

*Charter Financial - E. Alford*

ALVORD AND ALVORD  
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ELIAS C. ALVORD (1942)  
ELLSWORTH C. ALVORD (1964)

RECORDATION NO. 20671 FILED

MAY 5 '97 2-50PM

RECORDATION NO. 20671 FILED  
OF COUNSEL  
URBAN P. ESTERNA

MAY 5 '97 2-50PM

May 5, 1997

Mr. Vernon A. Williams  
Secretary  
Surface Transportation Board  
Washington, D.C. 20423

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are two copies each of a Purchase Money Security Agreement Number: 3200 and a Security Agreement, both dated April 21, 1997, the first a primary document and the other a secondary document as defined in the Board's Rules for the Recordation of Documents.

The names and addresses of the parties to the enclosed documents are:

Purchase Money Security Agreement Number: 3200

Debtor: Belvidere Delaware River Railroad Company, Inc.  
P.O. Box 200 (105 John Ringo Road)  
Ringoes, NJ 08551

Secured Party: Charter Financial, Inc.  
153 East 53<sup>rd</sup> Street, 55<sup>th</sup> Floor  
New York, NY 10022

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RECEIVED  
SURFACE TRANSPORTATION BOARD

Mr. Vernon A. Williams  
May 5, 1997  
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Security Agreement

Obligor: Bound Brook & Raritan River Railroad  
Company, Inc.  
P.O. Box 200 (105 John Ringo Road)  
Ringoes, NJ 08551

Secured Party: Charter Financial, Inc.  
153 East 53<sup>rd</sup> Street, 55<sup>th</sup> Floor  
New York, NY 10022

A description of the railroad equipment covered by the enclosed documents are:

As to the Purchase Money Security Agreement Number: 3200: One (1) EMDGP-9 locomotive bearing the reporting mark and road number BDRV 1849.

As to the Security Agreement: Two (2) EMD Diesel locomotives, one bearing the reporting mark and road number BVMY 8202 and the other one bearing the reporting mark and road number BRW 752.

Also enclosed is a check in the amount of \$48.00 payable to the order of the Surface Transportation Board covering the required recordation fee.

Kindly return one stamped copy of the enclosed documents to the undersigned.

Very truly yours,



Robert W. Alvord

RWA/bjg  
Enclosures



any part of the Collateral is a motor vehicle) by insurers satisfactory to Secured Party, and shall deliver to Secured Party a fully paid policy or policies of insurance properly endorsed in favor of Secured Party. The Debtor hereby irrevocably appoints the Secured Party as its attorney-in-fact, to institute any action or proceeding necessary or proper for the recovery and collection of any moneys that may become due under the aforesaid policies of insurance and to discharge, compound or release any claims and to execute, acknowledge and deliver any instruments under said policies of insurance and further to endorse the name of the Debtor to any check, draft or other instrument given in payment or in liquidation of any claim under the said policies of insurance, and to perform every other act and thing under said policies of insurance; (7) Debtor will permit Secured Party to inspect the Collateral at any time; (8) Loss, theft, damage, destruction or seizure of the Collateral shall not relieve the Debtor from the payment of any indebtedness secured hereby; (9) The Collateral is not now and will not hereafter be so affixed to realty as to become a part thereof or a fixture except as may be set forth on the schedule annexed; (10) The execution and delivery hereof, if Debtor is a corporation, has been duly authorized by all necessary action of Debtor's directors and shareholders; (11) Secured Party is authorized to execute on Debtor's behalf and file, at Debtor's cost, such financing statements and other instruments or documents as may be necessary to perfect and protect Secured Party's security interest; and (12) In case of Debtor's default in performing any warranty, covenant or undertaking hereunder, Secured Party may (but shall not be obliged to) procure the performance thereof and add the cost thereof, with interest, to the indebtedness secured hereby.

4. The occurrence of any of the following events or conditions shall, at the option of Secured Party and without notice or demand, constitute an event of default hereunder: (1) Default in the due payment of any indebtedness secured hereby; or (2) Failure of Debtor to perform any covenant or undertaking on Debtor's part herein or in any other agreement now existing or hereafter made with Secured Party, or now or hereafter held by Secured Party; or (3) Failure of Obligor to perform any covenant or undertaking on Obligor's part under the Agreement or any other default by Obligor under the Agreement or any other agreement now existing or hereafter made with Secured Party, or now or hereafter held by Secured Party; or (4) Breach of any warranty or falsity of any representation made by Debtor or Obligor to Secured Party; or (5) Attachment or seizure of or levy upon the Collateral; or (6) Institution of any proceeding by or against Debtor or Debtor's business under any bankruptcy or insolvency statute, or Debtor's assignment for benefit of creditors, or the appointment of a receiver for Debtor or the Collateral, or the filing of a tax lien notice against Debtor by any taxing authority; or (7) Reasonable insecurity of Secured Party; or (8) Loss, theft, substantial damage, destruction, sale, encumbrance, concealment, removal, or forfeiture of the Collateral or any material portion thereof.

5. Upon the occurrence of any event of default hereunder or under the Agreement, Secured Party may declare all Obligor's indebtedness secured hereby immediately due and payable, and thereupon Secured Party shall have the right to take possession of the Collateral and shall have all other rights and remedies of a Secured Party under the Uniform Commercial Code. Unless the Collateral is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, Secured Party shall give Debtor reasonable notice of the time and place of any public sale thereof or of the time after which any private sale or other intended disposition thereof is to be made. Debtor agrees that the requirements of reasonable notice shall be met if notice is mailed to Debtor at the address of Debtor shown above not less than five (5) days prior to the sale or other disposition. Secured Party may require Debtor to assemble the Collateral and make it available to Secured Party at a place to be designated by Secured Party which is reasonably convenient to both parties. Secured Party is authorized to maintain, sell, or dispose of the Collateral on the premises of the Debtor. Secured Party's rights and remedies shall be cumulative and not alternative. Debtor agrees that Secured Party may be the purchaser at any public or private sale.

Agreement (iv) to otherwise seek in any manner to protect, defend and enforce Secured Party's rights hereunder or elsewhere contained, or collect any moneys or obligations due Secured Party from Obligor. If Secured Party retains counsel for any of the purposes aforementioned, Debtor agrees to pay reasonable counsel fees and such counsel fees and all disbursements incurred by Secured Party including but not limited to all costs, charges, premiums, fees of Court and Public officers and other disbursements and expenses incurred by Secured Party in connection with the enforcement, proceeding, collection, sale or suit involving any of the aforementioned purposes shall be paid by Debtor on demand; and the amount thereof shall be added to the indebtedness secured by this Security Agreement and shall be secured by the lien given Secured Party by this security instrument.

7. That the Debtor as further additional collateral security, by these presents assigns to the Secured Party all of the Debtor's present and future rights to any and all payments, checks and drafts, now made or hereafter to be made by any insurance company pursuant to any contract of insurance or indemnity now or hereafter in existence regardless of whether or not the Secured Party is named as Secured Party and/or Mortgagee, and/or Loss Payee in said present or future insurance policy or policies. The rights given to the Secured Party hereunder are coupled with an interest and cannot be revoked by the Debtor. Each present and future insurance carrier is hereby authorized and directed to make all payments, drafts and checks payable to Secured Party with the same force and effect as if the same were paid directly to the Debtor.

8. (a) That as further additional collateral security for the repayment of all present and future obligations of Obligor to Secured Party, the Debtor agrees that any security interest (including the security interest created hereunder) and/or mortgage and/or pledge of any property, whether of like or unlike nature, which Secured Party may now or hereafter have in, to and of any of Debtor's present or future property or assets, of any type or nature, shall at all times be and remain additional collateral for the prompt fulfillment by Obligor of all its present and future obligations hereunder or elsewhere contained.

(b) The words, "debts", "liabilities", "indebtedness", "obligations", or "undertakings", whether singular or plural, whether capitalized or not and whether used alone or collectively, whenever used herein shall be deemed to include without limitation all loans, advances, debts, liabilities, undertakings, obligations, guarantees, covenants and duties owing by Obligor to Secured Party or Secured Party's subsidiaries, of every kind and description (whether or not evidenced by any note or other instrument and whether or not for the payment of money), direct or indirect, absolute or contingent, due or to become due, now existing or hereafter arising, including without limitation any undertaking, guarantee, debt, liability or obligation owing from Obligor to others which Secured Party or Secured Party's subsidiaries may have obtained by assignment or otherwise, and further including without limitation, all interest, fees, charges, expenses and attorneys' fees chargeable to Obligor's account or incurred by Secured Party or Secured Party's subsidiaries in connection with Obligor's account whether provided for herein or elsewhere or in any other agreement between Obligor and Secured Party.

9. This Security Agreement shall be made, construed and enforced according to the laws of the State of New York. Waiver of any default shall not constitute waiver of any subsequent or other default. All rights of Secured Party shall inure to the benefit of its successors and assigns, and all obligations of Debtor shall bind his or its heirs, executors, personal representatives, successors and assigns.

10. So long as Obligor is indebted to Secured Party, Debtor will make no loans, advances and guarantees to or for anyone, nor shall Debtor purchase the stock or assets of any other business, nor shall Debtor purchase any of its own stock without first obtaining the written consent of Secured

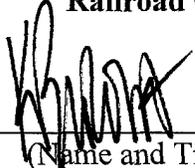
11. Nothing herein contained shall be deemed to change, vacate, modify or terminate any of the obligations of Obligor to Secured Party, or extend the time of payment of any of said obligations wheresoever or however said obligations arise, or decrease or impair any rights or remedies Secured Party may have under any other lien or security instrument or any collateral therein mentioned.

12. The Debtor shall maintain a system of accounts established and administered in accordance with generally accepted accounting principles and practices consistently applied; and within thirty (30) days after the end of each fiscal quarter, deliver to Secured Party a balance sheet as at the end of such quarter and statement of operations for such quarter, and within one hundred and twenty (120) days after the end of each fiscal year, deliver to Secured Party a balance sheet as at the end of such year and statement of operations for such year, in each case prepared in accordance with generally accepted accounting principles and practices consistently applied and certified by Debtor's chief financial officer as fairly presenting the financial position and results of operations of Debtor, and, in the case of year end financial statements, certified, by an independent accounting firm acceptable to Secured Party

13. This Security Agreement shall be deemed to have been made in New York County, N.Y. and shall be governed by the laws of the State of New York except for local recording statutes. As part of the consideration for Secured Party executing this Security Agreement, Debtor agrees that all actions or proceedings arising directly or indirectly from this Security Agreement shall be litigated in courts having situs within the State of New York and the Debtor hereby consents to the jurisdiction of any local, state or federal court located within the State of New York and waives any claim that such forum is inconvenient, and further waives personal service of any and all process upon Debtor herein, and consents that all such service of process shall be made by certified mail, return receipt requested, directed to Debtor at the address hereinabove stated, and service so made shall be complete two (2) days after the same shall have been posted as aforesaid.

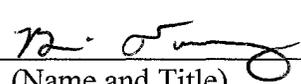
Dated: April 18, 1997

**Debtor: Bound Brook & Raritan River  
Railroad Company, Inc.**

By:  V. President  
(Name and Title)

Kean Burenga - Vice President

**Secured Party: Charter Financial, Inc.**

By:  V.P.  
(Name and Title)

STATE OF New Jersey )  
: s.s.:  
COUNTY OF Hunterdon )

On this 18<sup>th</sup> day of APRIL, 199~~8~~<sup>7</sup> before me, personally appeared Kean Burenga to me personally known, who being by me duly sworn, says that he resides at 48 Broad Street, Flemington, NJ 08822, that he signed the foregoing agreement on the date hereof; and he acknowledges that the execution of the foregoing agreement was his free act and deed.

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

WILLIAM G BYRNE  
NOTARY PUBLIC OF NEW JERSEY  
MY COMMISSION EXPIRES 3 MAR 2002

(SEAL)

STATE OF New York )  
: s.s.:  
COUNTY OF New York )

On this 21st day of April, 199~~8~~<sup>7</sup> before me, personally appeared Brian Twomey to me personally known, who being by me duly sworn, says that he is the Vice President of Charter Financial, Inc., that the foregoing agreement was signed on behalf of said corporation on the date hereof by authority of its Board of Directors; and he acknowledges that the execution of the foregoing agreement was the free act and deed of said corporation.

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

LOUISA L. BAKER  
Notary Public, State of New York  
No. 31-4955650  
Qualified in Westchester County  
Commission Expires September 5, 1997

(SEAL)