

SETTLEMENT AGREEMENT

Agreement made this 13th day of October, 1989 by and between Freedom Savings and Loan Association, a Federal Savings and Loan Association ("FSLA"); Chester B. Salomon, as Chapter 11 trustee (the "Trustee") of the estates of Overland Corporation, a Pennsylvania corporation ("Overland"); Cuyahoga Wrecking Corporation, a Florida corporation; Cuyahoga Equipment Corporation, a Florida corporation; Cuyahoga Equipment Corporation, an Illinois corporation; Cuyahoga Wrecking Co., Inc., an Ohio corporation; Cuyahoga Wrecking Corporation, an Illinois corporation; Cuyahoga Wrecking Corporation, a Michigan corporation; Wrecking Corporation of America, an Illinois corporation; Wrecking Corporation of America, an Ohio corporation; Cuyahoga Wrecking Corporation of America; Cleveland Demolition Co., Inc.; Jordan Foster Scrap Corp; and Rolyat Holding Corp. (collectively the "Debtors") in cases under Chapter 11 of Title 11, United States Code (the "Bankruptcy Code") pending in the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court") as Case No. 86-B-12206 (PBA) (Jointly Administered) (the "Chapter 11 Cases"); the United States of America (the "United States") on behalf of the United States Environmental Protection Agency (the "EPA"), the Department of the Interior (the "DOI") and the Department of Commerce, National Oceanic and Atmospheric Administration (the "NOAA"); and the Commonwealth of Pennsylvania, acting by and through the Department of Environmental Resources,

individually and as trustee of the natural resources of the Commonwealth of Pennsylvania (the "DER").

RECITALS

This Settlement Agreement is made with reference to the following facts:

(a) Pursuant to a Mortgage and Security Agreement dated May 30, 1986, Freedom Savings & Loan Association, a stock savings and loan association organized under the laws of the State of Florida ("Old Freedom"; together with FSLA, the "Association") held a first mortgage (the "Mortgage") on certain real property (the "Property") situated in Philadelphia, Pennsylvania and more particularly described in the Option Agreement (hereinafter defined) to secure a note in the original principal amount of \$2,700,000 (the "Mortgage Note").

(b) The Property was owned by Overland prior to commencement of the Chapter 11 Cases and continues to be owned by Overland.

(c) Pursuant to a Loan and Security Agreement dated March 31, 1986 (the "Security Agreement"), Old Freedom held a first priority security interest (the "Security Interest") in inventory of Overland including but not limited to, scrap metals, other scrap material, and any other property in the possession of Overland located at the Property as more fully described in the Security Agreement (the "Collateral") and in proceeds from the sale of the Collateral now being held by FSLA in a special account pursuant to an order of the Bankruptcy Court dated July 7, 1987

(the "Special Account"; collectively, the "Proceeds") to secure a note in the original principal amount of \$4,000,000 (the "Personal Property Note").

(d) Prior to the commencement of the Chapter 11 Cases, Old Freedom commenced litigation in the Court of Common Pleas of the Commonwealth of Pennsylvania to foreclose on the Mortgage and Security Agreement and hired private investigators to maintain surveillance of the Property.

(e) On February 13, 1987, when it learned that the Debtors intended to withdraw all security from the Property and that Collateral was being removed from the Property, Old Freedom made a motion for relief from the automatic stay of Bankruptcy Code §362 and the Bankruptcy Court entered an order dated February 13, 1987 granting Old Freedom exclusive control of access to the Property, subject to the rights of the Trustee and Harris Bank & Trust Company ("Harris"), which claims a second mortgage on the Property, to access to the Property.

(f) On February 23, 1987, Old Freedom made a motion for relief from the automatic stay to permit the sale to KDB International Ltd. of certain scrap at the Property consisting of #1 copper, #2 copper, tinned copper cable and irony red brass, all of which were packed in open-topped 55 gallon drums, stainless steel valves with some iron contamination and miscellaneous, oversized stainless steel with some iron contamination and to continue its control over access to the Property. That motion was granted by an order of the Bankruptcy Court dated February

24, 1987 authorizing Old Freedom to sell the scrap and to hold the proceeds in the Special Account. The February 24, 1987 order also continued Old Freedom's exclusive control of access to the Property (subject to the rights of the Trustee and Harris) pending further order of the Bankruptcy Court.

(g) On or about March 11, 1987, Old Freedom permitted Union Carbide Corporation access to the Property to remove certain bulk liquid oxygen and bulk propane tanks, a welding machine and portable gas and liquid containers which Union Carbide Corporation had rented to Cuyahoga Wrecking Corporation. On several occasions in April and May, 1987, Old Freedom was contacted by a representative of Ace Service Corporation ("Ace") seeking permission to remove from the Property a 40-yard container which Ace had reportedly left at the Property pursuant to an agreement with one or more of the Debtors. Ace reported that the container contained asbestos in form unacceptable for proper disposal in a legal landfill and proposed to remove the asbestos from the container prior to removing the container from the Property. Old Freedom refused to allow the container to be removed from the Property absent assurances (which Ace refused to give) that the asbestos would be properly handled and disposed of and refused to allow the asbestos to be removed from the container and left at the Property, as Ace proposed. Freedom referred Ace to the Trustee and took no further part in the matter. From time to time during the pendency of the Chapter 11 Cases, the Association has received requests from other parties claiming ownership of various items

of personalty located at the Property for permission to remove those items from the Property. Except as otherwise set forth herein, each of those parties' requests was referred by the Association to the Trustee and the Association took no further part in the matter.

(h) By an order of the Bankruptcy Court dated July 23, 1987, the February 13, 1987 Order was amended to the extent necessary to grant access to Publicker Industries, Inc. ("Publicker") to perform certain activities at the Property pursuant to a consent order with the EPA in accordance with a Right of Access agreement executed by the Trustee without objection by Old Freedom pursuant to the July 23, 1987 Order.

(i) On March 13, 1987, Old Freedom made a motion for relief from the automatic stay of Bankruptcy Code §362 to permit Old Freedom to foreclose on the Mortgage and the Security Interest.

(j) The Trustee filed a Response to Old Freedom's motion for relief from stay asserting defenses to the validity of the Mortgage and Security Interest based in part on the purchase by the Debtors of shares of the common and preferred stock of Old Freedom. Prior to the resolution of the motion for relief from stay, Old Freedom and the Trustee agreed to cooperate on a joint marketing program for the disposition of the Property. In connection with those efforts to sell the Property and earlier efforts by Old Freedom to realize on its Mortgage and Security Interest, representatives of the Association engaged in discussions with a number of parties concerning the sale or lease of all or a

portion of the Property, including negotiations which resulted in a lease of a portion of the Property known as the Thermice Building to Pier 72 1/2 Associates pursuant to an oral month to month lease.

(k) Pursuant to a Stipulation and Order approved by the Bankruptcy Court on July 7, 1987 (the "July 1987 Stipulation"), Old Freedom was authorized to sell the Collateral. Antonaccio Services, Inc. was authorized to be retained to sell the Collateral pursuant to a Retention Agreement which was approved by the Bankruptcy Court by an order dated August 19, 1987 (the "Retention Order"). Pursuant to the authority granted by the July 1987 Stipulation, the Association has sold certain collateral pursuant to the contracts itemized in Exhibit A, copies of which have been received and reviewed by representatives of the United States. The net proceeds of the sales of Collateral have been deposited in the Special Account, a portion of which has been used to pay for guard service and fence repairs at the Property.

(l) On July 23, 1987, the Federal Savings and Loan Insurance Corporation (the "FSLIC") was appointed Receiver of Old Freedom and, pursuant to an Acquisition Agreement dated as of that date (the "Acquisition Agreement"), the FSLIC, as Receiver, sold certain assets of Old Freedom to FSLA. Pursuant to the Acquisition Agreement, FSLA is the successor to the interest of Old Freedom under the Mortgage Note, the Mortgage, the Personal Property Note and the Security Agreement.

(m) From time to time since June 1987, the EPA and the DER have had representatives at the property. The EPA performed

an emergency assessment at the Property in June 1987 and determined that there were or are releases and threatened releases of hazardous substances at the Property within the scope of the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), 42 U.S.C. §9601 et seq. The DER conducted a preliminary assessment at the Property in June 1987. In the spring of 1988, the EPA and the DER conducted a preliminary assessment and site investigation pursuant to 40 C.F.R. Part 300. The Property is currently the subject of response actions under CERCLA (the "Response Actions") that are being conducted by the EPA, on account of which the EPA and the DER have incurred response costs in excess of \$6.9 million and will continue to incur additional response costs. On May 5, 1989, the Property was proposed for inclusion on the National Priorities List established pursuant to Section 105 of CERCLA, 42 U.S.C. §9605.

(n) When the EPA commenced its response action on or about December 8, 1987, the EPA placed its own locks on the perimeter gates and has employed its own guards and fire watch on a twenty-four hour basis. Neither FSLA nor its guard service were given keys to these locks.

(o) On February 1, 1988, FSLA moved for an order modifying the February 13 and February 24, 1987 orders. By an order of the Bankruptcy Court dated February 23, 1988, the exclusive control of access to the Property granted to Old Freedom by the Bankruptcy Court's orders dated February 13 and February 24, 1987 was terminated. FSLA was relieved of responsibility for

control of access to the Property, was authorized to withdraw its guard service effective upon entry of that order and withdrew its guard service.

(p) On March 18, 1988, AAA Warehousing, Inc. ("AAA") moved in the Bankruptcy Court for an order permitting it to remove from the Property certain tanks, rail tank cars and other property which it claimed to have purchased from Publicker prior to Publicker's sale of the Property to Overland. AAA also sought access to certain portions of the Property pursuant to a lease between AAA and Overland. On March 31, 1988, FSLA filed an objection to AAA's motion. On August 9, 1988, a Stipulation and Order (the "August 1988 Stipulation"), which had been entered into by the Trustee, AAA and FSLA, was signed by the Bankruptcy Court permitting AAA to remove from the Property certain tanks, rail tank cars and other property subject to the terms of the August 1988 Stipulation and the consent of the EPA. Since August 9, 1988, FSLA has responded to attempts by AAA to remove items from the Property and sought compliance by AAA with the terms of the August 1988 Stipulation. On May 25, 1989, AAA filed a complaint initiating an adversary proceeding and moved by an order to show cause to reform the terms of the August 1988 stipulation. FSLA has filed an objection to AAA's motion and an answer to AAA's complaint.

(q) The Trustee entered into an Option Agreement (as amended, the "Option Agreement") dated as of May 27, 1988 with Delaware Avenue Enterprises, Inc. (the "Optionee") for the

acquisition by the Optionee of an option (the "Option") to purchase the Property. The Option Agreement was approved by the Bankruptcy Court by an order dated July 19, 1988 (the "Court Order").

(r) On June 9, 1988, and September 9, 1988, the Optionee paid to the Trustee \$400,000 and \$1,200,000 (the total of \$1,600,000 being referred to as the "Option Deposits"), respectively, pursuant to the Option Agreement. On September 14, 1988, the interest earned on the first Option Deposit was paid to the Optionee pursuant to the Option Agreement. The Option Deposits and the interest earned thereon were held by the Trustee in an interest bearing account until invested in a Certificate of Deposit which matured on March 16, 1989 yielding a total of \$1,661,193.50, including interest. After deduction of the interim fees and reimbursement of expenses awarded to the Trustee and his counsel, the balance of \$1,472,538.89 was invested in a certificate of deposit bearing interest of 9 3/4% maturing June 16, 1989. Upon the maturity of that certificate of deposit the proceeds were invested in a new ninety day certificate of deposit (the "Certificate of Deposit").

(s) The Trustee and FSLA entered into a Settlement Agreement dated July 12, 1988 (the "First Settlement"), which provided for the disposition of the Option Deposits and all other sums payable under the Option Agreement (the "Option Proceeds"), subject to approval by the Bankruptcy Court.

(t) The United States filed an objection dated July 18, 1988 to approval by the Bankruptcy Court of the First Settle-

ment, asserting a claim to the Option Proceeds under Section 506(c) of the Bankruptcy Code.

(u) On February 7, 1989, the Federal Home Loan Bank Board (the "FHLBB") appointed the FSLIC as the Conservator of FSLA and the FHLBB and the FSLIC entered into a Management Agreement pursuant to which the Federal Deposit Insurance Corporation (the "FDIC") was engaged to assist the FSLIC in the discharge of its duties as Conservator of FSLA, among others. On August 9, 1989, pursuant to the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (the "Act"), 12 U.S.C. §1421A et seq., FSLIC was replaced as Conservator by the Resolution Trust Corporation ("RTC"). FDIC is the exclusive manager for RTC under the Act.

(v) The DER objects to approval of the First Settlement and asserts a claim to the Option Proceeds.

(w) FSLA contests the right of the United States and DER to assert any claim to the Option Proceeds.

(x) In consideration of the mutual covenants contained herein, the Trustee and FSLA desire to settle their controversies and their respective obligations pursuant to the Option Agreement, and FSLA, the United States and DER desire to settle their controversies and their respective obligations relating to the Property and the Option Proceeds on the terms and conditions set forth herein. This Settlement Agreement is entered into to settle disputed issues of fact and law. The execution of this Settlement Agreement and the terms hereof shall not be construed as an

admission of liability or any other concession on the part of any party.

(y) DOI and NOAA have been designated in the National Contingency Plan, pursuant to Section 9607(f) of CERCLA, 42 U.S.C. §9607(f), to act on behalf of the public as the federal natural resources trustees of the natural resources affected by or on account of, the environmental condition of the Property. DER has been designated, pursuant to Section 301(14) of the Pennsylvania Hazardous Sites Cleanup Act ("HSCA"), 35 Pa. Stat. §6020.301(14), to act on behalf of the Commonwealth of Pennsylvania as trustee of the Commonwealth's natural resources affected by or on account of, the environmental condition of the Property.

TERMS AND CONDITIONS

NOW THEREFORE, in consideration of the premises and of the covenants herein contained, the Trustee, FSLA, the United States and the DER agree as follows:

1. The Mortgage and Security Interest are deemed valid and enforceable, provided that the priority of the Mortgage and Security Agreement with respect to the Option Agreement shall be governed by the Option Agreement and the Court Order. Subject to verification of the principal amount advanced, interest accrued and any credits for funds recovered, FSLA's claim against Overland and FSLA's claims against Cuyahoga Equipment Corporation and Cuyahoga Wrecking Corporation are allowed.

2. All sums received on account of any disposition of the Property (including but not limited to entering into the

Option Agreement or any additional option agreements) shall be distributed as follows:

a) The Option Deposits, the interest accruing on the Option Deposits pending payment of the Option Deposits in accordance with the terms of this Settlement Agreement (the "Option Interest") and consideration paid for any extensions of the Option Period (as defined in the Option Agreement) (the "Extension Price"):

first, to be reserved for payment of the encumbrances of Miklos Maggar, Jr. in the amount of \$6,450 plus interest required by law to be paid thereon and the City of Philadelphia in the amount of \$3,000 plus interest required by law to be paid thereon, until these encumbrances are otherwise satisfied or until the Bankruptcy Court determines that such encumbrances are not valid or prior in right to the Mortgage at which time the reserved funds shall be distributed in accordance with paragraph eighth, below;

second, \$40,000 of the Option Interest accrued to March 9, 1989 to the DER;

third, \$40,000 of the Option Interest to the United States on behalf of the DOI and the NOAA for anadromous fishery assessment and restoration in the Delaware River and Bay, to be spent pursuant to a letter agreement between the DOI and the NOAA.

fourth, \$25,000 of the Option Interest to be held by the Trustee in an interest bearing account as a reserve fund (the "Reserve Fund") to be used in the manner set forth in paragraph 2(b), below.

fifth, any remaining Option Interest to be divided equally between FSLA and the United States on behalf of the EPA;

sixth, the sum of \$100,000 to FSLA to reimburse it for its reasonable costs incurred in hiring security guards and repairing fences at the Property prior to the date hereof;

seventh, \$300,000 (less the interim fees and reimbursement of expenses paid in March, 1989) of the Option Deposits and the Extension Price to the Trustee on behalf of the Overland bankruptcy estate, subject to further order of the Bankruptcy Court; and

eighth, the balance of the Option Proceeds and the Extension Price to be divided equally between FSLA and the United States on behalf of the EPA.

b) The Reserve Fund, the Exercise Price (as defined in the Option Agreement) net of any offsets and other claims as provided in paragraph 7 thereof, payable upon closing of the exercise of the Option ("Option Closing") if any, and any

other funds derived from any disposition of the Property or an interest therein, not otherwise provided for:

first, to reimburse the Trustee (a) for the actual and necessary costs and expenses incurred after the Distribution Date (as hereinafter defined) and prior to receipt of the proceeds from a disposition in preserving, or disposing of the property (including but not limited to (i) the cost of maintaining security at the Property, to the extent and in the event that security is not maintained by the United States, the Optionee or any other party, and (ii) the Trustee's reasonable legal fees and disbursements of counsel in connection with the disposition) and (b) for his commissions and attorneys' fees as awarded by the Bankruptcy Court, pursuant to sections 326, 330 and 331 of the Bankruptcy Code, incurred after the Distribution Date (as hereinafter defined) and prior to the receipt of proceeds from a disposition to the extent such services are Compensable Services. Compensable Services are services on behalf of the Overland estate compensable pursuant to Sections 326, 330 and 331 of the Bankruptcy Code which the Trustee reasonably believes he is required to perform, taking into account all appropriate circumstances, including the condition of the Property, the provisions of the Option Agreement and the status of the bankruptcy case. Compensable Services expressly

include: (i) services relating to proceedings to enjoin lawsuits not commenced in the Bankruptcy Court; (ii) services relating to adversary proceedings commenced in the Bankruptcy Court, including the adversary proceeding commenced by AAA; (iii) services relating to criminal proceedings, provided that the Trustee attempts to negotiate a guilty plea and a fine that has the status of an unsecured claim; and (iv) services relating to the negotiation and implementation of an arrangement to close the bankruptcy case while preserving the rights of the parties under the Option Agreement and this Settlement Agreement. Compensable Services expressly do not include: (v) investigation of the financial affairs of Overland, (vi) examination of and objection to proofs of claim filed by unsecured creditors; (vii) preparation of schedules; and (viii) preparation of reports of the investigation conducted heretofore; and

second, to be divided equally between FSLA and the United States on behalf of the EPA, such funds to be distributed by the Trustee (a) in the case of funds from other than the Reserve Fund, within 45 days of receipt by the Trustee and (b) in the case of the balance, if any, remaining in the Reserve Fund, within 45 days of the final disposition of all of the Overland bankruptcy estate's right, title and interest in and to the Property.

3. FSLA shall be entitled to 100% of the proceeds from the sales of Collateral and rental of the Property or any portion thereof prior to the entry of the Bankruptcy Court or District Court order approving this Settlement Agreement (the "Approval Order") and shall also be entitled to 100% of the proceeds from the sale of Collateral on deposit in the Special Account on the Distribution Date (as hereinafter defined).

4. Upon the maturity of the Certificate of Deposit, the Trustee will reinvest the proceeds thereof in an interest bearing account or certificate of deposit to be held until the proceeds are distributed pursuant to the Approval Order.

5. Within ten days of the entry of the Approval Order (the "Distribution Date"):

(a) The Trustee shall pay the DER's portion of the Option Interest to the DER.

(b) The Trustee shall pay FSLA's portion of the Option Interest and Option Deposits to FSLA.

(c) The Trustee shall pay the United States' portion of the Option Interest and Option Deposits to the United States on behalf of the instrumentalities identified in paragraph 2.

(d) The Trustee shall execute and deliver to FSLA a release in substantially the form attached hereto as Exhibit B.

(e) FSLA shall execute and deliver to the Trustee a release in substantially the form attached hereto as Exhibit C.

(f) FSLA may terminate the Special Account and retain

the balance on hand as its own funds free and clear of any claim by the Trustee, the United States, the DER or any other party.

All payments to FSLA will be made by wire transfer to A.B.A. No. 263-186-541, Att: Commercial Operations for Loan No. 994186-48000 or to such other location or in such other manner as FSLA may direct.

All payments to the United States on behalf of the EPA shall be mailed to the United States Environmental Protection Agency -- Region 3, Attn: Superfund Accounting, P.O. Box 360515M, Pittsburgh, PA 15251. The payment to the United States on behalf of the DOI and the NOAA shall be mailed to Department of the Interior, Office of the Secretary -- Fiscal Section, 18th and E Streets, N.W., Room 5257, Washington, D.C. 20040. Copies of the transmittal of payments to the United States shall be sent to Regional Hearing Clerk (3RC00), U.S. Environmental Protection Agency, 841 Chestnut Building, Philadelphia, PA 19107, the United States Attorney for the Southern District of New York, One St. Andrews Plaza, New York, New York 10007, Attention: James Garrity, Esq. and Alan S. Tenenbaum, Esq., Department of Justice, Environmental Enforcement Section, P.O. Box 7611, Ben Franklin Station, Washington, D.C. 20044. The payment to DER shall be mailed to Commonwealth of Pennsylvania, Department of Environmental Resources, 1314 Chestnut Street, 12th Floor, Philadelphia, Pennsylvania 19107, Attn: Norman G. Matlock, Esq., Assistant Counsel.

6. FSLA hereby represents and warrants that (i) the Association, its agents and contractors have not participated in the management of the Property and have taken no actions with respect to physical activity at the Property other than those already described in paragraphs (f) and (k) and elsewhere herein and monitoring and enforcing its rights under the Mortgage, the Mortgage Note, the Security Agreement and the Personal Property Note, inspection of the Property, hiring of security guards and providing for the repair and/or maintenance of fencing to secure the Property, (ii) FSLA is the successor-in-interest to all rights and interests of Old Freedom under the Mortgage and Mortgage Note and Old Freedom holds no continuing interest in the Mortgage, Mortgage Note, or any other interest that may affect the Property, (iii) FSLA (and, to the best of its knowledge, Old Freedom) has no knowledge of and is not aware of any facts indicating that the removal since February 13, 1987 of any Collateral or personal property from the Property or the lease to Pier 72 1/2 Associates has caused or resulted in environmental damage or harm of any kind; and (iv) FSLA has not foreclosed on the Property.

7. When the Approval Order is no longer subject to appeal, further review or rehearing (or, in the event that the Approval Order has been appealed, reviewed or reheard and the order of the reviewing court or courts has approved this Settlement Agreement and is no longer subject to appeal, further review or rehearing), the United States shall be deemed to have withdrawn

its objection dated July 18, 1988 containing its claim to the Option Proceeds pursuant to Bankruptcy Code §506(c).

8. Effective upon receipt by the United States and the DER of payments by the Trustee of their respective portions of the Option Deposits and the Option Interest (less the amounts reserved pursuant to paragraphs 2(a) first and fourth, hereof) and in reliance upon FSLA's representations and warranties contained in paragraph 6 of this Settlement Agreement, the United States and the DER covenant not to commence a civil judicial or administrative action against FSLA, Old Freedom, the FHLBB, the FSLIC, individually, as Receiver of Old Freedom or Conservator of FSLA, RTC, individually or as conservator of FSLA, the FDIC, individually or as manager of the Conservatorship of FSLA, or any of them ("Freedom") under CERCLA, the Resource Conservation and Recovery Act ("RCRA"), 42 U.S.C. §§ 6901 et seq., the Federal Water Pollution Control Act (Clean Water Act), 33 U.S.C. §1251 et seq., the Safe Drinking Water Act, 42 U.S.C. §§ 300f et seq., Bankruptcy Code §506(c), HSCA, 35 Pa. Stat. §6020 et seq., or any federal or state common law with respect to environmental conditions at or on account of the Property (a) arising from Freedom's liens and claims against the Property or actions with respect to the Property taken or existing at any time prior to and including the date of the execution by FSLA of this Settlement Agreement (or, if a certificate in the form annexed hereto as Exhibit D is executed and delivered to EPA and DER by FSLA within 15 days of entry of the Approval Order, the date thereof) or

(b) FSLA's retention of the Mortgage Note and Mortgage or enforcement by FSLA or any successor to the interest of FSLA of its rights under the Mortgage Note and Mortgage pursuant to paragraph 16 of this Settlement Agreement or its rights under the Option Agreement. This covenant not to sue shall not (x) limit or affect the response, access or information gathering authority of the United States or the DER, (y) apply to claims for violations of RCRA requirements for the proper disposal of hazardous wastes contained in or that were present in or on any of the Collateral (including, without limitation, scrap material) that was removed from the Property (i) pursuant to contracts entered into by the Association or Antonaccio Services, Inc. and (ii) not under the supervision of EPA site representatives or pursuant to (and in accordance with) consent agreements and orders with the EPA, or (z) affect any claims which the United States or the DER may have against any parties other than Freedom or on account of any future conduct by FSLA or any successor to the interest of FSLA not authorized by subparagraph (b) of this paragraph.

9. In accordance with Section 113(f)(2) of CERCLA, 42 U.S.C. §9613(f)(2), and Section 705(c)(2) of HSCA, 35 Pa. Stat. §6020.705(c)(2), upon judicial approval of this Settlement Agreement, Freedom shall have resolved its liabilities to the United States and to DER with respect to matters covered by, and to the extent provided in, paragraph 8 of this Settlement Agreement and Freedom shall not be liable for claims brought against it by any non-party to this Settlement Agreement on account of such

matters. FSLA agrees that the United States and DER shall not be under any obligation to assist FSLA in defending against any such suits or claims for indemnity or contribution. Nothing in this Settlement Agreement shall affect FSLA's rights (if any) to seek recovery of expenditures made in compliance with this Settlement Agreement by way of indemnity or contribution, except as against the United States and DER.

10. Subject to the exchange of releases described in paragraphs 5(d) and 5(e) above and the receipt by FSLA of its portion of the Option Deposits and Option Interest and the balance in the Special Account, upon entry of the Approval Order FSLA surrenders all its right, title and interest in and to the Collateral to the Trustee, subject to the rights of any third parties under any executory contracts for the sale of any of the Collateral. Promptly after the execution of this Settlement Agreement, FSLA and the Trustee will join in any necessary motion to the Bankruptcy Court to terminate or modify the July 1987 Stipulation, the Retention Order, the August 1988 Stipulation and all other court orders relating to the Collateral, including but not limited to those relating to AAA, in order to effectuate the complete transfer to the Trustee of all of FSLA's right, title and interest in and to the Collateral upon entry of the Approval Order.

11. Neither FSLA nor the Trustee will take any action which will create offsets to the Exercise Price or a right by the Purchaser under the Option Agreement to bring an action for damages

against the Trustee or obtain other relief under the Option Agreement. FSLA shall cooperate with and render reasonable assistance to the Trustee (without charge) in connection with the Trustee's investigation and defense of any claim that has been or may be asserted against the Trustee or the Overland estate arising from the activities of FSLA or Old Freedom in connection with the Property or the Collateral, including but not limited to claims made by AAA. The obligations of FSLA and the Trustee under this paragraph will survive delivery of the releases pursuant to paragraph 5 of this Settlement Agreement.

12. Except for any claim asserted pursuant to paragraph 11 or 16 of this Settlement Agreement, FSLA waives any claims against the estates of the Debtors of a priority higher than a general unsecured claim.

13. Except as otherwise set forth herein, the parties reserve all of their rights, claims, demands, and interests against each other or any other party.

14. This Settlement Agreement shall be lodged in the Bankruptcy Court pending public comment following notice of the Settlement Agreement in the Federal Register. The United States will give the Trustee and FSLA notice of and an opportunity to respond to comments made and reserves the right to withdraw or withhold its consent to this Settlement Agreement if the comments, views, and allegations concerning the Settlement Agreement disclose facts or considerations which indicate that the Settlement Agreement is inappropriate, improper, or inadequate. Following

the comment period, this Settlement Agreement shall be submitted to the Bankruptcy Court for its approval, unless the United States decides to take other action based on the comments, views, or allegations expressed in response to the Federal Register notice. This Settlement Agreement shall become effective upon entry of the Approval Order.

15. The parties consent to the withdrawal of reference, pursuant to 28 U.S.C. § 157(d), solely with respect to any dispute relative to (1) approval of the Settlement Agreement based on the comments, views, and allegations, as stated above, received during the comment period, or (2) the interpretation or fairness of this Settlement Agreement as a matter of laws of the United States other than bankruptcy law. In the event that the reference is withdrawn, the parties agree that the District Court shall retain jurisdiction over this matter for the purpose of interpreting, implementing, modifying, or enforcing the terms of this Settlement Agreement, and for adjudicating disputes between the parties arising under or related to this Settlement Agreement as a matter of laws of the United States other than bankruptcy law.

16. In order to carry into effect the provisions of paragraphs 2 and 3 of this Settlement Agreement, FSLA shall, subject to the provisions of paragraph 1 of this Settlement Agreement, retain a lien on the Property for itself and the EPA under the Mortgage Note and Mortgage to secure the sums due FSLA and the United States under paragraphs 2 and 3 of this Settlement Agreement.

17. If the Bankruptcy Court or District Court does not approve this Settlement Agreement or if the Bankruptcy Court Order or District Court Order approving this Settlement Agreement is reversed or vacated on appeal, review or rehearing, the provisions of this Settlement Agreement shall be null and void and have no effect and the parties shall have the same rights and obligations and be in the same respective positions as if this Settlement Agreement had never been entered into.

18. This Settlement Agreement constitutes the entire agreement of the parties and may not be changed orally but only by a signed writing approved by all courts and regulatory agencies having jurisdiction.

19. This Settlement Agreement shall be binding on the parties hereto, their successors and assigns.

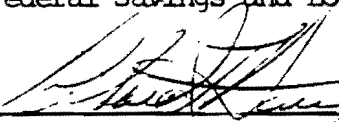
20. Capitalized terms not defined in this Settlement Agreement are used as defined in the Option Agreement.

21. The Trustee is entering into this Settlement Agreement strictly in his capacity as Trustee of the Debtors' Chapter 11 Cases.

22. The parties do not intend to confer the rights of a third party beneficiary at law or equity on any entity not a party to the Settlement Agreement.


Executed as of the date recited above.

FREEDOM SAVINGS AND LOAN ASSOCIATION,
a Federal Savings and Loan Association

By  Date: 10/12/89
Richard L. Harrington Acting
Attorney-in-Fact for the FDIC as
Managing Agent for the RTC
as Conservator

 Date: 10/13/89
CHESTER B. SALOMON,
as Chapter 11 Trustee

UNITED STATES OF AMERICA

By:  Date: 6-4-90
RICHARD B. STEWART
Department of Justice
Assistant Attorney
General
Environment and Natural Resources
Division

BY: OTTO G. OBERMAIER
United States Attorney for the
Southern District of New York

BY: _____ Date: _____
Name: _____
Assistant United States Attorney
One St. Andrews Plaza
New York, NY 10007

BY: Alan S. Tenenbaum Date: 5/7/90

JOEL GROSS
ALAN S. TENENBAUM
Department of Justice
Environmental Enforcement
Section
P.O. Box 7611
Ben Franklin Station
Washington, D.C. 20004

James M. Strock Date: 3/2/90

JAMES M. STROCK
Assistant Administrator
For Enforcement and Compliance
Monitoring, United States
Environmental Protection Agency

BY: Edwin B. Erickson Date: 12/29/89

EDWIN B. ERICKSON
Regional Administrator
Region III, United States
Environmental Protection Agency

BY: Alan S. Tenenbaum Date: 5/7/90


FOR
Associate Solicitor
Division of Conservation
and Wildlife
Department of the Interior

BY: Thomas A. Campbell Date: 4/17/90

THOMAS A. CAMPBELL
General Counsel
National Oceanic and
Atmospheric Administration,
Department of Commerce

COMMONWEALTH OF PENNSYLVANIA,
DEPARTMENT OF ENVIRONMENTAL
RESOURCES, individually and as
trustee of the natural resources
of the Commonwealth of
Pennsylvania

BY:


Norman G. Matlock
Assistant Counsel
Office of Chief Counsel

Date:



Exhibit A to Settlement Agreement
dated as of October 13, 1989

Contracts for the Sale of Collateral

	<u>Date</u>	<u>Purchaser</u>	<u>Description</u>
a	1/19/88	Bruga Corporation	
b	1/5/88	Ec Re Con, Inc.	#5
c	1/5/88	Universal Process Equipment	
d	11/23/87	KDB International	#3
e	11/19/87	Ec Re Con, Inc.	#4
f	11/19/87	Ec Re Con, Inc.	#3
g	11/19/87	Ec Re Con, Inc.	#2
h	11/19/87	Ec Re Con, Inc.	#1
i	9/25/87	KDB International	#2
j	9/25/87	KDB International	#1
k	8/5/87	Cleveland Wrecking Corp.	

EXHIBIT B

TO ALL TO WHOM THESE PRESENTS SHALL COME OR MAY CONCERN,
KNOW THAT Chester B. Salomon, as Trustee of the estates of Overland Corporation, a Pennsylvania corporation, Cuyahoga Wrecking Corporation, a Florida corporation; Cuyahoga Equipment Corporation, a Florida corporation; Cuyahoga Equipment Corporation, an Illinois corporation; Cuyahoga Wrecking Co., Inc., an Ohio corporation; Cuyahoga Wrecking Corporation, an Illinois corporation; Cuyahoga Wrecking Corporation, a Michigan corporation; Wrecking Corporation of America, an Illinois corporation; Wrecking Corporation of America, an Ohio corporation; Cuyahoga Wrecking Corporation of America; Cleveland Demolition Co., Inc.; Jordan Foster Scrap Corp; and Rolyat Holding Corp. (collectively the "Debtors") (the "RELEASOR"), releases and discharges Freedom Savings & Loan Association, a stock savings and loan association chartered under the laws of the State of Florida ("Old Freedom"), Freedom Savings and Loan Association, a Federal Savings and Loan Association ("New Freedom"), the Federal Home Loan Bank Board, the Federal Savings and Loan Insurance Corporation, individually, as Receiver of Old Freedom and as Conservator of New Freedom, the Resolution Trust Corporation, individually and as Conservator of New Freedom, the Federal Deposit Insurance Corporation, individually and as manager of the Conservatorship of New Freedom, and each of them (the "RELEASEES") and RELEASEES' heirs, executors, administrators, successors and assigns from all actions, causes of action, suits,

debts, dues, sums of money, accounts, reckonings, bonds, bills, specialties, covenants, contracts, controversies, agreements, promises, variances, trespasses, damages, judgments, extents, executions, claims, and demands whatsoever, in law, admiralty or equity, which against the RELEASEES, the RELEASOR, the Debtors, the debtors-in-possession, and their estates, RELEASOR'S heirs, executors, administrators, successors and assigns ever had, now have or hereafter can, shall or may, have for, upon, or by reason of any matter, cause or thing whatsoever from the beginning of the world to the day of the date of this RELEASE (a) in any way relating to (i) Overland Corporation, (ii) the purchase of common and preferred stock of Old Freedom by the Debtors or (iii) the real property located at Delaware Avenue and Packer Avenue, Philadelphia, Pennsylvania, or the personal property located thereon or associated therewith, formerly owned by Publicker Industries, Inc. (the "Property"), (b) under any state or federal law or regulation, under any federal or state common law or otherwise with respect to environmental conditions at the Property, including any rights to indemnification, contribution or reimbursement under 42 U.S.C. §9601 et seq., 35 Pa. Stat. §6020 et seq. (1988) or otherwise, or (c) under 506(c) of the Bankruptcy Code, 11 U.S.C. §506(c), including, but not limited to any recovery from the Collateral (as defined in the Settlement Agreement dated as of October 13, 1989 among New Freedom, the Releasor, the United States of America, on behalf of the Environmental Protection Agency, the Department of the Interior and the Department of

Commerce, National Oceanic and Atmospheric Administration and the Commonwealth of Pennsylvania, acting by and through the Department of Environmental Resources the "Settlement Agreement").

This RELEASE does not release the obligations of any RELEASEE under the Settlement Agreement. The RELEASOR retains his claims, if any, against FSLA arising out of (a) any sale of Collateral, as defined in the Settlement Agreement, not covered by consent orders with United States Environmental Protection Agency and (b) any entrance by FSLA or any of its employees, agents, licensees, contractors or invitees (other than Pier 72 1/2 Associates) onto the Property not expressly authorized by the Trustee or by court order, whether or not such entrance is for the purpose of removing Collateral.

This RELEASE may not be changed orally.

IN WITNESS WHEREOF, the RELEASOR has hereunto set
RELEASOR'S hand and seal on the day of , 1989.

Chester B. Salomon, as Trustee

STATE OF)
 : ss.:
COUNTY OF)

On the day of , 1989, before me personally
came Chester B. Salomon, to me known and known to me to be the
individual described in and who executed the foregoing instrument,
and duly acknowledged to me that he executed the same as Trustee.

Notary Public

(Notarial Seal)

RELEASE

TO ALL TO WHOM THESE PRESENTS SHALL COME OR MAY CONCERN,
KNOW THAT Freedom Savings & Loan Association, a Federal Savings
and Loan Association (the "RELEASOR"), releases and discharges
Overland Corporation and Chester B. Salomon as Chapter 11 Trustee
of the estate of Overland Corporation (the "RELEASEE"), RELEASEE'S
heirs, executors, administrators, successors and assigns from all
actions, causes of action, suits, debts, dues, sums of money,
accounts, reckonings, bonds, bills, specialties, covenants,
contracts, controversies, agreements, promises, variances,
trespasses, damages, judgments, extents, executions, claims, and
demands whatsoever, in law, admiralty or equity, which against
the RELEASEE, the RELEASOR, RELEASOR'S heirs, executors,
administrators, successors and assigns ever had, now have or
hereafter can, shall or may, have for, upon, or by reason of any
matter, cause or thing whatsoever from the beginning of the world
to the day of the date of this RELEASE: (a) in any way relating
to (i) Overland Corporation, (ii) the purchase of common and
preferred stock of Old Freedom by the Debtors (to the extent that
RELEASOR succeeded to such claims which RELEASOR does not
acknowledge) or (iii) the real property located at Delaware Avenue
and Packer Avenue, Philadelphia, Pennsylvania or the personal
property located thereon or associated therewith, formerly owned

by Publicker Industries, Inc. (the "Property"), or (b) under any state of federal environmental law or regulation, under federal or state common law, or otherwise with respect to environmental conditions at the Property, including any rights to indemnification, contribution or reimbursement under 42 U.S.C. §9601 et seq., 35 Pa. Stat. §6020 et seq. (1988) or otherwise.

This RELEASE does not release the obligations of the RELEASEE under the Settlement Agreement dated as of October 13, 1989 among the RELEASOR, the RELEASEE, the United States of America on behalf of the United States Environmental Protection Agency, the Department of Interior and the Department of Commerce, National Oceanic and Atmospheric Administration and the Commonwealth of Pennsylvania, acting by and through the Department of Environmental Resources (the "Settlement Agreement") and the Option Agreement (as defined therein) and nothing contained herein is intended to operate as a satisfaction or release of that certain mortgage dated May 30, 1986 from Overland Corporation to Releasor, recorded June 2, 1986 in the Department of Records in and for the City of Philadelphia, Commonwealth of Pennsylvania, in Mortgage Book F.H.S. 0592, page 380. The RELEASOR retains its claims, if any, against RELEASEE arising out of any action by the RELEASEE relating to the Property after the date hereof.

This RELEASE may not be changed orally.

IN WITNESS WHEREOF, the RELEASOR has caused this RELEASE
to be executed by its duly authorized officers and its corporate
seal to be hereunto affixed on , 1989.

FREEDOM SAVINGS AND LOAN ASSOCIATION

By

Name:

Title:

STATE OF

, COUNTY OF

On 19 before me
personally came to me known, who, by me duly sworn,
did depose and say that deponent resides at
that deponent is the of
the corporation described in, and which
executed the foregoing RELEASE, that deponent knows the seal of
the corporation, that the seal affixed to the RELEASE is the
corporate seal, that it was affixed by order of the board of
of the corporation; and that deponent signed deponent's
name by like order.

.....

CERTIFICATE

Pursuant to paragraph 8(a) of that certain Settlement Agreement made the 13th day of October, 1989 by and between Freedom Savings and Loan Association, a Federal Savings and Loan Association ("FSLA"), Chester B. Salomon, as Chapter 11 trustee, the United States of America on behalf of the United States Environmental Protection Agency, the Department of the Interior and the Department of Commerce, National Oceanic and Atmospheric Administration and the Commonwealth of Pennsylvania, acting by and through the Department of Environmental Resources, individually and as trustee of the natural resources of the Commonwealth of Pennsylvania (the "Settlement Agreement"), FSLA hereby certifies that the representations and warranties of FSLA set forth in paragraph 6 of the Settlement Agreement are true and correct of the date hereof.

Dated: _____, 19__

FREEDOM SAVINGS AND LOAN ASSOCIATION

By _____
Name:
Title:

6055

CARTER, LEDYARD & MILBURN

COUNSELLORS AT LAW

2 WALL STREET

NEW YORK, N.Y. 10005

TELEPHONE (212) 732-3200

DEVEREUX MILBURN
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STANLEY F. REED, JR.
COUNSEL

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(212) 732-8893

TELEX 226609 CLM UR

CABLE ADDRESS
"LEDYARD" NEWYORK

April 21, 1989

JOHN K. ARMSTRONG
HOWARD J. BARNET, JR.
CHARLES L. BROCK
WILLIAM A. CAMERON
JEROME J. CAULFIELD
BERNARD CEDARBAUM
JEROME J. COHEN
RICHARD B. COVEY
FRANCIS M. ELLIS
ROBERT S. ERSKINE, JR.
MICHAEL I. FRANKEL
JAMES GADSDEN
PETER P. MCN. GATES
STEVEN J. GLUSBAND
ROBERT R. GREW
BETH D. JACOB
M. DAVIS JOHNSON
JACK KAPLAN
JEREMIAH J. MCINTYRE, JR.
ROBERT A. MCTAMANEY
GEORGE MINKIN
VINCENT MONTE-SANO
NEIL R. PEARSON
JAMES W. RAYHILL
ROBERT M. RIGGS
JOSEPH M. RYAN
ROBERT R. SALMAN
HEYWOOD SHELLEY
LEO SILVERSTEIN
JOHN C. SPARKMAN
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Susan Johnston, Esq.
Assistant United States
Attorney
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New York, New York 10007

Alan S. Tenenbaum, Esq.
Department of Justice
Environmental Enforcement
Section
P. O. Box 7611
Ben Franklin Station
Washington, D.C. 20004

Re: Publicker

Gentlemen and Madam:

Enclosed is a redraft of the Settlement Agreement incorporating proposed resolutions of the points raised at our meeting of April 6, 1989. This draft has been reviewed by the Credit Committee of Freedom Savings and Loan Association, but is subject to further review by the regulatory authorities.

Sincerely,


James Gadsden

JG/ad
Enclosure

cc: James C. Robinson, Esq.
Robert A. Gellman, Esq.
Martha McClellan, Esq.

90-11-3-442
DEPT. OF JUSTICE
LANDS DIV.
APR 26 1989
ENFORCEMENT Record 42

Marked Show Changes
from Version of 3/9/89
[] = Addition
= Change
A = Deletion

Revised 4/21/89

SETTLEMENT AGREEMENT

Agreement made this day of , 1989 by and between Freedom Savings and Loan Association, a mutual savings and loan association organized under the laws of the United States ("FSLA"), Chester B. Salomon, as Chapter 11 trustee (the "Trustee") of the estates of Overland Corporation, a Pennsylvania corporation ("Overland"), Cuyahoga Wrecking Corporation, a Florida corporation; Cuyahoga Equipment Corporation, a Florida corporation; Cuyahoga Equipment Corporation, an Illinois corporation, Cuyahoga Wrecking Co., Inc., an Ohio corporation; Cuyahoga Wrecking Corporation, an Illinois corporation; Cuyahoga Wrecking Corporation, a Michigan corporation; Wrecking Corporation of America, an Illinois corporation; Wrecking Corporation of America, an Ohio corporation; Cuyahoga Wrecking Corporation of America; Cleveland Demolition Co., Inc.; Jordan Foster Scrap Corp; and Rolyat Holding Corp. (collectively the "Debtors") in Chapter 11 Cases pending in the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court") as Case No. 86-B-12206 (PBA) (Jointly Administered) (the "Chapter 11 Cases"), the United States of America on behalf of the United States Environmental Protection Agency, the Department of the Interior and the Department of Commerce, National Oceanic and Atmospheric Administration ("United States"); and the Commonwealth of Pennsylvania, acting by and through the Department of Environmental Resources ("DER").

RECITALS

This Settlement Agreement is made with reference to the following facts:

(a) Pursuant to an Acquisition Agreement dated as of July 23, 1987, FSLA is the successor to the interest of Freedom Savings & Loan Association, a stock savings and loan association organized under the laws of the State of Florida ("Old Freedom"; together with FSLA, the "Association") under the Mortgage Note, the Mortgage, the Personal Property Note and the Security Agreement (hereinafter defined);

(b) Pursuant to a Mortgage and Security Agreement dated May 30, 1986, FSLA, as successor to Old Freedom, claims a first mortgage (the "Mortgage") on certain property (the "Property") situated in Philadelphia, Pennsylvania and more particularly described in the Option Agreement (hereinafter defined) to secure a note in the original principal amount of \$2,700,000 (the "Mortgage Note");

(c) The Property was owned by Overland prior to commencement of the Chapter 11 Cases and continues to be owned by Overland;

(d) Pursuant to a Loan and Security Agreement dated March 31, 1986 (the "Security Agreement"), FSLA, as successor to Old Freedom, claims a first priority security interest (the "Security Interest") in inventory of Overland including but not limited to, scrap metals, other scrap material, and any other property in the possession of Overland located at the Property

as more fully described in the Security Agreement (the "Collateral") and in proceeds from the sale of the Collateral now being held by FSLA in a special account pursuant to an order of the Bankruptcy Court dated July 7, 1987 (collectively, the "Proceeds") to secure a note in the original principal amount of \$4,000,000 (the "Personal Property Note");

(e) Prior to the commencement of the Chapter 11 Cases, Old Freedom commenced litigation in the Court of Common Pleas of the Commonwealth of Pennsylvania to foreclose on the Mortgage and Security Agreement and hired private investigators to maintain surveillance of the Property. Subject to the right of the Trustee and Harris Bank & Trust Company ("Harris"), which claims a second mortgage on the Property to access to the Property.

(f) On February 13, 1987, when it learned that the Debtors intended to withdraw all security from the Property and that Collateral was being removed from the Property, Old Freedom made a motion for relief from the automatic stay of Bankruptcy Code §362 and the Bankruptcy Court entered an order dated February 13, 1987 granting Old Freedom exclusive control of access to the Property, subject to the right of the Trustee and Harris Bank & Trust Company ("Harris"), which claims a second mortgage on the Property to access to the Property.

(g) On February 23, 1987, Old Freedom moved for relief from the automatic stay to permit the sale of certain scrap at the Property and to continue its control over access to the Property. That motion was granted by an order of the Bankruptcy Court dated

February 23, 1987 authorizing Old Freedom to sell scrap and to hold the proceeds in a separate interest bearing account. The February 23, 1987 order also continued Old Freedom's exclusive control of access to the Property (subject to the rights of the Trustee and Harris) pending further order of the Bankruptcy Court.

(h) The February 13, 1987 Order was amended by an order of the Bankruptcy Court dated July 23, 1986 to the extent necessary to grant access to Publicker Industries, Inc. ("Publicker") to perform certain activities at the Property pursuant to a consent order with the EPA in accordance with a Right of Access agreement executed by the Trustee without objection by Old Freedom pursuant to the July 23, 1987 Order.

(i) On March 13, 1987, Old Freedom moved before the Bankruptcy Court for an order lifting the automatic stay of Section 362 of the Bankruptcy Code to permit ^{Old Freedom} ~~FOIA~~ to foreclose on the Mortgage and the Security Interest;

(j) The Trustee filed a Response to Old Freedom's motion for relief from the automatic stay asserting defenses to the validity of the Mortgage and Security Interest based in part on the purchase by the Debtors of shares of the common and preferred stock of Old Freedom. Prior to the resolution of the motion for relief from stay, Old Freedom and the Trustee agreed to cooperate on a joint marketing program for the disposition of the Property. In connection with those efforts to sell the Property and earlier efforts by Old Freedom to realize on its Mortgage and Security Interest, representatives of the Association

engaged in discussions with a number of parties concerning the sale or lease of all or a portion of the Property, including negotiations which resulted in a lease of a portion of the Property known as the Thermice Building to Pier 72 1/2 Associates.

(k) When the EPA commenced its response action or about December 8, 1987, the EPA placed its own locks on the perimeter gates and has employed its own guards and fire patrol on a twenty-four hour basis. Neither FSLA nor its guard service were given keys to these locks.

(l) On February 1, 1988, FSLA moved for an order modifying the February 13 and February 29, 1987 orders. By an order of the Bankruptcy Court dated February 23, 1988, the exclusive control of access to the Property granted to FSLA by the Bankruptcy Court's orders dated February 13 and February 29, 1987 was terminated. FSLA was relieved of responsibility for control of access to the Property, was authorized to withdraw its guard service effective upon entry of that order and withdrew its guard service.

(m) Pursuant to a Stipulation and Order approved by the Bankruptcy Court on July 7, 1987, Old Freedom was authorized to sell the Collateral. Antonaccio Services, Inc. was authorized to be retained to sell the Collateral pursuant to a Retention Agreement which was approved by the Bankruptcy Court by an order dated August 19, 1987. Pursuant to the authority granted by the Stipulation and Order, the Association has sold certain collateral pursuant to the contracts itemized in Exhibit A, copies of which

have been received and reviewed by representatives of the United States.

^(n) Since June, 1987, the United States and DER have had representatives at the Property, have conducted investigations and have determined that there were or are releases and threatened releases of hazardous substances at the Property within the scope of the Comprehensive Environmental Response, Compensation, and Liability Act ("CERCLA"), 42 U.S.C. § 9601 et seq. The Property is currently the subject of response actions under CERCLA (the "Response Actions") that are being conducted by the United States, on account of which the United States and DER have incurred response costs in excess of \$4.1 million and will continue to incur additional response costs. The Property is currently being considered by the United States for inclusion on the National Priorities List established pursuant to Section 105 of CERCLA;

(o) On March 18, 1988, AAA Warehousing, Inc. ("AAA") moved in the Bankruptcy Court for an order permitting it to remove from the Property certain tanks, rail tank cars and other property which it claimed to have purchased from Publicker prior to Publicker's sale of the Property to Overland. AAA also sought access to certain portions of the Property pursuant to a lease between AAA and Overland. On March 31, 1988, FSLA filed an objection to AAA's motion. On August 9, 1988, a Stipulation and Order, which had been entered into by the Trustee, AAA and FSLA was signed by the Bankruptcy Court permitting AAA to remove from the Property certain tanks, rail tank cars and other property

subject to the terms of the Stipulation and Order and the consent of the EPA. Since August 9, 1988, FSLA has monitored the activities of AAA with respect to the Property in order to insure AAA's compliance with the terms of the Stipulation and Order.

(p) The Trustee entered into an Option Agreement (as amended, the "Option Agreement") dated as of May 27, 1988 with Delaware Avenue Enterprises, Inc. (the "Optionee") for the acquisition by the Optionee of an option (the "Option") to purchase the Property. The Option Agreement was approved by the Bankruptcy Court by an order dated July 19, 1988 (the "Court Order");

(q) On June 9, 1988, and September 9, 1988, the Optionee paid to the Trustee \$400,000 and \$1,200,000 (the total of \$1,600,000 being referred to as the "Option Deposits"), respectively, pursuant to the Option Agreement. On September 14, 1988,

the interest earned on the first Option Deposit was paid to the Optionee pursuant to the Option Agreement. The Option Deposits and the interest earned thereon were held by the Trustee in an interest bearing account until invested in a Certificate of Deposit which matured on March 16, 1989 yielding a total of \$1,661,193.50, including interest. After deduction of the interim fees and reimbursement of expenses awarded to the Trustee and his counsel, the balance of \$1,472,538.89 was invested in a certificate of deposit bearing interest of 9 3/4% maturing June 16, 1989 (the "Certificate of Deposit");

(r) The Trustee and FSLA entered into a Settlement Agreement dated July 12, 1988 (the "First Settlement"), which

~~provided for the disposition of the Option Deposits and all other~~
sums payable under the Option Agreement (the "Option Proceeds"),
subject to approval by the Bankruptcy Court;

(s) The United States filed an objection dated July
18, 1988 to approval by the Bankruptcy Court of the First Settle-
ment, asserting a claim to the Option Proceeds under Section
506(c) of the Bankruptcy Code;

(t) DER objects to approval of the First Settlement
and asserts a claim to the Option Proceeds;

(u) FSLA contests the right of the United States and
DER to assert any claim to the Option Proceeds;

(v) In consideration of the mutual covenants contained
herein, the Trustee and FSLA desire to settle their controversies
and their respective obligations pursuant to the Option Agreement,
and FSLA, the United States and DER desire to settle their con-
troversies and their respective obligations relating to the
Property and the Option Proceeds on the terms and conditions set
forth herein. This Settlement Agreement is entered into to settle
disputed issues of fact and law. The execution of this Settlement
Agreement and the terms hereof shall not be construed as an
admission of liability or any other concession on the part of any
party.

TERMS AND CONDITIONS

NOW THEREFORE, in consideration of the premises and of
the covenants herein contained, the Trustee, FSLA, the United
States, and DER agree as follows:

1. The Mortgage and Security Interest are deemed valid and enforceable, provided that the priority of the Mortgage and Security Agreement with respect to the Option Agreement shall be governed by the Option Agreement and the Court Order. Subject to verification of the principal amount advanced, interest accrued and any credits for funds recovered, FSLA's claim against Overland and FSLA's claims against Cuyahoga Equipment Corporation and Cuyahoga Wrecking Corporation are allowed.

2. All sums received on account of any disposition of the Property (including but not limited to entering into the Option Agreement or any additional option agreements) shall be distributed as follows:

a) The Option Deposits, the interest accruing on the Option Deposits pending payment of the Option Deposits in accordance with the terms of this Settlement Agreement (the "Option Interest") and consideration paid for any extensions of the Option Period (as defined in the Option Agreement) (the "Extension Price"):

first, \$40,000 of the Option Interest accrued to March 9, 1989 to DER;

second, \$40,000 of the Option Interest to the United States;

third, any remaining Option Interest to be divided equally between the United States and FSLA;

fourth, the sum of \$100,000 to FSLA to reimburse it for its reasonable costs incurred in hiring security

guards and repairing fences at the Property prior to the date hereof;

fifth, \$300,000 (less the interim fees and reimbursement of expenses paid in March, 1989) of the Option Deposits and the Extension Price to the Trustee on behalf of the Overland bankruptcy estate, subject to further order of the Bankruptcy Court; and

sixth, the balance of the Option Proceeds and the Extension Price to be divided equally between the United States and FSLA.

b) The Exercise Price (as defined in the Option Agreement), net of any offsets, and other claims as provided in paragraph 7 thereof, payable upon closing of the exercise of the Option ("Option Closing") if any, and any other funds derived from any disposition of the Property or an interest therein, not otherwise provided for:

first, to reimburse the Trustee for (a) the actual and necessary costs incurred prior to receipt of the proceeds from a disposition in maintaining security at the Property, to the extent and in the event that security is not maintained by the United States, the Optionee or any other party, and (b) his reasonable legal fees and disbursements of counsel in connection with the disposition; and

second, to be divided equally between FSLA and the United States.

3. FSLA shall be entitled to 100% of the proceeds from the sales of Collateral and rental of the Property or any portion thereof prior to the entry of the Bankruptcy Court order approving this Settlement Agreement and shall also be entitled to 100% of the proceeds from the sale of Collateral on deposit in the Special Account.

4. Upon the maturity of the Certificate of Deposit, the Trustee will reinvest the proceeds thereof in an interest bearing account to be held until the proceeds are distributed pursuant to an order of the Bankruptcy Court approving this Settlement Agreement.

5. Within 10 days of the entry of a Bankruptcy Court Order approving this Settlement Agreement:

(a) The Trustee shall pay DER's portion of the Option Interest to DER.

(b) The Trustee shall pay FSLA's portion of the Option Interest and Option Deposits to FSLA.

(c) The Trustee shall pay the United States' portion of the Option Interest and Option Deposits to the United States.

(d) The Trustee shall execute and deliver to FSLA a release in substantially the form attached hereto as Exhibit B.

(e) FSLA shall execute and deliver to the Trustee a release in substantially the form attached hereto as Exhibit C.

(f) The parties will execute in four counterparts a recordable memorandum of this Settlement Agreement in the form attached hereto as Exhibit D (the "Memorandum"). Any party may

thereafter cause the memorandum to be filed in the real estate records relating to the Property.

(g) FSLA may terminate the Special Account and retain the balance on hand as its own funds free and clear of any claim by the Trustee, the United States, the DER or any other party.

All payments to FSLA will be made by wire transfer to A.B.A. No. 263-186-541, Att: Commercial Operations for Loan No. 994186-48000.

All payments to the United States shall be mailed to United States Environmental Protection Agency -- Region 3, Attn: Superfund Accounting, P.O. Box 360515M, Pittsburgh, PA 15251 with copies of the transmittal of payment to be sent to Regional Hearing Clerk (3RC00), U.S. Environmental Protection Agency, 841 Chestnut Building, Philadelphia, PA 19107, and the United States Attorney for the Southern District of New York, One St. Andrews Plaza, New York, New York 10007, Attn: Susan Johnston.

6. FSLA hereby represents and warrants that it (i) has taken no actions with respect to physical activity at the Property other than those already described herein and inspection of the Property, hiring of security ~~of~~ guards and providing for the repair and/or maintenance of fencing to secure the Property, and (ii) that it is the successor-in-interest to all rights and interests of Old Freedom under the Mortgage and Mortgage Note and that Old Freedom holds no continuing interest in the Mortgage, Mortgage Note, or any other interest that may affect the Property.

7. Upon the entry of a Bankruptcy Court Order approving this Settlement Agreement, the United States shall be deemed to have withdrawn its objection dated July 18, 1988 containing its claim to the Option Proceeds pursuant to 11 U.S.C. § 506(c).

8. Effective upon receipt by the United States and DER of payments by the Trustee of their respective portions of the Option Deposits and the Option Interest and in reliance upon FSLA's representations and warranties contained in paragraph 6 of this Settlement Agreement, the United States and DER covenant not to commence a civil judicial or administrative action against FSLA,

Old Freedom, the Federal Home Loan Bank Board, the Federal Savings and Loan Insurance Corporation, individually, as Receiver of Old Freedom or Conservator of FSLA, the Federal Deposit Insurance Corporation, individually or as manager of the Conservatorship of FSLA, or any of them ("Freedom") under the Comprehensive

Environmental Response, Compensation, and Liability Act ("CERCLA"), 42 U.S.C. §§ 9601 et seq., and the Resource Conservation and Recovery Act ("RCRA"), 42 U.S.C. §§ 6901 et seq., Section 506(c) of the Bankruptcy Code, 11 U.S.C. §§ 506(c), and [add pertinent Pennsylvania State laws] (a) arising from Freedom's liens and claims against the Property or actions with respect to the Property

taken or existing at any time prior to and including the date of this Settlement Agreement or (b) FSLA's retention of the Mortgage

Note and Mortgage or enforcement by FSLA or any successor to the interest of FSLA of its rights under the Mortgage Note and Mortgage pursuant to paragraph 15 of this Settlement Agreement or its

?

rights under the Option Agreement. ^ ~~This covenant not to sue~~
shall not limit or affect the response, access, or information
gathering authority of the United States or DER. This covenant
not to sue shall not affect any claims which the United States or
DER may have against any parties other than ^ Freedom or to any
future conduct by FSLA or any successor to the interest of FSLA
not authorized by subparagraph (b) of this paragraph.

^ 9. Effective as of the exchange of releases described
in paragraphs ^ 5(d) and ^ 5(e) above and the receipt by FSLA of its
portion of the Option Deposits and Option Interest, FSLA surrenders
all its right, title and interest in and to the Collateral to the
Trustee, subject to the rights of any third parties under any
executory contracts for the sale of any of the Collateral.
Promptly after the execution of this Settlement Agreement, FSLA
and the Trustee will join in any necessary motion to the Bankruptcy
Court to terminate or modify the July 7, 1987 Stipulation and
Order, the August 11, 1987 Retention Order and all other court
orders relating to the Collateral, including but not limited to
those relating to AAA Warehousing, in order to effectuate the
complete transfer to the Trustee of all of FSLA's right, title
and interest in and to the Collateral.

^ 10. Neither FSLA nor the Trustee will take any action
which will create offsets to the Exercise Price or a right by the
Purchaser under the Option Agreement to bring an action for damages
against the Trustee or obtain other relief under the Option
Agreement. The obligations of FSLA and the Trustee under this

paragraph will survive delivery of the releases pursuant to paragraph 5 of this Settlement Agreement.

11. Except for any claim asserted pursuant to paragraph 15 of this Settlement Agreement, FSLA waives any claims against the estates of the Debtors of a priority higher than a general unsecured claim.

12. Except as otherwise set forth herein, the parties reserve all of their rights, claims, demands, and interests against each other or any other party.

13. This Settlement Agreement shall be lodged in the Bankruptcy Court pending public comment following notice of the Settlement Agreement in the Federal Register. The United States will give the Trustee and FSLA notice of and an opportunity to respond to comments made and reserves the right to withdraw or withhold its consent to this Settlement Agreement if the comments, views, and allegations concerning the Settlement Agreement disclose facts or considerations which indicate that the Settlement Agreement is inappropriate, improper, or inadequate. Following the comment period, this Settlement Agreement shall be submitted to the Bankruptcy Court for its approval, unless the United States decides to take other action based on the comments, views, or allegations expressed in response to the Federal Register notice. This Settlement Agreement shall become effective upon the entry of a Bankruptcy Court Order approving this settlement.

14. The parties consent to the withdrawal of reference, pursuant to 28 U.S.C. § 157(d), solely with respect to any dispute

if order is
stayed.
vacated
or reversed
the parties
of their
settlement
is void &
has no effect
the parties
have the long
rights as it
into the estate

relative to (1) approval of the Settlement Agreement based on the comments, views, and allegations, as stated above, received during the comment period, or (2) the interpretation or fairness of this Settlement Agreement as a matter of laws of the United States other than bankruptcy law. In the event that the reference is withdrawn, the parties agree that the District Court shall retain jurisdiction over this matter for the purpose of interpreting, implementing, modifying, or enforcing the terms of this Settlement Agreement, and for adjudicating disputes between the parties arising under or related to this Settlement Agreement as a matter of laws of the United States other than bankruptcy law.

15. In order to carry into effect the provisions of paragraphs 2¹ and 3¹ of this Settlement Agreement, FSLA shall, subject to the provisions of paragraph 1 of this Settlement Agreement, retain a lien on the Property for itself and the EPA under the Mortgage Note and Mortgage¹ to secure the sums due FSLA and the United States under paragraphs 2¹ and 3¹ of this Settlement Agreement.

16. This Settlement Agreement constitutes the entire agreement of the parties and may not be changed orally.

17. This Settlement Agreement shall be binding on the parties hereto, their successors and assigns.

18. Capitalized terms not defined in this Settlement Agreement are used as defined in the Option Agreement.

19. The Trustee is entering into this Settlement Agree-

ment strictly in his capacity as Trustee of the Debtors' Chapter 11 Cases.

20. To the extent not determined by federal environmental or bankruptcy law or the environmental laws of the Commonwealth of Pennsylvania applicable to the Property, this Settlement Agreement and the documents delivered pursuant to this Settlement Agreement shall be governed by the laws of the State of New York, without reference to its principles of conflict of laws.

Executed as of the date recited above.

FREEDOM SAVINGS AND LOAN ASSOCIATION

By _____
Name:
Title:

CHESTER B. SALOMON,
as Chapter 11 Trustee

UNITED STATES OF AMERICA

BY: _____
DONALD A. CARR
Department of Justice
Acting Assistant Attorney General
Land & Natural Resources Division

BY: BENITO ROMANO
United States Attorney for the
Southern District of New York

BY:

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EDWARD E. REICH
Acting Assistant Administrator
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Monitoring, United States
Environmental Protection Agency

BY:

STANLEY L. LASKOWSKI
Acting Regional Administrator
Region III, United States
Environmental Protection Agency

Edwin
Erickson
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