in equity in any court of competent jurisdiction to collect any such sums assigned to the Bank hereunder and to enforce any rights in respect thereto and all other claims, rights, powers, and remedies of the Agency under or arising out of the respective Ground Lease; and (d) generally to sell, assign, transfer, pledge, make any agreement with respect to and otherwise deal with any of such claims, rights, powers and remedies as fully and completely as though the Bank was the absolute owner thereof for all purposes, and at such times and in such manner as may seem to the Bank to be necessary or advisable in its absolute discretion.

The Agency further agrees that at any time and from time to time, upon the written request of the Bank, the Agency will promptly and duly execute and deliver any and all such further instruments and documents as the Bank may deem desirable in order to obtain the full benefits of this Agreement and all rights and powers herein granted.

The Agency hereby ratifies and confirms its Ground Lease, and it hereby warrants and represents with respect to its Ground Lease that (i) it is in full force and effect, (ii) the Agency is not in default thereunder, and (c) it has not been assigned or pledged by the Agency or CCVRC as lessee under the Ground Lease, except as may be permitted herein. The Agency covenants that it will not assign or pledge, the whole or any part of the monies, rights or remedies hereby assigned to anyone other than the Bank so long as this Agreement shall remain in effect.

All monies due and to become due to the Bank under or pursuant to the Ground Lease shall be paid directly to the Bank in lawful

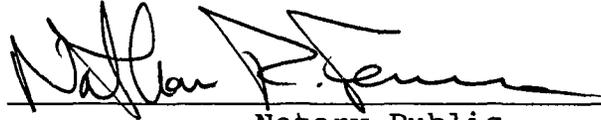






2342X (Otsego IDA)

the Senior vice President of COOPERSTOWN AND CHARLOTTE VALLEY RAILWAY CORPORATION, the corporation of the State of New York described in and which executed the foregoing instrument; and that he signed his name thereto by order of the Board of Directors.

  
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Notary Public

NATHAN R FENNO  
Notary Public, State of New York  
Otsego County, No 4788561  
My Term Expires 3/30/21

PARCEL - "EDGEWATER"

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All that lot, piece or parcel of land situate, lying and being in the Village of Cooperstown, County of Otsego, State of New York and being more particularly bounded and described as follows:

Beginning at a point in the southerly line of Lake Street at its point of intersection with the easterly line of Fair Street; thence  $S60^{\circ}-33'-15''E$  along the southerly line of Lake Street a distance of 364.50 feet to a point in the westerly line of River Street; thence  $S29^{\circ}-58'-44''W$  along the westerly line of River Street a distance of 237.44 feet to a point; thence  $N60^{\circ}-52'-51''W$  a distance of 364.53 feet to a point in the aforementioned easterly line of Fair Street; thence  $N29^{\circ}-58'-44''E$  along the easterly line of Fair Street a distance of 239.52 feet to the point of beginning. Containing 1.99 acres of land more or less.

Sparedg