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17142-C
DEC 13 1995
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BY HAND

December 12, 1995

Ms. Janice Fort
Equipment Recordation Office
Interstate Commerce Commission
12th and Constitution Ave., N.W.
Washington, D.C. 20423

RE: Full Release of Security Agreement on Locomotives
Eric D. Gerst - Secured Party
Octoraro Railway, Inc. - Debtor

Dear Ms. Fort:

Enclosed for recordation pursuant to the provisions of
49 U.S.C. Section 11303(a) is the following document:

A copy of a Bill of Sale (Pursuant to Section 9-504 of
the Maryland Uniform Commercial Code), dated June 2, 1995, by
which Eric D. Gerst (Secured Party by assignment) has fully
terminated his security interest in certain railroad equipment
identified as collateral in Recordation Numbers 17142-A and
17142-B.

This document is a secondary document as defined in the
Commission's Rules for Recordation of Documents under 49 CFR §
1177. The names and addresses of the parties to this Security
Agreement are:

Secured Party: Eric D. Gerst
Two Bala Plaza
Suite 300
Bala Cynwyd, PA 19004

Debtor: Octoraro Railway, Inc.
505 S. Broad Street
Kennet Square, PA 19348

Alleged Party - Robert C. Zimlich

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A description of the railroad equipment covered by this Release is as follows:

Two (2) EMD model GP-7 locomotives bearing road numbers OCTR 341 (Serial Number 53-D-63) and OCTR 346 (Serial Number S-9135, and as more fully described in Exhibit A of the attached document.

The subject Security Agreement has been filed with the Interstate Commerce Commission as follows:

Recordation Number 17142-A
(Assignment recorded under No. 17142-B)

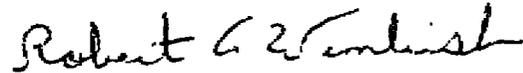
A short summary of the enclosed document to appear in the Commission's index is:

Termination of Security Agreement dated December 20, 1990, between Octoraro Railway, Inc. (debtor) and Eric D. Gerst (secured party by assignment -- See, Recordation Number 17142-B) covering two (2) GP-7 locomotives (OCTR 341 and OCTR 346).

A recordation fee of \$21.00 is enclosed.

Please let me know if you need anything else.

Sincerely Yours,



Robert A. Wimbish

Enclosures

cc: Jeff Stoops
Don Redfearn

17142-C
1995

BILL OF SALE

BILL OF SALE, dated the second day of June, 1995, from Eric D. Gerst, successor-in-interest to The First National Bank of Maryland ("Seller") to RailAmerica, Inc. ("Buyer").

WITNESSETH:

1. Seller has a security interest in all of the equipment set forth on Exhibit "A" attached hereto ("the Assets") of Octoraro Railway, Inc., a Pennsylvania corporation ("Debtor"), and wishes to sell the assets pursuant to Section 9-504 of the Maryland Uniform Commercial Code.

2. Seller has agreed to sell the assets to Buyer and Buyer has agreed to purchase the assets from Seller.

NOW, THEREFORE, in consideration of the delivery by Blank, Rome, Comisky, & McCauley, acting only as Escrow Agent, to Seller or his assignee or nominee, upon Buyer's and Seller's written instructions, of a check drawn on the appropriate Escrow Account, in the amount of One Hundred Twenty Thousand Dollars (\$120,000), and intending to be legally bound hereby, Seller hereby grants, sells, conveys, assigns, transfers, sets over to vest in Buyer, its successors and assigns, without any representations or warranties (except as expressly set forth herein) whether express or implied, including, without limitation, warranties of merchantability or fitness for particular purpose, "AS IS," "WHERE IS," all of Debtor's right, title and interest, legal and equitable, in and to all of the Assets TO HAVE AND TO HOLD THE

SAME UNTO BUYER, its successors and assigns, forever, to its and their own proper use and benefit.

Seller hereby represents to Buyer, its successors and assigns, that Seller is conveying to Buyer good and marketable title, free and clear of any liens and encumbrances.

Seller shall further assist Buyer in effectuating the terms and intent of this Bill of Sale from time to time at Buyer's request and at Buyer's cost, without further consideration, by executing and delivering such further documents and taking such actions as Buyer may reasonably require with respect to the conveyance of title in the Assets from Seller to Buyer.

Buyer acknowledges that Seller has come into the possession of the Assets solely as a secured creditor for purposes of liquidating the Assets and is not in the business of selling the Assets.

IN WITNESS WHEREOF, Seller has caused this Bill of Sale to be duly executed on the date first above written.



Eric D. Gerst [SEAL]

AGREED to and ACCEPTED by
RAILAMERICA, INC. this second day
of June, 1995

By: 

Authorized Representative

EXHIBIT A

1. Two (2) EMD GP 7 Diesel Locomotives, 1500 HP, 567 BC engines with Dash Electric System, MU, 26 L Brakes, Serial Nos. 53-D-63 and S-9135, respectively bearing road nos. 341 (EX-ATSF 2202) and 346 (EX-ATSF 2150), together with all accessions, accessories, equipment, appurtenances and replacements appertaining or attached thereto. One (1) wheel set/traction motor set combination for one (1) of the above locomotives. No additional parts shall be part of this purchase.

2. One (1) Unimog Case Mercedes-Benz carmover unit bearing Serial No. 30390.

