

11228
RECORDATION NO. Filed 1425

DEC 21 1979 - 11 35 AM

NAPORANO IRON AND METAL COMPANY
Foot of Hawkins Street
Newark, NJ 07105

INTERSTATE COMMERCE COMMISSION

9-355AC31

Date DEC 21 1979

December 20, 1979

Fee \$ 50.00

ICC Washington, D.C.

Secretary
Interstate Commerce Commission
Washington, DC 20523

Dear Sirs:

Enclosed for recording please find the original and two copies of a duly executed and acknowledged lease agreement between Naporano Iron and Metal Company (as Lessor) and McHugh Brothers Heavy Hauling Company, Inc., Lessor and Operator of New Hope & Ivyland Railroad Company (as Lessee), wherein and whereby Naporano has agreed to lease certain XF boxcars to the Lessee. Naporano Iron and Metal Company is a New Jersey corporation having its principal place of business at Foot of Hawkins Street, Newark, New Jersey. The Lessee is a Pennsylvania corporation located at (Post Office Box 196) Penndel, Pennsylvania 19047.

Also enclosed for recording, please find an original and two copies of a duly executed and acknowledged Assignment of said lease between: Naporano Iron and Metal Company as Assignor and NIM Leasing Corp., a New Jersey corporation having its principal place of business at Foot of Hawkins Street, Newark, New Jersey, as Assignee.

We have enclosed a check for \$50 to cover the recording fees. Please return the original document to our attorneys, Messrs. Lum, Biunno & Tompkins, 550 Broad Street, Newark, New Jersey 07102.

Very truly yours,

NAPORANO IRON AND METAL COMPANY

BY: Joseph Naporano
Joseph Naporano, President

Count Report Bay/Cah

11228

RECORDATION NO. Filed 1425

DEC 21 1979 - 11 35 AM

INTERSTATE COMMERCE COMMISSION

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AGREEMENT OF LEASE

Dated as of November 27, 1979

between

NAPORANO IRON & METAL CO.
Lessor,

and

MCHUGH BROTHERS HEAVY HAULING COMPANY, INC.
Lessor and Operator of NEW HOPE & IVYLAND
RAILROAD COMPANY, Lessee

=====

Covering Various XF and XM Boxcars

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Recordation No. _____

Filed and Recorded with the Interstate Commerce
Commission pursuant to Section 11303 of Title 49 of the
United States Code on _____ at _____ .

THIS LEASE AGREEMENT, made as of this 27 day of November, 1979, between NAPORANO IRON & METAL CO., a New Jersey corporation, hereinafter Lessor, and MCHUGH BROTHERS HEAVY HAULING COMPANY, INC., Lessor and Operator of NEW HOPE & IVYLAND RAILROAD COMPANY, a Pennsylvania corporation (the "Lessee"), as Lessee, and supersedes a similar lease of August 5, 1978, which is hereby terminated.

1. Scope of Agreement

A. Lessor agrees to lease to Lessee, and Lessee agrees to lease from Lessor, up to two hundred (200) boxcars of the types and descriptions as set forth in any Equipment Schedules executed by the parties concurrently herewith or from time to time hereafter and hereinafter called collectively the "Boxcars". The word "Schedule" as used herein includes the Schedule executed concurrently herewith and all additional Schedules and amendments thereto whether for Boxcars or other railroad equipment, each of which when signed by both parties shall be part of this agreement.

B. It is the intent of the parties of this Agreement that Lessor shall at all times be and remain the Lessor of all Boxcars. Lessee agrees that it will at no time take any action or file any document which is inconsistent with the foregoing intent and that it will take such action and execute such documents as may be necessary to accomplish this intent.

2. Term

A. This Agreement shall remain in full force until it shall have been terminated as to all of the Boxcars. The term of the lease with respect to each Boxcar shall commence upon the

date of delivery of such Boxcar as set forth in Section 3A hereof and shall continue with respect to such Boxcar for the term of 10 years unless sooner terminated as hereinafter provided.

B. If this Agreement has not been earlier terminated and no default has occurred and is continuing, the lease term with respect to each Boxcar shall be automatically extended for not more than five (5) consecutive periods of six (6) months; provided, however, that Lessor or Lessee may by written notice delivered to the other not less than six (6) months prior to the end of the initial lease term or any extended lease term for any Boxcar terminate this Agreement.

3. Supply Provisions

A. Lessor will inspect each Boxcar tendered by Lessor for delivery to Lessee. If the Boxcar conforms to the specifications of the equipment ordered by Lessor, and to all applicable governmental regulatory specifications, and this Agreement has not been terminated, Lessor will accept delivery and shall notify Lessee in writing of this acceptance. The Boxcars shall be deemed delivered to Lessee upon acceptance by Lessor. Due to the nature of railroad operations in the United States, Lessor can neither control nor determine when the Boxcars leased hereunder will actually be available to Lessee for its use on its railroad tracks. Notwithstanding that Lessee may not have immediate physical possession of the Boxcars leased hereunder, Lessee agrees to pay to Lessor the rental charges set forth in this Agreement. To move the Boxcars to Lessee's railroad line and to insure optimal use of the Boxcars after the first loading of freight for each Boxcar on the railroad line of Lessee (the "initial loading"),

Lessor agrees to assist Lessee in monitoring Boxcar movements and, when deemed necessary by Lessee and Lessor, to issue movement orders with respect to such Boxcars to other railroad lines in accordance with ICC and AAR interchange agreements and rules.

B. During the term of this lease Lessee shall give preference to Lessor and shall load the Boxcars leased from Lessor prior to loading Boxcars purchased or leased by Lessee subsequent to the date of this Agreement or from other parties or interchanged with railroads; provided, however that Lessee may resolve any conflicts as to which empty cars on its line must be loaded first by loading all such cars on a first in, first loaded basis; and also provided that this shall in no event prevent or prohibit Lessee from fulfilling its obligations to provide transportation and facilities upon reasonable requests therefore to shippers on its railroad tracks. Unless Lessee agrees to the contrary, cars provided under this lease shall run under AAR Car Service Rules I and II, provided off-line service of 90% or more is achieved.

C. Additional Boxcars may be leased from Lessor by Lessee only upon the mutual agreement of the parties hereto. Upon such agreement, such additional Boxcars shall be identified in Schedules to this Agreement and shall benefit from and be subject to this Agreement upon execution of the schedules by Lessor and Lessee.

4. Railroad Markings and Record Keeping

A. Lessor agrees that on or before delivery of the Boxcars to Lessee, the Boxcars may be lettered with the

railroad markings of Lessee, and the name and/or other insignia used by Lessee. Such name or insignia shall comply with all applicable regulations. "McHugh Brothers Line" may be affixed to the cars.

B. Lessee shall prepare all documents for filing relating to the registration, maintenance and record keeping functions normally performed by Lessee with respect to the Boxcars and shall perform all record keeping functions related to the use of the Boxcars by Lessee and other railroads in accordance with AAR railroad interchange requirements. Such matters shall include but are not limited to the preparation of the following documents: (i) appropriate AAR interchange agreements with respect to the Boxcars; (ii) registration for each Boxcar in the Official Railway Equipment Register and the Universal Machine Language Equipment Register; and (iii) such reports as may be required from time to time by the ICC and/or other regulatory agencies with respect to the Boxcars; and (iv) designation of Lessor's repair facility in Newark, N.J. (CR delivery) as Home Shop in the Official Equipment Register for all Boxcars subject to this lease.

C. Lessee shall register each and every Boxcar leased hereunder in the Official Railway Equipment Register and the Universal Machine Language Equipment Register. Such registration shall direct that correspondence from railroads using such Boxcars shall be addressed to New Hope & Ivyland Railroad Company. Lessee shall, on behalf of Lessor, perform all record keeping functions related to the use of the Boxcars by Lessee and other railroads in accordance with AAR railroad interchange agreements and rules.

D. Any record keeping performed by Lessee hereunder and all record of payments, charges and correspondence related to Scheduled Boxcars shall be separately recorded and maintained by Lessee in a form suitable for reasonable inspection by Lessor from time to time during regular business hours of Lessee. Lessee shall supply Lessor with such reports regarding the use of Boxcars by Lessee on its railroad lines as Lessor may reasonably request.

5. Maintenance, Taxes, Insurance and Casualty Damage

A. Lessor will pay all costs, expenses, fees and charges incurred in connection with the use and operation of each Boxcar during its lease term and any extension thereof, including but not limited to repairs, maintenance and servicing unless the same was occasioned by the fault of Lessee while a Boxcar was in the physical possession of Lessee. Lessee shall be responsible to inspect all Boxcars interchanged to it to insure that such Boxcars are in good working order and condition and shall be liable to Lessor for any repairs required for damage not noted at the time of interchange. Lessee shall not accept Boxcars from interchange that are not in good working order or condition and Lessee agrees to notify Lessor within twenty-four (24) hours of any such rejection and the reasons for same. Lessee hereby transfers and assigns to Lessor for and during the lease term of each Boxcar all of its right, title and interest in any warranty in respect to the Boxcars. All claims or actions on any warranty so assigned shall be made and prosecuted by Lessor at its sole expense and Lessee shall have no obligation to make any claim on such warranty. Any recovery under such warranty shall be made payable to Lessor. All proceeds from such recovery shall be used to repair or replace the Boxcars to the extent such funds are necessary.

B. Lessee shall make minor repairs only with Lessor's permission to facilitate continued immediate use of a Boxcar, but shall not otherwise make any alterations, improvements or additions to the Boxcars without Lessor's prior written consent. If Lessee makes an alteration to any Boxcar without Lessor's prior written consent, Lessee shall be liable to Lessor for any revenues lost due to such alteration. Title to any such alteration, improvement or addition occurring in the course of or as a result of normal and customary maintenance shall be and remain with Lessor.

C. Lessor shall make or cause to be made such inspections of and maintenance and repairs to the Boxcars as may be required. Lessor shall also make, at its expense, all alterations, modifications or replacement of parts as shall be necessary to maintain the Boxcars in good operating condition as determined by Lessor, throughout the term of the lease of such Boxcars. Lessee shall immediately notify Lessor of any necessary maintenance and repairs transmitted to Lessee by any other railroad or shipper. Lessor shall be responsible for arranging repairs and maintenance at its expense except as noted in 5A. Upon request of Lessor, Lessee shall perform any necessary maintenance and repairs to Boxcars on Lessee's railroad tracks as may be reasonably requested by Lessor and are within Lessee's repair capabilities. Lessor may desire to perform certain repairs other than running repairs at its own shop in Newark, N. J., when notified by Lessee of the need for such repairs while such car is on Lessee's line. On such occasions, Lessee shall ship the cars as "return to home shop for repair" and shall assist Lessor in obtaining the lowest possible freight rate in returning said cars.

D. Lessee will at all times while this Agreement is in effect be responsible for the Boxcars while they are on Lessee's railroad tracks in the same manner that Lessee is responsible

under Rule 7 of the AAR Car Service and Car Hire Agreement Code of Car Hire Rules and Interpretation Freight for cars now owned by Lessee which are operating on Lessee's railroad tracts. Lessor shall be reimbursed for all casualtied cars in an amount equal to the greater of; (i) casualty value as determined by Rule 107 of the Field Manual of AAR Interchange Rules or; (ii) the total amount of insurance proceeds collected by Lessee due to the car being casualtied.

It is agreed that Lessee shall have no obligation to obtain or furnish public liability insurance or insurance against physical damage or loss to the cars for the benefit of the Lessor except for physical loss or damage while on Lessee's line. While having no obligation to do so, if Lessee shall from time to time be requested and so elects to cause Lessor to be named as an additional insured on Lessee's public liability policies, then in such event Lessee agrees that it may advise Lessor promptly of any lapse of any such insurance or of any default in the payment of any premium, or any other act or omission of Lessee of which it has knowledge which might, in its opinion, invalidate or render unenforceable, in whole or in part, any such insurance coverage. Additionally, Lessee agrees that it may furnish to Lessor certificates evidencing such insurance coverage issued by responsible underwriters, which certificates shall provide for at least ten (10) days prior written notice to be given by Lessor to such underwriters in the event of cancellation of any such policy for nonpayment of premium or otherwise.

E. Lessor agrees to reimburse Lessee for all taxes, assessments and other governmental charges of whatsoever kind or character paid by Lessee relating to each Boxcar and on the Lease, delivery or operation thereof which may be accrued, levied, assessed or imposed during the lease term or which

remain unpaid as of the date of delivery of such Boxcar to Lessee, except taxes on net income imposed on Lessee. Lessor and Lessee will comply with all state and local laws requiring the filing of advalorem tax returns on the Boxcars. Lessor shall review all tax returns prior to filing.

6. Rental Charges

A. In consideration of the use of the leased Boxcars to improve its freight revenues, Lessee agrees to pay the following rental charges to Lessor for the use of Lessor's Boxcars:

(i) Lessor shall receive 90% of the mileage charges and car hire revenues (including both straight and incentive per diem) payable to Lessee by other railroad companies and other payments that may be received in lieu thereof. To enable Lessor to meet its financial commitments Lessee shall forward to Lessor or Lessor's designated agent by the 7th of each month all funds due Lessor from the previous month's receipts by Lessee of revenues earned by the Boxcars subject to this Agreement.

(ii) In the event the ICC rules relating to the use of Lessee's earmarked incentive per diem funds are changed or interpreted in such a way as to prohibit Lessee from paying Lessor its (Lessor's) share of the car hire revenue accruing from said incentive per diem charges, Lessee agrees to pay Lessor its (Lessor's) share of the incentive per diem funds from Lessee's general operating funds. In the alternative upon the occurrence of the above mentioned prohibition either party may terminate this lease upon 30 days written notice to the other party. Under such cancellation, Lessee will still be responsible to pay Lessor its share of accrued incentive per diem charges to the termination date from general operating funds.

(iii) Lessee acknowledges that Lessor has entered into

a certain Agreement dated October 19, 1979 with Georgia-Pacific Corporation (hereinafter G-P) under which Lessor has agreed to make available to G-P 100 boxcars in accordance with the terms and conditions therein contained. A copy of that agreement is annexed hereto. Lessee acknowledges and agrees that certain of the boxcars which are subject to this Lease Agreement are also subject to the agreement with G-P and, in order to enable Lessor to perform its obligations thereunder, Lessee agrees that it will cooperate with Lessor and, specially, that it will direct all such cars subject to the G-P agreement to any pool point designated by Lessor, subject to the approval of the operating (servicing) railroad. NHIR to be held harmless for damages for nonperformance, i.e., NHIR will make best efforts to accomplish the above.

B. Lessee shall have no liability for any reclaims by any railroad of any car hire charges at any time.

C. In the event the utilization rate in any calendar quarter, averaged for all Boxcars, is less than 85% Lessor may, at its option, and upon not less than 10 days prior written notice to Lessee, terminate this Agreement in its entirety or terminate this Agreement as to any group of Boxcars covered by a Schedule.

D. Lessor may, at its option, terminate this Agreement if the ICC shall, at any time (1) issue an order reducing incentive per diem for Boxcars on an annual basis to three months or less without a commensurate increase in straight per diem or other revenues available to both Lessor and Lessee; or (2) determine that Lessee may not apply its net credit balance from incentive per diem settlements in payment of the rental charges set forth in this Section.

E. If any Boxcar remains on Lessee's railroad tracks for more than seven days, Lessor may, at its option and upon not less than 24 hours prior to written notice, terminate this

Agreement and withdraw such Boxcar from Lessee's railroad tracks, except when such Boxcar is awaiting its initial loading.

7. Possession and Use

A. So long as Lessee shall not be in default under this Agreement, Lessee shall be entitled to the possession, use and quiet enjoyment of the Boxcars in accordance with the terms of this Agreement and in the manner and to the extent Boxcars are customarily used in the railroad freight business. Lessee agrees that to the extent it has physical possession and can control use of the Boxcars, the Boxcars will at all times be used and operated under and in compliance with the laws of the jurisdiction in which the same may be located and in compliance with all lawful acts, rules and regulations and orders of any governmental bodies or officers having power to regulate or supervise the use of such property, except that either Lessor or Lessee may in good faith and by appropriate proceedings contest the application of any such rule, regulation, or order in any reasonable manner at the expense of the contesting party.

B. Lessee will not directly or indirectly create, incur, assume or suffer to exist any mortgage, pledge, lien, charge, encumbrance or other security interest or claim on or with respect to the Boxcars or any interest therein or in this Agreement or Schedule thereto. Lessee will promptly at its expense, take such action as may be necessary to duly discharge any such mortgage, pledge, lien, charge, encumbrances, security interest, or claim if the same shall arise at any time.

8. Remedies upon Default

A. The occurrence of any of the following events shall be events of default:

(i) The nonpayment by Lessee of any sum required hereunder to be paid by Lessee within ten days after notice

thereof;

(ii) The default by Lessee under any term, covenant or condition of this Agreement which is not cured within ten (10) days after notice thereof from Lessor.

(iii) Any affirmative act of insolvency by Lessee, or the filing by Lessee of any petition or action under any bankruptcy, reorganization, insolvency or moratorium law, or any other law or laws for the relief of, or relating to, debtors.

(iv) The filing of any involuntary petition under any bankruptcy, reorganization, insolvency or moratorium law against Lessee that is not dismissed within sixty (60) days thereafter, or the appointment of any receiver or trustee to take possession of the properties of Lessee, unless such petition or appointment is set aside or withdrawn or ceases to be in effect within sixty (60) days from the date of said filing or appointment.

(v) The subjection of any of Lessee's property to any levy, seizure, assignment, application or sale for or by any creditor or governmental agency.

B. Upon the occurrence of any event of default, Lessor may, at its option, terminate this Agreement and may:

(i) Proceed by appropriate court action to enforce performance by Lessee of this Agreement or to recover direct financial damages which result from a breach thereof (and Lessee agrees to bear Lessor's costs and expenses, including reasonable attorney's fees, in securing such enforcements);

(ii) By notice in writing to Lessee, terminate Lessee's right of possession of the Boxcars, whereupon all right and interest of Lessee in the Boxcars shall terminate; and thereupon Lessor may by its agents enter upon any premises where the Boxcars may be located and take possession of them and henceforth hold, possess and enjoy the same free from any right

of Lessee. Lessor shall nevertheless have a right to recover from Lessee any and all rental amounts which under the terms of this Agreement may have accrued to that date.

(iii) Upon the occurrence of breach of this Agreement by Lessor, Lessee may proceed by appropriate court to enforce performance by Lessor of this Agreement or to recover direct financial damages which might result from a breach thereof (and Lessor agrees to bear Lessee's costs and expenses, including reasonable attorney's fees, in securing such endorsements).

9. Termination

A. At the expiration or termination of this Agreement as to any Boxcars set forth on a Schedule attached hereto, Lessee will surrender possession of such Boxcars to Lessor by delivering the same to Lessor. The assembling, delivery, storage and transporting of the Boxcars shall be at the expense and risk of Lessor. A Boxcar shall be deemed terminated and no longer subject to this Agreement upon the removal of Lessee's railroad markings from the Boxcar and the placing thereon of such markings as may be designated by Lessor, either at the option of Lessor (1) upon delivery of such Boxcars to Lessee's railroad line subsequent to termination of such Boxcar's lease term; (2) removal and replacements of the markings by another railroad line which has physical possession of the Boxcar at the time of or subsequent to termination of the lease term as to such Boxcar; or (3) removal and replacement of the markings by Lessor upon return of the Boxcars to Lessor's shop in Newark, N. J., or a shop designated by Lessor.

B. If such Boxcars are on the railroad line of Lessee upon such expiration or termination or are subsequently returned to Lessee's railroad line, Lessee shall grant immediate access to Lessor or Lessor's agents to remove Lessee's railroad markings from the Boxcars and place thereon such markings as may be

designated by Lessor. After the removal and replacement of markings, Lessee shall use its best efforts to load such Boxcars with freight and deliver them to a connecting carrier for shipment.

C. If such Boxcars are not on the railroad line of Lessee upon termination, all costs of assembling, delivering, storing and transporting such Boxcars, except as provided above, to Lessee's railroad line or the railroad line of a subsequent lessee shall be borne by Lessor.

D. If requested by Lessor, Lessee shall provide three months uninterrupted, free storage, on its tracks for Boxcars as to which this Agreement is terminated, provided that risk of loss during such storage shall be on Lessor. After three months, storage shall be at the rate of \$1 per day per car.

E. From and after termination of this Agreement with respect to any Boxcar and until its return to Lessor, all revenues earned by such Boxcar shall be paid to Lessor as additional rental for use of the Boxcar during the term hereof.

10. Indemnities

Lessor will defend, indemnify and hold harmless Lessee from and against (1) any and all loss or damage of or to the Boxcars, usual wear and tear excepted, unless occurring through the fault of Lessee while Lessee has physical possession of Boxcars; and (2) any claim, cause of action, damage, liability, cost or expense (including legal fees and costs) to which the Boxcars may be subject or which may be incurred in any manner by or for the account of any such Boxcar (unless occurring through the fault of Lessee) relating to the Boxcars or any part thereof, including without limitation the construction, purchase, delivery of the Boxcars to Lessee's railroad line, ownership, leasing or return of the Boxcars, or as a result of the use, maintenance,

repair, replacement, operation or the condition thereof (whether defects, if any, are latent or are discoverable by Lessor or Lessee). Lessor's obligations under this clause 10(2) shall be limited to any claims in excess of the limits of insurance coverage obtained by Lessee in paragraph 5D.

11. Warranties and Covenants

Lessee represents, warrants and covenants that:

A. Lessee is a corporation duly organized, validly existing and in good standing under the laws of the state where it is incorporated and has the corporate power, authority and is duly qualified and authorized to do business wherever necessary, to carry out its present business and operations and to own or hold under lease its properties and to perform its obligations under this Agreement.

B. The entering into and performance of this Agreement will not violate any judgment, order, law or regulation applicable to Lessee, or result in any breach of or constitute a default under, or result in the creation of any lien, charge, security interest or other encumbrance upon any assets of Lessee or on the Boxcars pursuant to any instrument to which Lessee is a party or by which it or its assets may be bound.

C. There is no action or proceeding pending or threatened against Lessee before any court or administrative agency or other governmental body which might result in any material adverse effect on the business properties and assets, or conditions, financial or otherwise of Lessee.

D. There is no fact which the Lessee has not disclosed to Lessor in writing, or is Lessee a party to any agreement or instrument or subject to any Charter or other corporate restriction which, so far as the Lessee can now reasonably foresee, will individually or in the aggregate materially adversely affect the business, condition or any material

portion of the properties of the Lessee or the ability of the Lessee to perform its obligations under this Agreement.

E. Lessee has during the years 1964-1968 not purchased or leased any Boxcars. (Lessee is eligible and entitled to collect incentive per diem charges on the Boxcars in the possession of other railroads and to apply the incentive per diem charges to the payment of all rentals due under this Lease.)

F. Neither Lessee nor its counsel know of any requirements for recording, filing or depositing this Agreement other than pursuant to Section 20c of the Interstate Commerce Act, which is necessary to preserve or protect the title of Lessor or its assignee or mortgagee, in the United States of America. However should Lessee or its counsel become aware of any other requirements for recording, filing or depositing this Agreement they will immediately perform same.

Upon request of Lessor or its assignee or mortgagee at any time or times, Lessee shall deliver to Lessor an opinion of its counsel addressed to Lessor or its assignee or mortgagee, in form and substance satisfactory to Lessor or its assignee or mortgagee, which opinion shall confirm and be the effect of the matters set forth in this Paragraph 11-A through F.

12. Inspection

Lessor shall at any time during normal business hours have the right to enter the premises where the Boxcars may be located for the purpose of inspecting and examining the Boxcars to insure Lessee's compliance with its obligations hereunder. Lessee shall immediately notify Lesssor of any accident connected with the malfunctioning or operation of the Boxcars

including in such report the time, place and nature of the accident and the damage caused to the property, the names and addresses of any persons injured and of witnesses and other information pertinent to Lessee's investigation of the accident. Lessee shall also notify Lessor in writing within five (5) days after any attachment, tax lien or other judicial process shall attach to any Boxcar. Lessee shall furnish to Lessor promptly upon its becoming requested, a copy of its annual report submitted to the ICC and, when requested, copies of any other income or balance sheet statements required to be submitted to the ICC.

13. Sublease and Assignment

The right to assign this Lease by either party and the Lessee's right to sublease shall exist only as follows:

A. Lessee shall have no right to assign this Lease or sublease or loan any of the Boxcars without the written consent of Lessor.

B. All rights of Lessor hereunder may be assigned, pledged, mortgaged, transferred or otherwise disposed of either in whole or in part with or without notice to Lessee. This Lease and Lessee's rights hereunder are and shall be subject and subordinate to any chattel mortgage, security agreement or equipment trust covering the cars heretofore or hereafter created by Lessor. If Lessor shall have given written notice to Lessee stating the identity and post office address of any assignee entitled to receive future rentals and any other sums payable by Lessee hereunder, Lessee shall thereafter make such payments to the designated assignee.

The making of an assignment or sublease by Lessee or an assignment by Lessor shall not serve to relieve such party of any liability or undertaking hereunder nor to impose any liability or undertaking hereunder upon any such assignee or sublessee except as otherwise provided herein or

unless expressly assumed in writing by such sublessee or assignee.

14. Miscellaneous

A. This Agreement and the Schedules contemplated hereby shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns. .

B. Any notice required or permitted to be given by one party to another hereunder shall be properly given when made in writing, deposited in the United States mail, registered or certified, postage prepaid, addressed to:

Lessor at	Naporano Iron & Metal Co.
	P.O. Box 5304
	Newark, New Jersey

Lessee at:	New Hope & Ivyland Railroad Company
	P.O. Box 196
	Penndel, Pennsylvania 19047

or such other address as either party may from time to time designate by such notice in writing to the other.

C. Lessee shall keep the Boxcars free from any encumbrances or liens, which may be a cloud upon or otherwise affect the title of Lessor, which arise out of any suit involving Lessee, or any act, omission or failure of Lessee or Lessee's failure to comply with the provisions of this Lease and shall promptly discharge any such lien, encumbrance or legal process. Lessee shall take all action requested by Lessor to confirm the interest of Lessor in the Boxcars as Lessor and that Lessee has no interest in the Boxcars other than as Lessee hereunder.

D. During the continuance of this lease, Lessor shall have the right, at its own cost and expense, to inspect the Boxcars at any reasonable time or times wherever the Boxcars may be.

E. No failure or delay by Lessor shall constitute a waiver or otherwise affect or impair any right, power or remedy available to the Lessor nor shall any waiver or indulgence by Lessor or any partial or single exercise of any right, power or remedy preclude any other or further exercise thereof or the exercise of any other right, power or remedy.

F. This Agreement shall be governed by and construed according the laws of the Commonwealth of Pennsylvania.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date above written.

NAPORANO IRON & METAL CO.

Attest:

W. J. Young W. Sec.

Joseph Naporano Pres.

MC HUGH BROTHERS HEAVY HAULING, INC, LESSOR &
OPERATOR OF NEW HOPE & IVYLAND RAILROAD CO.

Attest:

Ruth Young

James M. Hugh

STATE OF NEW JERSEY :
COUNTY OF ESSEX :

BE IT REMEMBERED, That on this 18th day of December, 1979, before me, the subscriber, a NOTARY PUBLIC, personally appeared Joseph Naporano, President of NAPORANO IRON & METAL CO., 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 did acknowledge that he signed, sealed and delivered the same as such officer aforesaid; and that the within instrument is the voluntary act and deed of said corporation made by virtue of authority from its Board of Directors.

ANTHONY B. DIALESIO
NOTARY PUBLIC OF NEW JERSEY
My Commission Expires Apr. 22, 1980

Anthony B. Dialesio

STATE OF Pa :
COUNTY OF Bucks :

BE IT REMEMBERED, That on this 19th day of December, 1979, before me, the subscriber, a Notary Public, personally appeared James J. McHugh, President of MCHUGH BROTHERS HEAVY HAULING, INC., Lessor & Operator of NEW HOPE & IVYLAND RAILROAD CO., 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 did acknowledge that he signed, sealed and delivered the same as such officer aforesaid; and that the within instrument is the voluntary act and deed of said corporation made by virtue of authority from its Board of Directors.

EFFIE SHAFFER
NOTARY PUBLIC
P.O. Box 196, Pennel, Bucks County,
Pennsylvania 19047
My Commission Expires August 29, 1981

Effie Shaffer

Prepared by: Martin Clinton Conant

EQUIPMENT SCHEDULE

Naporano hereby leases the following Boxcars to NHIR pursuant to that certain Lease Agreement dated as of AUGUST 5, 1978. Equipment schedule to be completed when car numbers are assigned and the exact dimensions are known.

A.A.R. MECH. DESIG.	DESCRIPTION	NUMBERS	DIMENSIONS INSIDE			DOORS WIDTH	NO. OF CARS
			LENGTH	WIDTH	HEIGHT		
XF	BOX STEEL CODE A-220	2001-2059	50'7"	9'2"	10'5"	10'	59
XF	BOX - STEEL CODE A-220	2060-2087	50'7"	9'2"	10'5"	10'	28
XF	BOX - STEEL CODE A-220	2101-2108	50'4"	9'2"	10'5"	8'	8
XF	BOX- STEEL CODE A-220	2201-2204	50'4"	9'2"	10'5"	8'	4
XF	BOX - STEEL CODE A-220	2301	50'6"	9'2"	10'6"	8'	1

NAPORANO IRON AND METAL COMPANY

W. J. Naporano
(TITLE) VP-Gen

DATE: 12/18/79

New Hope & Maryland RR Co.

Anna M. Becker

Vice-Pres.

12-19-79

five 73
FIVE UNIT
AGREEMENT made this 19th day of October, 1979

between:

GEORGIA-PACIFIC CORPORATION (hereinafter referred to as "GP") and

NAPORANO IRON & METAL COMPANY (hereinafter referred to as "NAP")

WITNESSETH:

WHEREAS, GP has need of certain railroad Boxcars to be assigned for its exclusive benefit and use on various Class I railroads, and

WHEREAS, NAP has the capability to and is desirous of fulfilling the needs of GP.

NOW, THEREFORE, in consideration of these premises and the obligations herein contained, the parties hereto agree as follows:

1. The Boxcars to be provided hereunder by NAP shall be 50 foot, 50 ton, rehabilitated cars of the XF variety with 8 foot and 10 foot sliding doors (the "Cars").

As of the date hereof NAP has delivered to GP and GP has accepted 82 Cars. Hereinafter, NAP, exercising all due diligence shall continue to deliver Cars to GP at loading points to be hereinafter specified by GP until 100 cars have been delivered.

2. The cost of initial delivery of the Cars to the loading points specified by GP shall be borne by NAP so long as any such initial delivery point on the assigned railroad is not more than 100 miles distant from the facility of NAP located in Newark, New Jersey. The cost of all deliveries in excess of the aforesaid mileage limitation shall be borne by GP.

If prior to acceptance by GP (which shall be the initial use of a Car for the benefit of GP) any of the Cars delivered shall be determined to contain design or other defects which require return to the manufacturer or other designated repair points, any and all freight charges assessed as a result thereof shall be borne by NAP.

3. NAP (or its designee as indicated in writing by NAP, from time to time) shall be entitled to receive all car hire revenues earned by said Cars from mileage, per diem and incentive per diem charges (or any other payments in lieu thereof, for example: demurrage when actually paid to the car owner). GP shall reimburse NAP (or its designee) for any idle time reclaims filed in accordance with the provisions of Car Hire Rule 22, to the extent that such reclaims exceed three (3) days per Car per month. To the extent that the number of idle days during any month is less than three (3), GP shall receive a credit which may be carried forward and used to reduce the number of idle days in excess of three (3) during any month for which reimbursement is due. (For example, if during month one the number of idle days is one, GP shall have a two-day credit. Then, if during month two, the number of idle days per Car is five, the carry forward credit, when added to current credit/s, may be used to reduce the number of idle days to zero; thus, no reimbursement is required and no credit will remain to be carried forward.) In addition, GP shall receive a credit against amounts required to be paid to NAP

(or its designee) as reimbursement for idle time reclaims during any calendar year equal to the amount of demurrage actually paid to NAP (or its designee) during the calendar year.

4. The term of this Agreement shall be for a period of seven (7) years and six (6) months from the date of delivery of the first car after the execution date hereof.

5. If the Interstate Commerce Commission issues an order that sanitary tissue and health products cannot be shipped in "XF" cars, or if rail carriers embargo or otherwise penalize the use of XF cars for GP products, then the cars may, at GP's option, be reclassified as either XL or XP cars. Any cost associated with this reclassification shall be borne by NAP (or its designee). In the event of such reclassification, GP shall reimburse NAP (or its designee) for all Car Hire Rule 22 reclaims for idle time during such reclassification, less a credit against amounts required to be paid to NAP (or its designee) during any calendar year equal to the amount of demurrage received during the calendar year.

6. In the event a change in business conditions or other circumstances necessitates the reassignment of the Cars to locations other than where initially placed, the Cars may be reassigned under the same conditions herein provided. In connection with such reassignment, GP shall bear the cost of any repositioning charges.

7. GP agrees to exercise good faith in directing said Cars as to destinations which will provide, to the extent reasonable, the greatest possible mileage.

8. GP shall not assign or sub-lease the Cars to any person or entity except with the prior written consent of NAP nor may this Agreement be assigned by GP except with the prior written consent of NAP which consent in any event shall not be unreasonably withheld, provided, no

assignment or sub-lease of these Cars or of this Agreement by GP shall release GP from all obligations to NAP under the terms of this agreement.

NAP shall have the absolute right to assign all its interest herein.

9. GP shall bear the responsibility of obtaining necessary car assignments from the railroads serving its facilities.

10. NAP shall perform, or cause to be performed, any and all repairs of the Cars and NAP shall pay all costs and expense associated with such repairs. NAP shall have the right to retire any Cars which it deems beyond economical repair.

11. This Agreement may be modified only by a writing executed by all parties.

12. This Agreement shall be governed by the laws of the State of New Jersey.

ATTEST:

ATTEST:

NAPORANO IRON & METAL COMPANY

By: Joseph F. Naporano, President

GEORGIA-PACIFIC CORPORATION

By: Robert Schumacher
Executive, V.P.

STATE OF NEW JERSEY

COUNTY OF _____ :

BE IT REMEMBERED, That on this _____ day of December, 1979, before me, the subscriber, a _____, personally appeared Joseph Naporano, President of NAPORANO IRON & METAL CO., 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 did acknowledge that he signed, sealed and delivered the same as such officer aforesaid; and that the within instrument is the voluntary act and deed of said corporation made by virtue of authority from its Board of Directors.

STATE OF _____ :
COUNTY OF _____ :

BE IT REMEMBERED, That on this _____ day of December, 1979, before me, the subscriber, a _____, personally appeared Robert Schumacher, Executive Vice President of GEORGIA-PACIFIC CORPORATION, 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 did acknowledge that he signed, sealed and delivered the same as such officer aforesaid; and that the within instrument is the voluntary act and deed of said corporation made by virtue of authority from its Board of Directors.
