

OSTER

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September 14, 2007

27163
 REGISTRATION NO. _____ FILED

SEP 14 '07 -1 27 PM

SURFACE TRANSPORTATION BOARD

Secretary
 Surface Transportation Board
 395 E Street, SW
 Washington, D.C. 20423

Dear Sir:

Enclosed for recording with the Surface Transportation Board is a Memorandum of Security Agreement dated 9/10/07 including the following parties and railroad equipment:

Secured Party: Wells Fargo Equipment Finance, Inc.
 733 Marquette Avenue
 Investors Building, Suite 700
 Minneapolis, MN 55402

Debtor: Belvidere & Lehigh Railway Company
 105 John Ringoes Road
 Ringoes, NJ 08551

Equipment: 2, SW1200RS Locomotives
 #8142, #8159

1, GP-9 Locomotive
 BDRV 566

Please record this agreement as a primary document. The filing fee of \$35 is enclosed.

Summary: Memorandum of Security Agreement dated 9/10/07 between Wells Fargo Equipment Finance, Inc. as Secured Party and Belvidere & Lehigh Railway Co. as Debtor including 3 locomotives, #8142, 8159, and BDRV 566.

Sincerely,



Mary Ann Oster
 Research Consultant

Enclosure



Wells Fargo Equipment Finance
 Investors Building, Suite 700
 733 Marquette Ave So
 Minneapolis, MN 55402

Memorandum of Security Agreement

THIS MEMORANDUM OF SECURITY AGREEMENT (this "Memorandum") is made this 10th day of September, by and between Belvidere & Lehigh Railway Company, a New Jersey corporation ("Debtor"), and WELLS FARGO EQUIPMENT FINANCE, INC, a Minnesota Corporation ("Secured Party").

A. The Debtor is indebted to the Secured Party pursuant to that certain Promissory Note dated as of September 10, 2007 (the "Note") executed by the Debtor in favor of the Secured Party.

B. To secure the Debtor's obligations to the Secured Party, the Debtor executed and delivered to the Secured Party a Security Agreement dated September 10, 2007 pursuant to which the Debtor granted to the Secured Party a continuing, first priority security interest in and to, and lien on, the following collateral:

(a) Three (3) Diesel Locomotives as more fully described, with the following markings on Schedule A attached hereto (each, a "Railcar", collectively, the "Railcars") and all replacements and substitutions thereof,

(b) all improvements, additions, modifications, accessions, attachments, appurtenances and parts appertaining or attached to the Railcars, whether now owned or hereafter acquired;

(c) all logs, books and records pertaining to the use, operation and/or maintenance of the Railcars or otherwise relating to any of the collateral described herein;

(d) all rights, claims and causes of action, if any, which the Debtor may have now or in the future against any manufacturer, rebuilder or seller of the Railcars (or any component thereof) or any other Person, by contract or otherwise, in respect of any defect in the Railcars or any part thereof.

IN WITNESS WHEREOF, the parties have caused this Memorandum to be executed as of the date first above written.

Wells Fargo Equipment Finance, Inc.

By: [Signature]

Its: Sr. Contract Admin.

Belvidere & Lehigh River Railway Company

By: [Signature] K. BURONGA

Its: PRESIDENT

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SURFACE TRANSPORTATION BOARD



*Wells Fargo Equipment Finance, Inc.
733 Marquette Avenue, Suite 700
Minneapolis, MN 55402*

Schedule A
*To Memorandum of
Security Agreement*

Contract Number 0111812-701 dated as of September 10, 2007

Debtor: *Belvidere & Lehigh River Railway Company, Inc*

Equipment Description:

Three (3) Diesel Locomotives, consisting of two EMD SW1200RS switcher locomotives bearing reporting marks #8142 and 8159, and One (1) GP-9 diesel-electric locomotive bearing reporting mark BDRV 566.

Equipment originally located at: 105 John Ringoes Rd, Ringoes NJ 08551

Dated: *September 10, 2007*

Debtor: *Belvidere & Lehigh River Railway Company, Inc.*

By: _____
[Signature]

Title: _____
PRESIDENT



STATE OF New Jersey
COUNTY OF Hunterdon

On this 14th day of Sept, 2007, before me, a Notary Public of the City and State aforesaid, personally appeared Ken Buranga, to me personally known, who being by me duly sworn, says that he is the President of Behiderdleigh Pine Log Co NJ corporation, the foregoing instrument was signed 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.

AS WITNESS my hand and notarial seal.

Marian Larowe
Notary Public
STATE OF NEW JERSEY
MARIAN LAROWE
MY COMMISSION EXPIRES
JUNE 2, 2010

My commission expires:

STATE OF New Jersey
COUNTY OF Hunterdon

On this 14th day of September, 2007, before me a Notary Public of the City and State aforesaid, personally appeared Ken Naas, to me personally known who being by me duly sworn, says that (he/she) is a of Kelly First Equipment Firm that foregoing instrument is/was signed on behalf of said corporation by authority of its Board of Directors, and (he/she) acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

AS WITNESS my hand and notarial seal.

Michael Alex Underwood
Notary Public

(Seal)

My commission expires: 01/31/2008

