

# PEPPER, HAMILTON & SCHEETZ

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WRITER'S DIRECT NUMBER  
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DOCUMENTS FOR  
RECORDATION

17714

February 26, 1992  
FEB 26 1992 - 11 02 AM

INTERSTATE COMMERCE COMMISSION

Mr. Sidney L. Strickland, Jr.  
Secretary  
Interstate Commerce Commission  
12th Street and Constitution Avenue, N.W.  
Washington, D.C. 20423

Dear Secretary Strickland,

Enclosed for recordation with the Interstate Commerce Commission pursuant to Section 11303 of Title 49 of the U.S. Code, and regulations promulgated thereunder, are three original counterparts of a Security Agreement, a primary document, dated December 12, 1991.

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

Secured Party:	Norstar Bank of Upstate New York 268 Genesee Street Utica, NY 13502
Co-Debtor:	Delaware Otsego Corporation One Railroad Avenue Cooperstown, NY 13326
Co-Debtor:	The New York, Susquehanna and Western Railway Corporation One Railroad Avenue Cooperstown, NY 13326

The equipment covered by the Security Agreement consists of one locomotive specifically described in Schedule A attached to the agreement.

*Counterparts - Anne Kullman*

EB 26 10 57 AM '92  
MOTOR CARRIER UNIT

PEPPER, HAMILTON & SCHEETZ

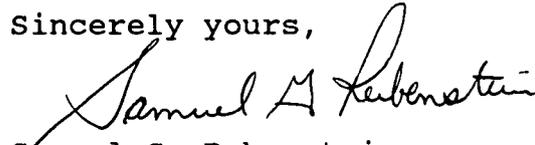
February 26, 1992  
Page 2

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

A Security Agreement between Norstar Bank of Upstate New York and Delaware Otsego Corporation and the New York, Susquehanna and Western Railway, dated December 12, 1991, and covering one locomotive specifically described in Schedule A attached to the agreement.

A fee of \$16.00 is enclosed. Please stamp and return the two copies not needed by the Commission for recordation to the undersigned.

Sincerely yours,

A handwritten signature in cursive script that reads "Samuel G. Rubenstein". The signature is written in dark ink and is positioned above the printed name.

Samuel G. Rubenstein  
Counsel for Fleet Credit  
Corporation

Interstate Commerce Commission  
Washington, D.C. 20423

2/26/92

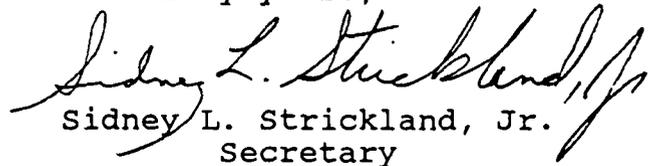
OFFICE OF THE SECRETARY

Samuel G. Rubenstein  
Pepper, Hamilton & Scheetz  
1300 Nineteenth Street, NW  
Washington, DC 20036-1685

Dear Sirs:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 2/26/92 at 11:05AM, and assigned recordation number(s) .17714, 17714-A and 16598-A.

Sincerely yours,

  
Sidney L. Strickland, Jr.  
Secretary

\$ 400,000.00  
(The "Principal Amount")

Secured Promissory Note and Security Agreement No. 30881-01

For value received, the undersigned debtor ("Debtor") hereby promises to pay to the undersigned Secured Party or to its order, the above stated Principal Amount together with interest thereon as set forth below and grants to Secured Party a first priority security interest in the equipment described below and all additions and alterations thereto, replacements thereof and substitutions therefor ("Equipment") under the terms and conditions contained on the face and reverse side hereof (which, together with all acceptance certificates, riders, schedules, exhibits and amendments hereto, is hereinafter referred to as the "Note").

DEBTOR	VENDOR <span style="float: right;">17714</span>
Name: <u>DELAWARE OTSEGO CORPORATION (CO-DEBTOR)</u> <u>THE NEW YORK SUSQUEHANNA AND WESTERN RAILWAY CORPORATION (CO-DEBTOR)</u> a New York and New Jersey Corporations	Name: <u>VALLEY RAILROAD</u>
Address: <u>One Railroad Avenue</u> <u>Cooperstown, NY 13326</u>	Address: <u>Railroad Avenue, P. O. Box 452</u> <u>Essex, CT 06426</u>
Telephone: <u>(607) 547-2555</u>	Telephone: _____
Contact: <u>William B. Blatter</u>	Contact: _____

**EQUIPMENT SCHEDULE**

Quantity	Description	Model No.	Serial No.
	All equipment as listed on Schedule A, attached hereto and made a part hereof		

The Equipment shall be delivered to and located at: One Railroad Ave. Cooperstown, NY 13326  
 The Acquisition Cost of the Equipment is: \$ 400,000.00  
 The Payment Schedule may change for Equipment accepted after \_\_\_\_\_ December 31, 19 91

**PAYMENT SCHEDULE**

INSTALLMENT PAYMENTS	
Note payments ("Installment Payments") shall be made in <u>73</u> consecutive installments throughout the Note term, commencing on the Payment Commencement Date set forth in Acceptance Certificate hereto (the "Payment Commencement Date") and on the same day of each successive <u>month</u> . Each Installment Payment shall be in the amount set forth below.	
<b>PAYMENT NO.</b>	<b>PAYMENT AMOUNT</b>
1 thru 72	\$ 6,404.00
73	\$60,000.00

**Note Term:** 73 months commencing on the Term Commencement Date set forth in the Acceptance Certificate hereto (the "Term Commencement Date")  
**Advance Payments:** the first Only Payments  
**Security Deposit:** \$ N/A  
 **Floating Rate Provisions:** If this Section is initialed, then this Note is a floating rate Note bearing interest at a rate of 0.90 % over the index rate (the "Index Rate") of 7.5% **Prime Rate of Interest**  
 as published or announced from time to time by \_\_\_\_\_  
Norstar Bank  
 The interest rate of this Note shall change upon any change in the Index Rate and, at the time of and in addition to the payment of each Installment Payment, Debtor shall pay to Secured Party interest at the then applicable interest rate computed on the then outstanding principal balance hereof.

THIS NOTE INCLUDES ALL OF THE TERMS AND CONDITIONS ON THE REVERSE SIDE HEREOF WHICH THE PARTIES ACKNOWLEDGE THEY HAVE READ. THIS NOTE REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS BETWEEN THE PARTIES. DEBTOR ACKNOWLEDGES AND CERTIFIES THAT NO SUCH ORAL AGREEMENTS EXIST. THIS NOTE IS NOT BINDING ON SECURED PARTY UNTIL EXECUTED BY SECURED PARTY.

AGREED AND ACCEPTED BY: \_\_\_\_\_ Dated: December 12, 19 91

By: [Signature] Co-Debtor: DELAWARE OTSEGO CORPORATION  
 Title: Sr. Vice President/Chief Financial Officer

By: [Signature] Attest: [Signature]

By: [Signature] Co-Debtor: THE NEW YORK SUSQUEHANNA AND WESTERN RAILWAY CORPORATION  
 Title: Sr. Vice President/Chief Financial Office  
 Attest: [Signature] (Corporate Seal)

Guarantor: \_\_\_\_\_

ADDRESS OF SECURED PARTY:  
NORSTAR BANK OF UPSTATE NY  
268 Genesee Street  
Utica, NY 13502



Attached to and made part of the following documents: Secured Promissory Note and Security Agreement

Ucc-1 Financing Statements

with DELAWARE OTSEGO CORPORATION AND THE NEW YORK, SUSQUEHANNA AND WESTERN RAILWAY CORPORATION

Qty.	Manufacturer, Description and Location	Model No.	Serial No.
1	<p>EQUIPMENT LOCATION: ONE RAILROAD AVENUE COOPERSTOWN, NY 13326</p> <p>SY.M TYPE STEAM TANGSHAN LOCOMOTIVE WITH THE FOLLOWING: ROAD #1647 BUILT MAY, 1989 CONSTRUCTION #1647M BOILER # 89-15 TYPE: 2-8-2 MIKADO WORKING WEIGHT 280,000 LBS TRACTIVE EFFORT 45,000 LBS DRIVER DIAMETER 56" WORKING PRESSURE 200 PSI SUPERHEATED FUEL TYPE COAL FUEL CAPACITY 10 RONS WATER CAPACITY 7,000 GAL.</p> <p>WITH ALL STANDARD AND ACCESSORY EQUIPMENT</p>		

NORSTAR BANK OF UPSTATE NY

*[Signature]*  
Title: \_\_\_\_\_

CO-DEBTOR: DELAWARE OTSEGO CORPORATION

By: *[Signature]*  
Title: Sr. Vice President/Chief Financial Officer

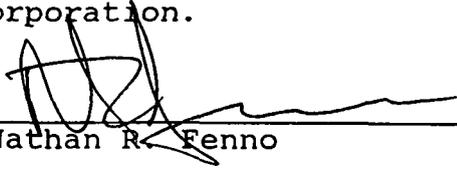
CO-DEBTOR: THE NEW YORK, SUSQUEHANNA AND WESTERN RAILWAY CORPORATION

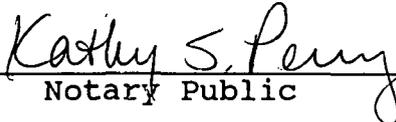
BY: *[Signature]*  
TITLE: Sr. Vice President/Chief Financial Officer

STATE OF NEW YORK

COUNTY OF OTSEGO

On this 16<sup>th</sup> day of December, 1991 before me personally appeared Nathan R. Fenno, to me personally known, who being by me duly sworn, says that he is the Vice President - Law of The New York, Susquehanna and Western Railway Corporation, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

  
\_\_\_\_\_  
Nathan R. Fenno

  
\_\_\_\_\_  
Notary Public

KATHY S. PERRY  
Notary Public, State of New York  
No 4765617  
Qualified in Otsego County  
Commission Expires 4-30-92