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CHATTEL PAPER AND EQUIPMENT PURCHASE AGREEMENT (NONRECOURSE)

CHATTEL PAPER AND EQUIPMENT PURCHASE AGREEMENT (this "Purchase Agreement") is made this 14th day of October, 1996, by and between Charter Financial, Inc., a New York corporation with offices located at 153 East 53rd Street, New York, New York 10022 and Relco Locomotives, Inc. ("Seller"), an Illinois corporation, with principal offices located at 113 Industrial Avenue, Minooka, Illinois 60447-0058.

Seller has outstanding a lease with North Star BHP Steel Ltd. ("Customer"), a Delaware corporation, with an address at 6767 County Road 9, Delta, OH 43515 for the rental of certain personal property (the "Equipment"). The lease is dated February 14, 1996, and is represented by one or more of the following agreements and instruments: financing statement, loan agreement, conditional sales contract, note, Locomotive Lease Agreement and guaranty (collectively the "Agreements"). (The Equipment and the Agreements are more fully described on the Schedule of Equipment and Agreements annexed hereto and made a part hereof.) Seller wishes to sell and Buyer wishes to purchase the Agreements and all of Seller's right, title and interest in the Equipment. In consideration of the mutual promises contained herein, Buyer 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 Buyer, its successors and assigns, without recourse, and Buyer hereby purchase 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. Buyer 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 Buyer to Seller for the Equipment and the Agreements shall be an amount equal to Two Hundred Sixty Thousand and 00/100 ($260,000.00). Contemporaneously with execution hereof, Seller shall deliver to Buyer all of the Agreements.

2. Seller warrants and represents to and covenants with Buyer that

   a. The Equipment consists of two (2) E.M.D. 1200 H.P. 125 ton switcher locomotives, one with identifying marks 'RE1282' ("Locomotive I"), and the other with identifying marks 'RE1293' ("Locomotive II"), each equipped with one Cattron 864 Remote Control System.

   b. The term of the Locomotive Lease Agreement for the Equipment is sixty (60) months; the term of the Locomotive Lease Agreement for Locomotive I commenced on _____; the term of the Locomotive Lease Agreement for Locomotive II commenced on _____;

   c. The Base Monthly Rate rental amount (as such term is used in the Agreements) due for Locomotive I is $2,447.00 per month and shall be due and payable on the ____ day of each month; the Base Monthly Rate rental amount (as such term is used in the Agreements) due for Locomotive II is $2,447.00 per month and shall be due and

payable on the _____ of each month; the remaining Base Monthly Rate rental amount due from the Customer for Locomotive I is $146,820.00; the remaining Base Monthly Rate rental amount due from the Customer for Locomotive II is $146,820.00.

d. each of the Agreements is genuine and enforceable against Customer (and all others who are parties thereto) and are the only agreements executed with respect to the Equipment, and the copies given to Buyer by Seller are the only originals thereof;

e. Seller is transferring to Buyer good and marketable title to the Equipment; the Equipment is free and clear of all security interests, claims, liens and encumbrances of any kind or nature whatsoever (except those in favor of Buyer);

f. 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;

g. all signatures, names, addresses, amounts and other statements contained in the Agreements are true and correct;

h. 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, 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;

i. the Equipment has been delivered to and accepted by Customer in a condition satisfactory to Customer;

j. 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;

k. Seller will indemnify and hold Buyer harmless from and defend Buyer against (i) any liability or expense under, on account of or relating to any of the Agreements and Equipment; (ii) any payment not made by Customer due to claims by Customer that an item of Equipment is out of service, has not been maintained or is unavailable for use by Customer; and (iii) any payment not made by Customer, and/or late fees incurred by Buyer as a result of Seller's late or improper billing procedure.

l. Customer has received the terms of each of the Agreements and has neither disputed any obligation arising under any of the Agreements nor shall Customer have any claim, defense or right of offset or abatement with respect to any of the payments set

forth in the Agreements or any of Customer's obligations thereunder;

m. Customer's obligation to make all of the payments in the amounts set forth in the Agreements is absolute, irrevocable and unconditional and shall not be affected by any circumstances whatsoever;

n. 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 Buyer.;

o. the Equipment is presently located at Customer's address shown above, and Customer is not permitted to move the Equipment from said locations except upon the prior written consent of Buyer;

p. 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;

q. Customer has complied with all of its obligations to Seller under each of the Agreements, and Customer is not now and has not been in default of such obligations; and

r. if any of the Agreements is a true lease, Seller is the lawful owner of the Equipment thereunder and hereby conveys its absolute right and title to each and every item of such Equipment to Buyer.

3. Buyer shall not be responsible to perform any of Seller's obligations under the Agreements, and nothing herein shall relieve Seller of any of its obligations under such Agreements.

4. Seller shall have no authority to, and will not, without Buyer'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. Seller shall continue to bill Customer, provided that Seller shall direct Customer to remit all rental payments and other charges due for the Equipment to a lockbox established by Buyer. Buyer shall retain the Base Monthly Rate rental payments described in Section 2(c) above and shall remit the balance of the proceeds to Seller. In the event of a default under the Agreements or hereunder, Buyer may terminate Seller's right to bill Customer, as described in this section.

6. (a) Upon the expiration of the term of the Locomotive Lease Agreement for Locomotive I, Seller hereby irrevocably agrees to purchase the Locomotive I from the Buyer at the price of $29,364 00 (hereinafter the "Locomotive I Purchase Price") and Buyer shall be obligated to sell Locomotive I to Seller at such Locomotive I Purchase Price, provided that Customer has paid all amounts due for Locomotive I under the Agreements. Upon payment of the Locomotive I Purchase Price, Locomotive I shall be sold to Seller, free and clear of all

encumbrances by or through Buyer, and possession of Locomotive I shall be made available to Seller "AS IS" WITHOUT REPRESENTATION OR WARRANTIES.

(b) Upon the expiration of the term of the Locomotive Lease Agreement for Locomotive II, Seller hereby irrevocably agrees to purchase the Locomotive II from the Buyer at the price of $29,364.00 (hereinafter the "Locomotive II Purchase Price") and Buyer shall be obligated to sell Locomotive II to Seller at such Locomotive II Purchase Price, provided that Customer has paid all amounts due for Locomotive II under the Agreements. Upon payment of the Locomotive II Purchase Price, Locomotive II shall be sold to Seller, free and clear of all encumbrances by or through Buyer, and possession of Locomotive II shall be made available to Seller "AS IS" WITHOUT REPRESENTATION OR WARRANTIES.

7. Any failure or delay by Buyer in enforcing any right hereunder shall not be deemed a waiver of such right or of any subsequent default by Seller or of Buyer's right to require strict performance of this Purchase Agreement.

8. If Seller shall breach any of its warranties, covenants or other obligations to Buyer under this Purchase Agreement or any representation made to Buyer under this Purchase Agreement shall be false, Seller shall repurchase the Agreement and the Equipment from Buyer, as is, where is and without any representation or warranty from Buyer, for the total amount of all unpaid payments thereunder, discounted using the simple interest method and a discount rate of six percent (6%), together with any other charges, costs or breakage fees incurred by Buyer, and all costs of enforcement, including but not limited to attorney's fees. Seller shall pay said amounts to Buyer within ten (10) days after receipt of notice that such breach or mispresentation has occurred.

9. This Purchase Agreement shall be binding upon and inure to the benefit of Buyer and Seller and their respective successors and assigns.

10. If Buyer shall retain an attorney for the purpose of enforcing any of its rights against Seller under this Purchase Agreement, Seller shall be responsible for and reimburse Buyer for all such reasonable attorney's fees and costs

11. Seller shall execute and deliver to Buyer, on demand and from time to time, such other and additional documents and instruments as Buyer shall deem necessary to vest in Buyer full right, title and interest in the Agreements and all of Seller's rights and interests in the Equipment including title or a security interest as applicable).

12. 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.

13. 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 Buyer.

14. Seller warrants and represents to and covenants with Buyer 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.

15. This Purchase Agreement shall be governed by and construed in accordance with the laws of the State of New York. 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 Buyer's sole discretion and election in courts in New York, and Seller hereby subjects itself to the jurisdiction of any local, state or federal court located within New York. Seller waives the right to a jury trial in connection with any action arising under or in connection with this Purchase Agreement.

16. Except for the obligation of Seller to repurchase the Agreements indemnify Buyer and pay Buyer's costs of collection as set forth above, this is a non-recourse agreement as to Seller with regard to Customer's financial ability to make payment.

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

Attest: Debra Newman
Assistant Vice President

CHARTER FINANCIAL, INC.

By: [signature]

(SEAL)

Title: Vice President

ATTEST:

RELCO LOCOMOTIVES, INC.

_____
Secretary

By: [signature]

Title: President

Description of Agreements and Equipment

Re: Chattel Paper and Equipment Purchase Agreement (Non-Recourse) made the 14th day of October, 1996 by and between Relco Locomotives, Inc. ("Seller") and Charter Financial, Inc. ("Buyer").

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

Two (2) E.M.D. - 1200 H.P. 125 ton locomotives, one with identifying marks 'RE 1282' and the other with identifying marks 'RE1293', each equipped with one Cattron 864 Remote Control System.

Agreements (describe by title, date and signing parties)

Locomotive Lease Agreement dated February 14, 1996 between Relco Locomotives, Inc. and North Star BHP Steel Ltd.

RMC:n-wp-bs-relco-nr.cpp

STATE OF New York, COUNTY OF New York ss:

On the 15th day of October, 1996 before me personally came **Stewart Abramson** to me known, who, being by me duly sworn, did depose and say that he is the Vice President of **Charter Financial, Inc.**, the corporation described in and which executed the foregoing instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the board of directors of said corporation, and that he signed his name thereto by like order.

Notary Public

ROBERTA AHNONE
Notary Public, State of New York
No. 02AR5044142
Qualified in New York County
Commission Expires May 22 1997

STATE OF Illinois, COUNTY OF Will ss:

On the 14th day of October, 1996 before me personally came **Donald Bachman** to me known, who, being by me duly sworn, did depose and say that he is the President of **Relco Locomotives, Inc.**, the corporation described in and which executed the foregoing instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the board of directors of said corporation, and that he signed his name thereto by like order

Notary Public

OFFICIAL SEAL
JO ELLYN VAN DUYNE
NOTARY PUBLIC, STATE OF ILLINOIS
MY COMMISSION EXPIRES 4-1-2000