

RADNOR ASSOCIATES, LTD.

SUITE 114 • TWO RADNOR CORPORATE CENTER
100 MATSONFORD ROAD
RADNOR, PENNSYLVANIA 19087
215-687-4801

James P. Hartman

Fax: (215) 687-6041

September 1, 1993

Secretary,
Interstate Commerce Commission
Washington, DC 20423

18383
SEP 2 1993 -3 33 PM
INTERSTATE COMMERCE COMMISSION

Dear Secretary:

I enclose an original and a counterpart of the document described below to be recorded pursuant to Section 11303 of Title 49 of the U. S. Code.

The document is a Security Agreement dated as of September 1, 1993, a primary document, granting to the Secured Party a security interest in certain railroad equipment described therein.

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

Secured Party:	Radnor Associates, Ltd. Suite 114 Two Radnor Corporate Center Radnor, PA 19087
Lessee:	JP Rail, Inc. d/b/a Southern Railroad Company of New Jersey 2930 Richmond Street Philadelphia, Pennsylvania 19134

A description of the railroad equipment covered by the document follows:

- One GP9 locomotive manufactured by Electro Motive Division of General Motors Corporation and one C420 locomotive manufactured by Alco.
- Both units are marked "Radnor Associates, Ltd., Mortgagee/Secured Party". The GP9 locomotive carries the name Southern Railroad of New Jersey, and the C420 carries the colors and the historic name Lehigh Valley Railroad.
- The road number of the GP9 is 100 and for the C420 is 414.

A check in the amount of \$16 is enclosed, payable to the Interstate Commerce Commission, to cover the filing fee.

RADNOR ASSOCIATES, LTD.

Secretary
Interstate Commerce Commission
September 1, 1993
Page Two

Please return the original and any extra copies of the enclosed document, not needed by the Commission to:

Radnor Associates, Ltd.
Two Radnor Corporate Center, Suite 114
Radnor, Pennsylvania 19087

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

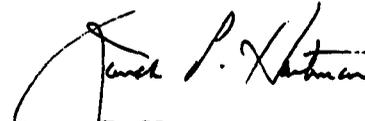
A security Agreement between Radnor Associates, Ltd., as secured party, Suite 114, Two Radnor Corporate Center, Radnor, PA 19087 and JP Rail, Inc. d/b/a Southern Railroad company of New Jersey, as debtor, 2930 Richmond Street, Philadelphia, PA 19134, dated as of September 1, 1993 and covering one (1) GP9 locomotive manufactured by Electro Motive Division of General Motors Corporation and one (1) C420 locomotive manufactured by Alco.

Please acknowledge your receipt of the enclosed document on the enclosed extra copy of this letter and return it to me in the enclosed addressed, postage prepaid, envelope.

If you have any question about the enclosed documents or this letter of transmittal please telephone me, collect, at (215) 687-4801.

Sincerely,

RADNOR ASSOCIATES, LTD.


James P. Hartman
Vice President

Interstate Commerce Commission

Washington, D.C. 20423

9/3/93

OFFICE OF THE SECRETARY

James P. Hartman

Vice President

Radnor Associates, LTD

Two Radnor Corporate Center

100 Matsonford Road Suite 114

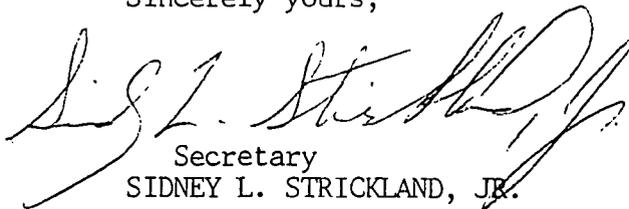
Radnor, Pennsylvania 19087

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on **9/2/93** at **3:25pm**, and assigned recordation number(s).

18382 & 18382-A & 18383

Sincerely yours,



Secretary
SIDNEY L. STRICKLAND, JR.

Enclosure(s)

2/10/10

18383

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SECURITY AGREEMENT

INTERSTATE COMMERCE COMMISSION

THIS AGREEMENT dated September 1, 1993, between JP RAIL, INC. DBA SOUTHERN RAILROAD COMPANY OF NEW JERSEY, of 2930 Richmond Street, Philadelphia, PA 19134, a corporation organized and existing under the laws of the Commonwealth of Pennsylvania, (herein called "Debtor"), and RADNOR ASSOCIATES, LTD., a corporation organized and existing under the laws of Pennsylvania, with an office at Two Radnor Corporate Center, Suite 114, Radnor, PA 19087 (herein called "Lessor"), the address at which information concerning Lessor's security interests hereunder may be obtained.

1. THE COLLATERAL

FOR THE VALUE RECEIVED AND INTENDING TO BE LEGALLY BOUND HEREBY, as security for the prompt payment and performance of all Obligations (as defined in Paragraph 2 below), Debtor hereby grants and conveys to Lessor a continuing security interest in and lien upon the property described below together with all spare parts, fittings, accessories, substitutions, replacements therefore and all renewals and proceeds thereof (the "Collateral"):

1.1 The following described property which is now owned by Debtor:

	<u>ROAD NUMBER</u>
1) One Electro Motive Division Model GP-9 Locomotive	100
2) One Alco Model C420 Locomotive	414
3) All of Debtor's contract rights under the agreement dated March 9, 1992 and the Addendum thereto dated June 18, 1993, between Debtor and Transportation Displays Incorporated and all Debtor's rights in the equipment and other property subject thereto.	

2. OBLIGATIONS SECURED

The Collateral secures all of the following:

- 2.1 The liabilities of Debtor to Lessor now or hereafter arising under the Master Lease of Railroad Equipment dated as of September 1, 1993, including all Rental Schedules thereto and all amendments, modifications, extensions and renewals thereto ("Lease").
- 2.2 All other existing and future liabilities and obligations of Debtor to Lessor, whether absolute or contingent, direct or indirect, of any nature whatsoever and out of whatever transactions arising, including any which Lessor now or hereafter may have obtained by assignment, subrogation or otherwise.
- 2.3 The liabilities and obligations arising hereunder or under or in respect of any agreement, warranty, representation or covenant set forth in any documents executed or delivered by Debtor in connection herewith or any of the foregoing.

2.4 The cost of curing any Event of Default hereunder which Lessor elects to cure.

All of the foregoing liabilities and obligations are hereinafter collectively called the "Obligations". The security interests granted herein shall continue in full force and effect until all of the Obligations have been satisfied in full.

3. **WARRANTIES, REPRESENTATIONS AND COVENANTS**

To induce Lessor to enter into this Agreement, Debtor warrants, represents and covenants and, until all the Obligations have been satisfied in full, continues to warrant, represent and covenant, as follows:

- 3.1 Lessee will, at Lessee's expense, execute, acknowledge, deliver, file and record all such documents (including without limitation financing statements under the Uniform Commercial Code) and take all such other actions as may be necessary or as Lessor may reasonably request (including without limitation recordation of this Security Agreement under the Interstate Commerce Act) to give notice of, perfect or protect Lessor's interest in the Collateral, and Debtor hereby irrevocably appoints Lessor and each of its officers the Attorney-in-fact of Debtor, with full power of substitution and revocation to take any of the foregoing action in the name of and on behalf of Debtor or otherwise to protect the Collateral. Debtor will pay to Lessor upon demand the costs and reasonable fees associated with filing or recording the same with appropriate governmental agencies.
- 3.2 Debtor will cause each item of Collateral which is a railroad locomotive or other rolling stock numbered with its identifying number and will maintain signs permanently and conspicuously affixed to both sides of such equipment in letters not less than one inch in height the name of Lessor followed by the words "mortgagee/secured party."
- 3.3 The Debtor's principal place of business and the place(s) where Debtor keeps the Collateral and its Books and Records (as defined in Subparagraph 3.3 below) is the address stated after the name of Debtor above or, if different, at: 2732 East Ann Street, Philadelphia, PA 19134. Debtor will immediately advise Lessor in writing of any change in any of Debtor's place(s) of business, the opening of any new or additional place(s) of business, and the locations of all places wherein Debtor keeps Debtor's Books and Records. Debtor will not permit any of the Collateral to be removed from the locations specified above without the prior written consent of Lessor.
- 3.4 Debtor shall keep complete and accurate Books and Records (as used herein, the term "Books and Records" shall be defined to include all computer programs, software, stored material and data banks associated with or arising out of Debtor's business, operations and/or record keeping) and make all necessary entries therein to reflect the quantities, costs, value and location of the Collateral. Debtor agrees to mark its Books and Records in such fashion as to indicate the security interests granted to Lessor herein. Debtor shall permit Lessor, its officers, employees and agents, to have access to all of Debtor's Books and

Records and any other records pertaining to Debtor's business which Lessor may request and shall cause all persons including computer services, bureaus, bookkeeping services, accountants and the like, to make all such books and Records in their possession available to Lessor, its officers, employees and agents and, if deemed necessary by Lessor in Lessor's sole discretion, permit Lessor, its officers, employees, and agents to remove the Books and Records from Debtor's place of business or any other place where they may be found for the purpose of examining, auditing and/or reproducing the same. Any of Debtor's Books and Records so removed by Lessor shall be returned to Debtor by Lessor when Lessor shall have completed its examination, audit and/or reproduction thereof. Lessor's right to take possession of Debtor's Books and Records shall be enforceable at law by action of replevin or by any other appropriate remedy at law or in equity.

- 3.5 Debtor shall immediately notify Lessor of any event causing deterioration, loss or depreciation in value of any of the Collateral and the amount of such loss or depreciation. Debtor shall permit Lessor, its officers, employees and agents, to have access to the Collateral at any time and from time to time, as and when requested by Lessor, for the purposes of examination, inspection and appraisal thereof and verification of Debtor's Books and Records pertaining thereto.
- 3.6 Debtor has absolute good and marketable title to the Collateral free and clear of all liens and encumbrances and security interests except the security interests granted to Lessor hereunder and other rights, if any of Lessor, and Debtor will defend the Collateral against the claims and demands of all persons except Lessor. Debtor will promptly notify Lessor in writing if there is any change in the status or physical condition of any Collateral.
- 3.7 Debtor will, at its sole cost and expense, preserve the Collateral free and clear of all liens and encumbrances except those created pursuant hereto. Debtor will not grant to anyone other than Lessor any lien upon or security interest in the Collateral, nor allow any person other than Lessor to obtain a lien upon the Collateral and at Debtor's sole expense. Debtor will keep the Collateral in good condition and repair at all times.
- 3.8 Debtor will keep itself and the Collateral insured against all hazards in such amounts and by such insurers as are satisfactory to Lessor, with insurance policies which provide for at least thirty (30) days prior notice to Lessor of any cancellation or reduction in coverage. Debtor will cause Lessor's security interests to be endorsed on all policies of insurance thereon in such manner that all payments for losses will be paid to Lessor as loss-payee and will furnish Lessor with evidence of such insurance and endorsements. Debtor will keep such insurance in full force and effect at all times. In the event that Debtor fails to pay any such insurance premiums when due, Lessor may, but is not required to, pay such premiums and add the costs thereof to the amounts due Lessor by Debtor under the Obligations. Debtor hereby agrees to pay such premiums to Lessor with interest at the highest rate of interest being charged to Debtor by Lessor on any of the Obligations at the time of payment of such premiums by Lessor. Debtor hereby assigns to Lessor any returned or unearned premiums

which may be due upon cancellation of any such policies for any reason whatsoever and directs the insurers to pay Lessor any amounts so due.

- 3.9 Debtor will permit Lessor to inspect and audit the Collateral at any time and from time to time.
- 3.10 Debtor warrants that the Collateral is and will be used for the sole purpose of conducting Debtor's business and Debtor will not sell, exchange, consign, lease, rent or otherwise dispose of any of the Collateral or of any of Debtor's rights therein, without the prior written consent of Lessor.
- 3.11 Debtor is duly organized, validly existing and in good standing under the laws of the State shown above, has the power and authority to make and perform this Agreement, and is duly qualified in all jurisdictions in which it conducts business or where such qualification is required. The execution, delivery and performance of this Agreement, the Lease, and all other documents required hereunder or delivered in conjunction herewith have been duly authorized by all requisite corporate action and will not violate any provision of law or regulation, or of the Articles of Incorporation or By-Laws of Debtor, or any agreement, indenture or instrument to which Debtor is a party. This Agreement, the Lease, and all documents evidencing the Obligations hereunder, arising herefrom or related hereto, when executed and delivered by Debtor will be legal, valid and binding obligations of Debtor, enforceable against Debtor in accordance with their respective terms.
- 3.12 No Event of Default, as defined in Paragraph 6 hereof, has occurred and no event has occurred which, with the passage of time, could be an Event of Default hereunder.
- 3.13 There are no suits at law or in equity or proceedings before any governmental body or agency now pending or, to the knowledge of Debtor, threatened against Debtor or any surety, guarantor or endorser of the Obligations, the adverse result of which would in any material respect affect the property, finances or operations of Debtor, or such surety, guarantor or endorser, or their ability to pay the Obligations. Debtor hereby agrees to promptly notify Lessor in the event any suit, proceeding or investigation is instituted or threatened against Debtor or any surety, guarantor or endorser of the Obligations which would in any material respect affect the property, operations or finances of Debtor or such surety, guarantor or endorser.
- 3.14 Debtor will, at such intervals as Lessor may require, submit to the Lessor: (i) financial statements; and (ii) such other documents or information relating to Debtor or any of the Collateral that Lessor may reasonably request.

4. LOSS OF COLLATERAL

- 4.1 Immediately upon the loss, damage or destruction of any Collateral, Debtor will deliver to Lessor an amount equal to the greater of Debtor's (a) actual cost, or (b) replacement cost of

the Collateral so lost, damaged or destroyed, less the amount of any insurance proceeds thereon collected and retained by Lessor.

5. SIGNATORY AUTHORIZATION

Debtor hereby appoints Lessor and each of its officers and employees as Debtor's true and lawful attorney-in-fact, with power:

- 5.1 To sign and endorse the name of Debtor upon any security agreements, UCC Financing Statements and continuations thereof, and any other instruments or documents required by Lessor to perfect and continue perfected the liens and security interests granted to Lessor hereunder or otherwise in connection with the Obligations and all other notes, checks, drafts, money orders or other instruments of payment or regarding disposition of any Collateral which comes into possession of Lessor;
- 5.2 To sign and endorse the name of Debtor upon any invoices, freight or express bills, bills of lading, storage or warehouse receipts;
- 5.3 To receive all mail addressed to Debtor, to open all such mail, and to endorse the name of Debtor upon any draft or check which may be payable to Debtor in payment of, arising from, or related to the Collateral; and
- 5.4 To give written notice to such offices and officials of the United States Post Office to effect such change or changes of address so that all mail addressed to Debtor may be delivered directly to Lessor (all mail not related to the Obligations or the Collateral will be returned to Debtor);

granting unto said attorney full power to do any and all things necessary to be done with respect to the above as fully and effectively as debtor might or could do and hereby ratifying all its said attorney shall lawfully do or cause to be done by virtue hereof. This power of attorney shall be deemed to be coupled with an interest and irrevocable until all the Obligations are paid or performed in full.

6. EVENTS OF DEFAULT

The occurrence of any one or more of the following shall constitute an Event of Default hereunder:

- 6.1 The failure of any Obligor at any time to observe or perform any of its warranties, representations, covenants or agreements contained in this Agreement, the Lease, the Obligations, or any other document or instrument related thereto or arising therefrom, or if any signature, statement, warranty, representation or covenant made herein or contained in any application, exhibit, statement, certificate or other document executed or delivered pursuant to or in connection with this Agreement, the Lease or any of the Obligations was or is materially incorrect, incomplete, false or misleading (the term "Obligor", as used herein,

shall include the Debtor and all other persons liable, either absolutely or contingently, on the Obligations, including endorsers, sureties and guarantors).

- 6.2 The failure of any Obligor to furnish promptly to Lessor such financial or other information as Lessor may reasonably request.
- 6.3 The failure to pay the outstanding balance of the Obligations as and when due in accordance with the terms and provisions of this Agreement of the Lease or the non-payment when due of any amount payable of Obligor's Obligations to Lessor.
- 6.4 The failure of any Obligor to observe or perform any agreement of any nature whatsoever with Lessor.
- 6.5 If any Obligor becomes insolvent or makes any assignment for the benefit of creditors, or if any petition is filed by or against any Obligor under any provision of any law or statute alleging that such Obligor is insolvent or unable to pay debts as they mature.
- 6.6 The entry of any judgment or tax lien against any Obligor, or the issuing of any attachment or garnishment against any property of any Obligor, or the appointment of any receiver, trustee, conservator or other court officer over any Obligor or any of Obligor's property for any purpose, or the occurrence of any change in the financial condition of any Obligor, which, in the sole judgment of Lessor, is materially adverse.
- 6.7 The Collateral or any rights therein shall be subject to or threatened with any judicial process, condemnation or forfeiture proceedings.
- 6.8 The dissolution, merger, consolidation or reorganization of any Obligor.
- 6.9 The occurrence of an Event of Default under the Lease (as such term is defined therein).

7. LESSOR'S RIGHTS UPON DEFAULT

Upon the occurrence of any Event of Default, Lessor may do any of the following, all of which rights and remedies shall be cumulative and any and all of which may be exercised from time to time and as often as Lessor shall deem necessary or desirable:

- 7.1 Exercise any or all rights, privileges and remedies available to Lessor under this Agreement or applicable law (including without limitation all rights, privileges and remedies of a secured party under the Uniform commercial Code) and to apply the net proceeds of the disposition of any of the Collateral to any of the Obligations.
- 7.2 Require Debtor to assemble all or part of the Collateral as Lessor may in its sole discretion request or demand and make it available to Lessor in a place to be designated by Lessor which is reasonably convenient to Lessor and Debtor.
- 7.3 Upon thirty (30) days prior written notice to Debtor, sell, lease or otherwise dispose of the Collateral, at any time and from time to time, in whole or in part, at public or private sale, without advertisement or other notice of sale, all of which are hereby waived, and apply the

proceeds of any such sale: (a) first, to the expenses of Lessor in preparing the Collateral for sale, selling and the like, including, without imitation, reasonable attorneys' fees and expenses incurred by Lessor (including fees and expenses of any litigation incident to any of the foregoing); (b) second, to the complete satisfaction of all of the Obligations together with all interest accrued thereon; and (c) then, to pay any excess to Debtor. Debtor hereby waives the benefit of any marshaling statute or similar legal doctrine and agrees that Lessor may exercise its rights against the Collateral and apply the proceeds thereof to any of the Obligations in any order which Lessor, in its sole discretion, deems appropriate.

- 7.4 Declare the entire unpaid amount of such of the Obligations as are not then due and payable to become immediately due and payable, without notice to or demand on any Obligor.
- 7.5 Cure any default in any reasonable manner and add the cost of any such cure to the Obligations.
- 7.6 Retain all Books and Records of Debtor.

The waiver of any Event of Default hereunder shall not be deemed a waiver of any subsequent Event of Default.

8. WARRANT OF ATTORNEY

Debtor hereby authorizes and empowers any Attorney or any Clerk of any court of record, upon the occurrence of any Event of Default or any time thereafter, to appear for and confess judgment against Debtor (a) in any action of replevin instituted by Lessor to obtain possession of any of the Collateral, including all Books and Records pertaining to the collateral, and/or (b) for such sums as are due on the Obligations, with or without declaration filed, with costs of suit, without stay of execution and with an amount not to exceed fifteen percent (15%) of the principal amount of such judgment, but not less than \$500.00, added for collection fees. Debtor also waives and releases all relief from any and all appraisement, stay or exemption laws of any state now in force or hereafter enacted. Debtor also releases all errors in such proceedings. If a copy of this Agreement, verified by affidavit of Lessor or someone on behalf of Lessor, shall have been filed in such action, it shall not be necessary to file the original Agreement as a Warrant of Attorney. No single exercise of the foregoing Warrant of Attorney to confess judgment shall be deemed to exhaust the power, whether or not any such exercise shall be held by any court to be invalid, voidable or void, but the power shall continue undiminished and may be exercised from time to time as often as Lessor shall elect, until all of the Obligations have been satisfied in full and this Agreement shall be a sufficient warrant therefor.

9. MISCELLANEOUS

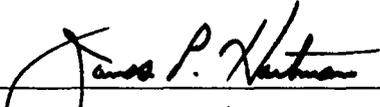
- 9.1 This Agreement shall inure to the benefit of and is and shall continue to be binding upon the parties, their successors, endorsers, personal representatives, receivers, trustees, heirs and assigns, but nothing contained herein shall be construed to permit Debtor to assign this Agreement or any of Debtor's rights or obligations hereunder.

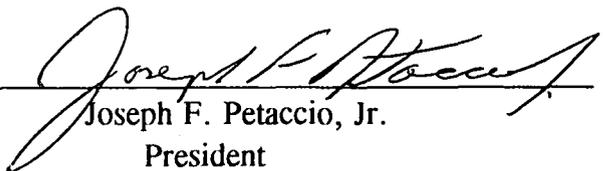
- 9.2 This Agreement and the Lease have been executed pursuant to, delivered in and shall be governed by and construed under the laws of the Commonwealth of Pennsylvania. The parties acknowledge the jurisdiction of the state, federal and local courts located within the Commonwealth of Pennsylvania over controversies arising from or relating to this Agreement.
- 9.3 If any provision of this Agreement shall for any reason be held to be invalid or unenforceable, such invalidity or unenforceability shall not affect any other provision hereof, but this Agreement shall be construed as if such invalid or unenforceable provision had never been contained herein.
- 9.4 The rights, powers and remedies of Lessor hereunder are cumulative and not alternative and shall not be exhausted by the single assertion thereof and the failure of Lessor to exercise any such right, power or remedy will not be deemed a waiver thereof nor preclude any further or additional exercise of such right, power or remedy. The waiver of any default hereunder shall not be a waiver of any subsequent default.
- 9.5 No modifications of this Agreement shall be binding or enforceable unless in writing and signed by duly authorized representatives of Debtor and Lessor.

IN WITNESS WHEREOF, the parties have hereunto caused this Agreement to be duly executed and sealed as of the day and year first above written.

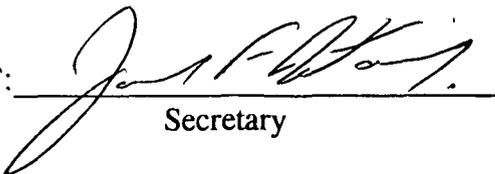
RADNOR ASSOCIATES, LTD.

JP RAIL, INC. DBA SOUTHERN RAILROAD
COMPANY OF NEW JERSEY

BY: 
TITLE: Vice President

BY: 
Joseph F. Petaccio, Jr.
President

(AFFIX CORPORATE SEAL HERE)

ATTEST: 
Secretary

COMMONWEALTH OF PENNSYLVANIA)
)
COUNTY OF Delaware) SS
)

On August 30, 1993 before me, the undersigned authority, personally appeared JOSEPH F. PETACCIO, JR., known to me (or satisfactorily proven) to be the President of JP RAIL, INC. d/b/a SOUTHERN RAILROAD COMPANY OF NEW JERSEY, who, by me being duly sworn, said that the seal affixed to the within agreement is the corporate seal of such corporation, that he signed, and such corporate seal was affixed to, the within Agreement on behalf of such corporation by authority of its board of director and he acknowledged that the execution of the within Agreement was the free act and deed of such corporation.

Valerie A Zerfing
Notary Public

Notarial Seal
Valerie A. Zerfing, Notary Public
Radnor Twp., Delaware County
My Commission Expires Nov. 25, 1996
Member, Pennsylvania Association of Notaries

