



U.S. Department  
of Transportation

Federal Railroad  
Administration

Administrator

1200 New Jersey Avenue, SE  
Washington, DC 20580



DEC 16 2010

Daniel R. Elliott III  
Chairman  
Surface Transportation Board  
395 F Street, SW  
Washington, DC 20423

228519

Re: Montreal, Maine & Atlantic Railway, Ltd.--Discontinuance of  
Service and Abandonment--In Aroostook and Penobscot Counties, ME  
Docket No. AB 1043 (Sub-No.1)

Dear Mr. Chairman:

On March 25, 2005, pursuant to Title V of the Railroad Revitalization and Regulatory Reform Act of 1976, as amended, the Federal Railroad Administration ("FRA") issued a Railroad Rehabilitation and Improvement Financing loan in the amount of \$34,000,000 to the Montreal, Maine & Atlantic Railway, Ltd. ("MMA"). In connection with the loan, MMA granted the FRA a mortgage and security interest in substantially all of MMA's property in the United States, including the lines that are the subject of the abandonment application filed by MMA in the above-captioned proceeding.

The FRA understands that MMA and the State of Maine ("State") have agreed that MMA will sell and the State will purchase the lines that are covered by the abandonment application. The FRA also recognizes that, in order for the State to purchase the lines, it will be necessary for the FRA to release its lien on the property of MMA that will be sold to the State.

The FRA hereby advises the Board that the FRA has agreed with MMA that the FRA will release its lien on the property that will be sold to the State upon the closing of the sale and purchase in order to enable MMA to convey the property to the State free and clear of the FRA mortgage and security interest.

Sincerely,

Joseph C. Szabo

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Office of Proceedings

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