

CHattel Paper Purchase Agreement (Nonrecourse) MAR 23 1993 2-1: PM

CHattel Paper Purchase Agreement (this "Purchase Agreement" is made this 9th day of March, 1993, by and between the ITT Capital Finance division of ITT Commercial Finance Corporation ("ITT"), a Nevada corporation with offices located at 11885 Lackland Road, Suite 600, St. Louis, Missouri 63146 and Charter Financial, Inc. ("Seller"), a New York corporation, with principal offices located at 444 Madison Avenue, New York, NY 10022.

Seller has outstanding a Purchase Money Security Agreement with RailAmerica, Inc. (a Delaware corporation), RailAmerica Services Corporation (a Delaware corporation), Saginaw Valley Railway Company, Inc. (a Delaware corporation) and Huron and Eastern Railway Company, Inc. (a Michigan corporation) ("Customer"), each with an address at 538 East Huron Avenue, Vassar, MI 48768 for the financing of certain personal property (the "Equipment"). The Purchase Money Security Agreement is dated March 8, 1993, and is represented by one or more of the following agreements and instruments: financing statement, lease and guaranty (collectively the "Agreements"). (The Equipment and the Agreements are more fully described on the Description of Agreements and Equipment sheet and Schedule "A" attached hereto.) Seller wishes to sell and ITT wishes to purchase the Agreements and all of Seller's rights and interests in the Equipment. In consideration of the mutual promises contained herein. ITT and Seller agree as follows:

1. In reliance upon the warranties and representations herein and subject to the terms and conditions hereof. Seller hereby sells, transfers, conveys and assigns to ITT, its successors and assigns, without recourse, and ITT hereby purchases from Seller, all of Seller's rights and interests in and to the Equipment and the Agreements, including all amounts due and to become due thereunder, together with all of Seller's rights and remedies thereunder. ITT shall have the right in its own behalf and in its own name to take any action under the Agreements which Seller might have taken, save for this Purchase Agreement. The purchase price to be paid by ITT to Seller for the Agreements and the rights and interest in the Equipment shall be an amount equal to FOUR HUNDRED TWENTY THOUSAND TWO HUNDRED NINETY NINE AND 09/100 (\$420,299.09). Contemporaneously with execution hereof, Seller shall deliver to ITT all of the Agreements.
2. Seller warrants and represents to and covenants with ITT that
 - a. each of the Agreements is genuine and enforceable against Customer (and all others who are parties thereto), subject to bankruptcy laws, other laws affecting creditors' rights and judicial powers of equity, the only agreements executed with respect to the Equipment, and the copies given to ITT by Seller are the only originals thereof;
 - b. the Equipment is free and clear of all superior security interests, claims, liens and encumbrances of any kind or nature whatsoever;

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- c. Seller has the full legal right, power and authority to enter into this Purchase Agreement and to consummate all of the transactions contemplated by this Purchase Agreement, the execution and delivery of this Purchase Agreement by Seller has been approved by all necessary corporate or other action, and none of Seller's obligations hereunder will result in any breach of any provision of any agreement or instrument to which Seller is a party or by which Seller is bound;
- d. all signatures, names, addresses, amounts and other statements contained in the Agreements are true and correct;
- e. each of the Agreements conforms to all applicable laws and regulations and is legally enforceable in the state or states where the Customer and the Equipment are located, subject to bankruptcy laws, other laws affecting creditors' rights and judicial powers of equity, and if filing or recording of the Agreements or any chattel mortgage, mortgage, trust deed, financing statement or similar instrument is required or permitted by law, the same has been so filed or recorded as to be effective against all persons;
- f. the Equipment has been delivered to and accepted by Customer in a condition satisfactory to Customer;
- g. Seller has complied and will continue to comply with all its representations, warranties, covenants and all other obligations to Customer under each of the Agreements;
- h. Seller will indemnify and hold ITT harmless from and defend ITT against any liability or expense under or on account of any of the Agreements that arises out of or in connection with any misrepresentation, breach of warranty or any other improper act or omission of Seller;
- i. Customer has received the terms of each of the Agreements and has neither disputed any obligation arising under any of the Agreements nor has any claim of defense or offset with respect to any of the Agreements or any of Customer's obligations thereunder;
- j. no amount due under any of the Agreements has been prepaid by Customer, and no deposit has been paid by Customer except as specifically stated in the Agreements delivered to ITT;
- k. the Equipment is presently located on Rail lines owned or controlled by Customer in the continental United States as set forth in the Agreements, and Customer is not permitted to move the Equipment from said locations except upon the prior written consent of ITT (at the present time the only rail Lines owned or controlled by customer are located in the state of Michigan.);
- l. Seller has not made any prior sale or assignment of any of the Agreements or any item of Equipment to any person, firm or corporation, or granted any waiver under or agreed to any

modification or amendment of the Agreements or any of them;

- m. Customer has complied with all of its obligations to Seller under each of the Agreements, and Customer is not presently in default of any of such obligations; and
 - n. if any of the Agreements is a true lease, Seller is the lawful owner of the Equipment thereunder and has absolute right and title to each and every item of such Equipment.
3. If any of the Agreements is a lease, ITT shall have no obligation of lessor under such lease, and nothing herein shall relieve Seller of any of its obligations under such lease.
 4. Seller shall have no authority to, and will not, without ITT's prior written consent, accept collections, repossess or consent to the return of the Equipment, or modify or amend, in any respect, the terms of any of the Agreements.
 5. Any failure or delay by ITT in enforcing any right hereunder shall not be deemed a waiver of such right or of any subsequent default by Seller or of ITT's right to require strict performance of this Purchase Agreement.
 6. If Seller shall breach any of its warranties, covenants or other obligations to ITT under this Purchase Agreement or any representation made to ITT under this Purchase Agreement shall be false, Seller shall repurchase the Agreements and the Equipment from ITT for the total amount of all unpaid payments thereunder, discounted using the simple interest method and the same discount rate used to compute the original purchase price described above in Section 1, plus appropriate penalties customarily charged by ITT using its standard business procedure for determining same, plus all reasonable costs of collection incurred by ITT, if any, including but not limited to reasonable attorney's fees.
 7. This Purchase Agreement shall be binding upon and inure to the benefit of ITT and Seller and their respective successors and assigns.
 8. If ITT shall retain an attorney for the purpose of enforcing any of its rights against Seller under this Purchase Agreement, and ITT shall successfully enforce such rights against Seller, Seller shall be responsible for and reimburse ITT for all such reasonable attorney's fees and costs.
 9. Seller shall execute and deliver to ITT, on demand and from time to time, such other and additional documents and instruments as ITT shall deem necessary to vest in ITT full right, title and interest in the Agreements and rights and interests in the Equipment.
 10. Seller hereby waives notice of the amendment or modification of any of the Agreements, the granting to Customer of any indulgences or extensions of time for payment and all other notices or formalities to which Seller might otherwise be



entitled.

11. Seller waives any right it may have to assert by way of counterclaim or affirmative defense in any action to enforce Seller's obligations hereunder any claim whatsoever against ITT. The foregoing provision shall not bar Seller from asserting the substance of any such counterclaim in a separate action against ITT.
12. Seller warrants and represents to and covenants with ITT that this Purchase Agreement contains the entire agreement of the parties; all prior agreements, commitments, understandings, representations, warranties and negotiations in connection herewith, if any, are hereby merged into this Purchase Agreement, and no oral representations shall in any manner whatsoever modify or explain any of the terms and conditions of this Purchase Agreement or any of the Agreements.
13. This Purchase Agreement shall be governed by and construed in accordance with the laws of the State of Missouri. Seller hereby agrees that all actions or proceedings arising, directly or indirectly, in connection with, out of or related to this Purchase Agreement may be litigated, at ITT's sole discretion and election in courts in Missouri, and Seller hereby subjects itself to the jurisdiction of any local, state or federal court located within Missouri.
14. Except for the obligation of Seller to repurchase the Agreements and pay ITT's costs of collection as set forth above, this is a non-recourse agreement as to Seller; in the event Customer or any guarantor of Customer's obligations fail to perform any of their obligations under or in connection with the Agreements, ITT shall have recourse only to the Customer and such guarantors, the Equipment covered by the Agreements and the proceeds thereof; and Seller shall not be liable for any deficiencies. ITT shall not take any action of any kind against Seller including but not limited to instituting a proceeding at law or a suit in personam in connection therewith except as specifically set forth herein and in any amendments hereto.

IN WITNESS WHEREOF, ITT and Seller have duly executed this Purchase Agreement as of the date first above written.

Attest: *J. P. Sankala*
Asst. Secretary

(SEAL)

ATTEST:

Secretary

I-F:icp

CHARTER FINANCIAL, INC.

By: *Stewart Abram*

Title: Vice President

ITT Capital Finance Division of
ITT COMMERCIAL FINANCE CORP.

By: *Joseph J. Spiccia*

Title: Senior Credit Mgr.

Description of Agreements and Equipment

Re: Chattel Paper Purchase Agreement (Non-Recourse) made the 9th day of March, 1993 by and between ITT Capital Finance Division of ITT Commercial Finance Corp. and Charter Financial, Inc.

Equipment (describe by type, model no., serial no.)

See attached Schedule "A"

Agreements (describe by title, date and signing parties)

Purchase Money Security Agreement, Number 1818, dated March 8, 1993 between RailAmerica, Inc., RailAmerica Services Corporation, Huron and Eastern Railway Company, Inc., and Saginaw Valley Railway Company, Inc. as debtors and Charter Financial, Inc., as secured party.

Schedule I to Purchase Money Security Agreement, Number 1818, dated March 8, 1993 between RailAmerica, Inc., RailAmerica Services Corporation, Huron and Eastern Railway Company, Inc., and Saginaw Valley Railway Company, Inc. as debtors and Charter Financial, Inc., as secured party.

Certified Copy of Resolutions of Board of Directors of RailAmerica, Inc., dated March 8, 1993.

Certified Copy of Resolutions of Board of Directors of RailAmerica Services Corporation, dated March 8, 1993.

Certified Copy of Resolutions of Board of Directors of Huron and Eastern Railway Company, Inc., dated March 8, 1993.

Certified Copy of Resolutions of Board of Directors of Saginaw Valley Railway Company, Inc., dated March 8, 1993.

Delivery Receipt and Acceptance Certificate, Number 1818, dated March 8, 1993 between RailAmerica, Inc., RailAmerica Services Corporation, Huron and Eastern Railway Company, Inc., and Saginaw Valley Railway Company, Inc., as debtors and Charter Financial, Inc., as secured party.

Prepayment Agreement dated March 8, 1993 between RailAmerica, Inc., RailAmerica Services Corporation, Huron and Eastern Railway Company, Inc., and Saginaw Valley Railway Company, Inc., as debtors and charter Financial, Inc., as secured party.

UCC-1 Statement between RailAmerica, Inc., RailAmerica Services Corporation, Huron and Eastern Railway Company, Inc., and Saginaw Valley Railway Company, Inc., as debtors and Charter Financial, Inc. as secured party, filed in the state of Florida.

UCC-1 Statement between RailAmerica, Inc., RailAmerica Services Corporation, Huron and Eastern Railway Company, Inc., and Saginaw Valley Railway Company, Inc., as debtors and Charter Financial, Inc. as secured party, filed in the county of West Palm Beach, Fl.

UCC-1 Statement between RailAmerica, Inc., RailAmerica Services Corporation, Huron and Eastern Railway Company, Inc., and Saginaw Valley Railway Company, Inc., as debtors and Charter Financial, Inc. as secured party, filed in the state of Michigan.

UCC-1 Statement between RailAmerica, Inc., RailAmerica Services Corporation, Huron and Eastern Railway Company, Inc., and Saginaw Valley Railway Company, Inc., as debtors and Charter Financial, Inc. as secured party, filed in the county of Tuscola, MI.

Acknowledgement and Consent to Purchase of Chattel Paper by RailAmerica, Inc., RailAmerica Services Corporation, Huron and Eastern Railway Company, Inc., and Saginaw Valley Railway Company, Inc., dated March 8, 1993.

Opinion of Counsel dated March 8, 1993 from Shutts & Bowen

UCC-1 Statement between Charter Financial, Inc. as debtor and ITT Capital Finance division of ITT Commercial Finance Corp as secured party for the state of New York.

UCC-1 Statement between Charter Financial, Inc. as debtor and ITT Capital Finance division of ITT Commercial Finance Corp as secured party for the of New York, NY.

UCC-1 Statement between Charter Financial, Inc. as debtor and ITT Capital Finance division of ITT Commercial Finance Corp as secured party for the state of Michigan.

UCC-1 Statement between Charter Financial, Inc. as debtor and ITT Capital Finance division of ITT Commercial Finance Corp as secured party for the county of Tuscola, MI.

UCC-1 Statement between Charter Financial, Inc. as debtor and ITT Capital Finance division of ITT Commercial Finance Corp as secured party for the state of Florida.

UCC-1 Statement between Charter Financial, Inc. as debtor and ITT Capital Finance division of ITT Commercial Finance Corp as secured party for the county of West Palm Beach, FL.



State of New York)
)
County of Now York)

On ^{as of the 9th} ~~this~~ ~~the~~ ~~15th~~ day of MARCH, 1993, before me personally appeared STEWART ABRAMSON, to me personally known, who being duly sworn, did say that he is VICE PRESIDENT of CHARTER FINANCIAL, INC., that the foregoing instrument was signed on behalf of such corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of such corporation.

CLAUDE CASTRO
Notary Public, State of New York
No. 31-470271
Qualified in New York County
Commission Expires 10/31/93


Notary Public

My commission expires: 10/31/93

State of N.J.)

County of UNION.)

On this 22 day of March, 1993, before personally appeared Joseph J. Ippolito, to me personally known, who being duly sworn did say that he is the ZONE CREDIT MANAGER of ITT Capital Finance Division of ITT Commercial Finance Corp., a ncvada corporation, that the foregoing instrument was signed on behalf of said corporation, and that he was duly authorized by all necessary corporate action to sign the foregoing instrument on behalf of said corporation, and he acknowledged that the execution of the foregoing instrument was the free act and deed of such corporation.

Clara Zimmerman
Notary Public

CLARA ZIMMERMAN
Print Name

CLARA ZIMMERMAN
NOTARY PUBLIC OF NEW JERSEY

My commission expires: My Commission Expires Oct. 20, 1996

Debtors:

RailAmerica, Inc.
RailAmerica Service Corporation
Saginaw Valley Railway Company, Inc.
Huron and Eastern Railway Company, Inc.
538 East Huron Avenue
Vassar, MI 48768

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PMSA #: Vice President

Secured Party:

Charter Financial, Inc.
444 Madison Avenue
New York, NY 10022

SCHEDULE "A" TO PURCHASE MONEY SECURITY AGREEMENT NO. 1818 DATED March 8 1993 BETWEEN
RAILAMERICA, INC., RAILAMERICA SERVICE CORPORATION, SAGINAW VALLEY RAILWAY COMPANY, INC., AND
HURON AND EASTERN RAILWAY COMPANY, INC. AS DEBTORS AND CHARTER FINANCIAL, INC. AS SECURED PARTY.

P.O. #220

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GP38-2 Locomotives (formerly identified as Pittsburgh and Lake Erie Railroad Locomotives road numbers 2057 and 2058) equipped with the following:

GP-38-2 Locomotive (P&LE 2057)

- *AAR Control Systems, Benelex flooring, Verticool water coolers and Electric cab heat.
- *Low nose compartments and retention-type toilets
- *Cab glazing
- *Wiring
- *Sparks arrester exhaust manifolds for engine
- *WBO air compressors
- *Standard Blomberg trucks with clasp brakes
- *Cobra composition brake shoes
- *6 1/2 x 12 Hyatt journal boxes
- *2,700 gallon capacity fuel tank with sight glass gauges on both sides and dial gauge on right side
- *Wheels: #1 - 2-1/2, 2-1/2; #2 - 1-3/8 and 1-9/16
- *Aeroquip speed indicator
- *Snow plow on front
- *Engine serial #76-K2-1036

GP-38-2 Locomotive (P&LE 2058)

- *AAR Control Systems, Benelex flooring, Verticool water coolers and Electric cab heat.
- *Low nose compartments and retention-type toilets
- *Cab glazing
- *Wiring
- *Sparks arrester exhaust manifolds for engine
- *WBO air compressors
- *Standard Blomberg trucks with clasp brakes
- *Cobra composition brake shoes
- *6 1/2 x 12 Hyatt journal boxes
- *2,700 gallon capacity fuel tank with sight glass gauges on both sides and dial gauge on right side
- *Wheels: #1 - 1-3/4, 1-15/16; #2 - 2-9/16 and 2-5/8
- *Barco speed indicator
- *Engine serial # 76-K2-1051



AND ALL ADDITIONS, ATTACHMENTS, ACCESSORIES, SUBSTITUTIONS, REPLACEMENTS, REPAIRS, IMPROVEMENTS, BETTERMENTS AND APPURTENANCES OF WHATEVER DESCRIPTION OR NATURE WHETHER NOW OWNED OR HEREAFTER ACQUIRED, AND ALL PROCEEDS, INCLUDING WITHOUT LIMITATION, INSURANCE PROCEEDS.

Debtors:

RailAmerica, Inc.
RailAmerica Service Corporation
Saginaw Valley Railway Company, Inc.
Huron and Eastern Railway Company, Inc.
538 East Huron Avenue
Vassar, MI 48768

PMSA #: 1818

Secured Party: Charter Financial, Inc.
444 Madison Avenue
New York, NY 10022

SCHEDULE "A" TO PURCHASE MONEY SECURITY AGREEMENT NO. 1818 DATED March 2, 1993 BETWEEN RAILAMERICA, INC., RAILAMERICA SERVICE CORPORATION, SAGINAW VALLEY RAILWAY COMPANY, INC., AND HURON AND EASTERN RAILWAY COMPANY, INC. AS DEBTORS AND CHARTER FINANCIAL, INC. AS SECURED PARTY.

RAILAMERICA, INC.

Gary B. Pezzini
Vice-President

RAILAMERICA SERVICES CORPORATION

Gary B. Pezzini
Vice-President

SAGINAW VALLEY RAILWAY COMPANY, INC.

Gary B. Pezzini
Vice-President

HURON AND EASTERN RAILWAY COMPANY, INC.

Gary B. Pezzini
Vice-President



AND ALL ADDITIONS, ATTACHMENTS, ACCESSORIES, SUBSTITUTIONS, REPLACEMENTS, REPAIRS, IMPROVEMENTS, BETTERMENTS AND APPURTENANCES OF WHATEVER DESCRIPTION OR NATURE WHETHER NOW OWNED OR HEREAFTER ACQUIRED, AND ALL PROCEEDS, INCLUDING WITHOUT LIMITATION, INSURANCE PROCEEDS.

District of Columbia : SS

I, ROBERT W. ALVORD, being duly sworn do hereby certify that the attached "CHATTEL PAPER PURCHASE AGREEMENT (NONRECOURSE)" dated March 9, 1993, between Charter Financial, Inc. and ITT Commercial Finance Corporation consisting of ten pages, is a true and complete copy of the original thereof.



ROBERT W. ALVORD

Subscribed and sworn to before me this 23rd day of March, 1993.



NOTARY PUBLIC

My Commission expires: 5-14-97