

TARBELL & BRODICH

PROFESSIONAL ASSOCIATION
ATTORNEYS AT LAW



July 21, 2008

RECORDATION NO. 27613 FILED

AUG 28 '08

4-21 PM

SURFACE TRANSPORTATION BOARD

Anne Quinlan, Acting Secretary
Surface Transportation Board
395 E Street, SW
Washington, DC 20024

Re: Claremont Concord Railroad Corp.

Dear Secretary Quinlan:

I have enclosed an original and one copy/counterpart of the document described below, to be recorded pursuant to Section 11303 of Title 49 of the U.S. Code. This document is a Security Agreement, which is a primary document, dated July 16, 2008.

The name and address of the parties to the document are as follows:

Debtor:
Claremont Concord Railroad Corp.
One Industrial Boulevard
Claremont, NH 03743

Secured Party:
Laconia Savings Bank
62 Pleasant Street
Laconia, NH 03246

The description of the equipment covered by the document is as follows:

5 Locomotives, with CCRR Reporting Marks and Numbers:

- CCR 102 - an ALCO 115-Ton Locomotive, Model S4
- CCR 104 - an ALCO 115-Ton Locomotive, Model S4
- CCR 105 - an ALCO 115-Ton Locomotive, Model S4
- CCR 106 - an ALCO 115-Ton Locomotive, Model S4

Linton W. Tarbell, Jr.
Nicholas Brodich
Timothy G. Sheehy
Shane R. Stewart
Eaton W. Lybeck, III
**Frederick K. Moeckel*
***James V. Pross*
****James J. Mooney, III*

*All Attorneys admitted
in New Hampshire
or as otherwise designated*

**Also admitted in Massachusetts*
***Admitted in Maine only*
****Admitted in Maine and
Washington, DC*

Reply to:
Concord, NH Office
15 Centre Street
Concord, NH 03301

1-877-898-1135
603-226-3900 Tel
603-225-5395 Fax

Augusta, ME Office
9 Green Street
Augusta, ME 04320

1-866-722-1148
207-622-1148 Tel
207-622-1158 Fax

The collateral includes the above which is now owned by the Borrower, as well as railroad cars, locomotives and other rolling stock owned by the Borrower or hereafter acquired by the Borrower or its successors.

You currently have a filing on the same entities, dated September 25, 2001. The recordation number is 23705, and it was filed at your office on October 16, 2001 at 2:37 pm. This filing should be terminated as the loan was recently paid off and the filing enclosed will be its replacement.

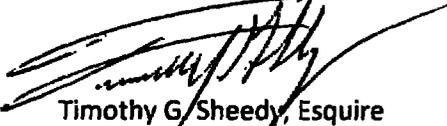
Pursuant to a conversation with Barbara Saddler, I am enclosing our draft in the amount of \$70.00 to cover the fee for both the termination and new filing. Please return the original and the copies not needed by the Board for recordation to me at Tarbell & Brodich Professional Association, 45 Centre Street, Concord, New Hampshire 03301.

A short summary of the document to appear in the index follows:

Security Agreement between Claremont Concord Railroad Corp. of One Industrial Boulevard, NH 03743, as the Debtor and Laconia Savings Bank of 62 Pleasant Street, Laconia, NH 03246, as the Secured Party, dated July 16, 2008, and covering the locomotives, railroad cars and rolling stock owned by the Claremont Concord Railroad Corp. as of the date of the Security Agreement or thereafter acquired by it or its successors.

Should you have any questions, please do not hesitate to contact me.

Very truly yours,



Timothy G. Sheedy, Esquire
Counsel for Laconia Savings Bank

TGS:kch
Enclosures


TARBELL & BRODICH
PROFESSIONAL ASSOCIATION
ATTORNEYS AT LAW

AUG 28 2008
RECEIVED

July 21, 2008

Karen January
Surface Transportation Board
395 E Street, SW
Washington, DC 20024

Re: Claremont Concord Railroad Corp.

Dear Karen:

Pursuant to your request, I have enclosed our Draft #18048 in the amount of \$12.00 to cover the balance of the fee due to file a Security Agreement with your board.

The name and address of the parties to the document are as follows:

Debtor:
Claremont Concord Railroad Corp.
One Industrial Boulevard
Claremont, NH 03743

Secured Party:
Laconia Savings Bank
62 Pleasant Street
Laconia, NH 03246

Please do not hesitate to contact me should you need anything further.

Very truly yours,


Kristin C. Headley
Legal Assistant

Enclosure

Eaton W. Tarbell, Jr.
Nicholas Brodich
Timothy G. Sheedy
Shane R. Stewart
Eaton W. Tarbell, III
**Friedrich K. Moeckel*
***James F. Pross*
****James J. Mooney, III*

*All Attorneys admitted
in New Hampshire
or as otherwise designated*

**Also admitted in Massachusetts
**Admitted in Maine only
***Admitted in Maine and
Washington, DC*

Reply to:
Concord, NH Office
45 Centre Street
Concord, NH 03301

1-877-898-1135
603-226-3900 Tel
603-225-5398 Fax

Augusta, ME Office
9 Green Street
Augusta, ME 04330

1-800-722-1145
207-622-1148 Tel
207-622-1158 Fax

AUG 28 '08

4-21 PM

SURFACE TRANSPORTATION BOARD

SECURITY AGREEMENT

THIS AGREEMENT, made this 16th day of July, 2008, between **CLAREMONT CONCORD RAILROAD CORP.**, a Nevada corporation authorized to do business in the State of New Hampshire, with a mailing address of PO Box 1598, City of Claremont, County of Sullivan and State of New Hampshire 03743 (sometimes hereinafter called the "Debtor") and **LACONIA SAVINGS BANK**, a New Hampshire banking institution with a place of business at 62 Pleasant Street, City of Laconia, County of Belknap and State of New Hampshire 03246 (hereinafter, the "Secured Party") for themselves and their successors and assigns.

WHEREAS, Secured Party has agreed to extend credit to **FREEDOM RAIL MANAGEMENT, LLC**, a Pennsylvania limited liability company, with a mailing address of 1597 Stag Drive, Auburn, Pennsylvania 17922 (hereinafter, the "Borrower") in an amount of **SIX HUNDRED THOUSAND and 00/100 DOLLARS (\$600,000.00)**, as evidenced by Borrower's promissory note of near or even date in the principal amount of **SIX HUNDRED THOUSAND and 00/100 DOLLARS (\$600,000.00)** (hereinafter, "Note I") to Secured Party; and

WHEREAS, Secured Party has agreed to extend credit to Borrower in an amount of **FIFTY THOUSAND and 00/100 DOLLARS (\$50,000.00)**, as evidenced by Borrower's revolving loan note of near or even date in the principal amount of **FIFTY THOUSAND and 00/100 DOLLARS (\$50,000.00)** (hereinafter, "Note II", collective with Note I, referred to as the "Notes") to Secured Party; and

WHEREAS, Borrower and Secured Party have entered into a Loan Agreement in the aggregate amount of **SIX HUNDRED FIFTY THOUSAND and 00/100 DOLLARS (\$650,000.00)** of near or even date (the "Loan Agreement"), which Loan Agreement sets forth certain undertakings and obligations of the Borrower and Debtor to Secured Party;

WHEREAS, to secure the obligations, Borrower has undertaken under the Notes and certain security instruments and to secure the payment of said sum to the Secured Party (collectively, the "Obligations"), and the Debtor, as additional security for its Guaranty, desires to create in the Secured Party a first security interest in accordance with the terms of the Uniform Commercial Code, NH RSA 382-A.

NOW, THEREFORE, the parties agree as follows:

1. Collateral. The Debtor, for valuable consideration received from the Secured Party, hereby grants to the Secured Party to secure all the foregoing obligations (hereinafter, the "Obligations"), a first security interest in the following property (hereinafter, the "Collateral"), a first security interest in

accordance with the terms of the Uniform Commercial Code, NH RSA 382-A:

(a) All the Debtor's goods, machinery, equipment, railroad cars, locomotives and other rolling stock as further defined in Exhibit A, intended for use related to interstate commerce, or interests therein, owned by Debtor at the date of a Mortgage to Secured Party by Debtor, or thereafter acquired by it or its successors as owners of the lines of railway covered by the mortgage, furnishings and fixtures, motor vehicles, and personal property, including but not limited to such property located on Debtor's business premises in **Claremont, New Hampshire**, (Debtor's "Business Premises") or used in connection with Debtor's business, or otherwise, and further all inventory, including, without limitation, all items held for sale or lease, or furnished or to be furnished under contracts of service, or used or consumed in the Debtor's business (all hereinafter called the "Inventory"), and in contract rights with respect thereto and proceeds thereof, all whether now owned or hereafter acquired. The above collateral is now kept and, in the absence of written notice from the Debtor to the Secured Party, will always be kept only at Debtor's Business Premises.

(b) The Debtor, for valuable consideration received from the Secured Party, hereby also conveys to the Secured Party a security interest in all the Debtor's accounts, accounts receivable, contract rights, notes, personal property leases, mailing lists and customer lists, rents receivable, choses in action, drafts, acceptances, instruments, chattel paper, general intangibles, cash and all other forms of obligations due or to become due to the Debtor, whether now existing or hereafter arising and whether joint, several, or joint and several, arising from or relating to the Debtor's business.

The Secured Party, by virtue of this Agreement, in addition to any other security or collateral that it may hold, shall have a continuing security interest in said Collateral and in contract rights with respect thereto and proceeds of both, to secure payment and performance of any or all the liabilities and obligations of the Debtor to the Secured Party hereunder, including those incurred prior to or hereinafter incurred. Debtor shall provide detailed schedules of collateral to Secured party at closing and shall update same from time to time for any material changes or upon request of Secured Party.

2. Records and Audits. The Debtor will keep an accurate record of the Collateral, and all additions thereto, and removals therefrom, and will deliver a copy of such records to the Secured Party at such regular intervals as the Secured Party reasonably may require. When requested by the Secured Party the Debtor shall, at the Debtor's own expense, cause a verification of the Collateral to be made by some independent appraiser approved by the Secured Party.

3. Maintenance and Insurance.

(i) The Debtor agrees to keep the Collateral in good condition, deterioration resulting from normal use and damage by fire or casualty excepted, and also to keep it insured against loss from such hazards and in such amounts as the Secured Party may require and in such

companies as the Secured Party may approve, payable in case of loss to the Secured Party as its interest may appear and the policies evidencing such insurance, or certificates thereof, shall, upon request, be deposited with the Secured Party. If no Default has occurred and remained uncured, in the event of a fire or casualty loss, Secured Party shall pay over insurance proceeds to Debtor for the repair and replacement of Collateral subject to Secured Party's consent (which shall not be unreasonably withheld) to Debtor's repair and replacement plans.

(ii) If the Debtor's Business Premises is determined to be in a federally designated flood hazard area, the Debtor must provide flood insurance in the amount equal of the Debtor's Collateral, or the greatest amount obtainable naming the Secured Party as loss payee.

4. No Future Liens. The Debtor agrees to keep the Collateral free and clear of any future lien or encumbrance, except purchase money security interests, unless it obtains the advance consent of the Secured Party for any such lien or encumbrance.

5. Sale and Use in the Ordinary Course. Until Default, the Debtor may sell or lease the Collateral in the ordinary course of business, and may also use or consume any raw materials and supplies, the use and consumption of which is necessary in order to carry on the Debtor's business.

6. Lists of Accounts and Proceeds. Upon request of the Secured Party at any time after Default, the Debtor will deliver to the Secured Party lists or copies of all accounts promptly after they arise, and will deliver to the Secured Party, promptly upon receipt, all rents and other proceeds received by the Debtor including proceeds of the accounts referred to above and proceeds of any insurance policies in the exact form in which they are received. The Secured Party in its discretion may apply cash proceeds to the payment of any obligations secured hereby or may release such cash proceeds to the Debtor for use in the operation of the Debtor's business.

7. Certain Remedies. The Secured Party may, at any time after Default, notify the Debtor's account debtors, or persons otherwise indebted to the Debtor whose obligations are covered by this Agreement, that the Collateral has been assigned to the Secured Party and that payment shall be made directly to the Secured Party. Upon request of the Secured Party at any time after Default, the Debtor will so notify such debtors, and will indicate on all billings to such debtors that their accounts must be paid to the Secured Party. The Secured Party shall have full power to collect, compromise, endorse, sell or otherwise deal with the Collateral or proceeds thereof in its own name or in the name of the Debtor. The Debtor shall pay to the Secured Party on demand a collection charge on all accounts collected, that shall include all reasonable attorneys' fees and expenses, and all other reasonable expenses of like or unlike nature that may be expended by the Secured Party to obtain or enforce payment of any account either as against the account debtor, the Debtor or any guarantor or surety of the Debtor, or in the prosecution or defense of any action or concerning any matter arising out of or connected with the subject matter of this Agreement, the obligations secured hereby, or the Collateral, or any of Secured Party's rights or interests therein or thereto, including, without limiting the generality of the foregoing, any reasonable counsel fees or expenses incurred in any bankruptcy or insolvency proceedings.

8. Power of Attorney. The Debtor does hereby make, constitute and appoint any officer of the Secured Party as the Debtor's true and lawful attorney-in-fact, with power, in the event of a default, to endorse the name of the Debtor or any of the Debtor's officers or agents upon any notes, checks, drafts, money orders, or other instruments of payment (including payments payable under any policy of insurance on the Collateral) or Collateral that may come into possession of the Secured Party in full or part payment of any amounts owing to the Secured Party, to sign and endorse the name of the Debtor or any of the Debtor's officers or agents upon any invoice, freight or express bill, bill of lading, storage or warehouse receipts, drafts against debtors, assignments, verifications and notices, in connection with accounts, and any instrument or document relating thereto or to the Debtor's rights therein; to give written notice to such office and officials of the United States Post Office to effect such change or changes of address so that all mail addressed to the Debtor may be delivered directly to the Secured Party; granting upon the Debtor's said attorney full power to do any and all things necessary to be done in and about the Business Premises fully and effectually as might or could be done, and hereby ratifying all that said attorney shall lawfully do or cause to be done by virtue hereof. This power of attorney shall be irrevocable for the term of this Agreement and all transactions hereunder as long as the Debtor may be indebted to the Secured Party.

9. Cooperation; Secured Party Sales; No Waiver. The Debtor covenants that it will execute any documents requested by the Secured Party to perfect its security interest therein. When requested by the Secured Party following a default by the Debtor, the Debtor shall cooperate in the Secured Party's repossession of the Collateral and will assemble the Collateral and make it available to the Secured Party at such place as the Secured Party shall designate which shall be reasonably convenient to both parties. The Secured Party may dispose of the Collateral by public or private sale, upon the place where it is then located, and the Secured Party itself may acquire the Collateral at any such sale. Debtor agrees that notice of ten (10) days prior to such sale shall constitute reasonable notice thereof. The Secured Party shall also have the right to remove the Collateral. No waiver of the Secured Party of any defaults hereunder shall constitute a waiver of any other default or of the same default upon a future occasion.

10. Default. The Debtor shall be deemed in "Default" of this Agreement:

- (a) If Debtor fails to observe or perform any of the Debtor's agreements expressed herein; provided that a failure to comply with paragraph 3 hereof, shall constitute a Default only if it continues for at least fifteen (15) days after the date of written notice of default provided by the Secured Party;
- (b) Upon default of the Debtor under the terms of any Obligations of the Debtor to the Secured Party secured hereby, or if notice or lapse of time, or both, are therein provided, then upon such notice or lapse of time, or both;
- (c) Upon the loss, unauthorized sale, unauthorized removal of the Collateral from the locations specified in paragraph 1, theft, damage or destruction of the Collateral; or
- (d) In the event the Secured Party shall deem the Collateral in danger of misuse or loss

or removal from this State.

11. Remedies. Upon a Default the Secured Party shall have all the rights and remedies of a secured party under the Uniform Commercial Code to the same extent as if they were expressly set forth herein in addition to the remedies provided herein or in any other instrument or paper executed by the Debtor, as well as the right to sell all or part of the Collateral, pursuant to New Hampshire law. In such event, the Debtor shall pay all the Secured Party's costs of repossession and dispossession, including reasonable attorneys' fees, which the Secured Party may deduct from the proceeds.

12. Application of Proceeds. The Secured Party may apply proceeds from the Collateral after default to any obligations secured hereby in such amounts as it deems appropriate in its sole discretion.

13. Governing Law. This Agreement shall be governed by and be construed in accordance with New Hampshire law.

14. Amendment. This Agreement may be amended only by a written instrument executed by the parties.

15. Severability. If any term of this Agreement or the application thereof to any person or circumstances shall to any extent be invalid or unenforceable, the remainder of this Agreement or the application of such term to persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each term of the Agreement shall be valid and enforceable to the fullest extent permitted by law.

16. Waiver of Jury Trial. Debtor hereby knowingly, voluntarily and intentionally waives any right it may have to a trial by jury in respect of any litigation based on the loan evidenced by the Notes or arising out of, under or in connection with this Agreement, the Notes, any Security Instrument, Guaranty or any of the other loan documents, or any course of conduct, course of dealing, statement (whether verbal or written) or action of Borrower, Debtor or Lender. This provision is a material inducement for Lender's making of the loans.

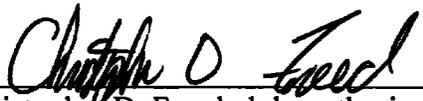
Debtor hereby acknowledges receipt of consideration for the conveyance of this security interest.

EXECUTED on the day and year first above written.

**CLAREMONT CONCORD RAILROAD
CORP.**



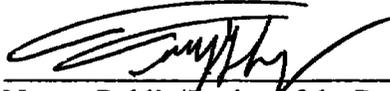
Witness

By: 

Christopher D. Freed, duly-authorized
President

STATE OF NEW HAMPSHIRE
COUNTY OF MERRIMACK, ss

On this 16th day of July, 2008, before me personally appeared Christopher D. Freed, to me personally known, who being by me duly sworn, says that he is the President of Claremont Concord Railroad Corp., that the seal affixed to the foregoing instrument is the corporate seal of said Corporation, that said instrument was signed and sealed on behalf of said Corporation by authority of its Board of Directors and he/she acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.



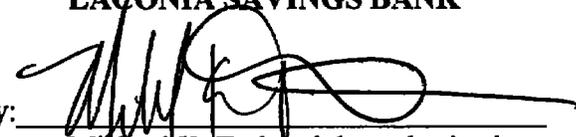
Notary Public/Justice of the Peace
My Commission Expires:

TIMOTHY G. SHEEDY
Notary Public - New Hampshire
My Commission Expires April 21, 2009

LAGONIA SAVINGS BANK



Witness

By: 

Michael K. Tutko, duly-authorized
Vice President

[SEAL]

STATE OF NEW HAMPSHIRE
COUNTY OF MERRIMACK, ss

On this 21st day of July, 2008, before me personally appeared Michael K. Tutko, to me personally known, who being by me duly sworn, says that he is the Vice President of Laconia Savings Bank, that the seal affixed to the foregoing instrument is the corporate seal of said Corporation, that said instrument was signed and sealed on behalf of said 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 said Corporation.



Notary Public/Justice of the Peace
My Commission Expires:



EXHIBIT A

CLAREMONT CONCORD RAILROAD CORP.

CCR 102 - an ALCO 115-Ton Locomotive, Model S4

CCR 104 - an ALCO 115-Ton Locomotive, Model S4

CCR 105 - an ALCO 115-Ton Locomotive, Model S4

CCR 106 - an ALCO 115-Ton Locomotive, Model S4