

RECORDATION NO. 23621 FILED

AUG 21 '01 19-56 AM

SURFACE TRANSPORTATION BOARD

OF COUNSEL
URBAN A. LESTER

ALVORD AND ALVORD
ATTORNEYS AT LAW
1600 K STREET, NW
SUITE 200
WASHINGTON, D.C.
20006-2973

(202) 393-2266
FAX (202) 393-2156

ELIAS C. ALVORD (1942)
ELLSWORTH C. ALVORD (1964)

August 20, 2001

Mr. Vernon A. Williams
Secretary
Surface Transportation Board
Washington, D.C. 20423

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are two (2) copies of a Memorandum of Security Agreement, dated as of July 20, 2001, a primary document as defined in the Board's Rules for the Recordation of Documents.

The names and addresses of the parties to the enclosed document are:

Secured Party: Branch Banking and Trust Company
2661 Riva Road
Annapolis, Maryland, 21401`

Grantor: The Maryland and Delaware Railroad
Company
106 Railroad Avenue
Federalsburg, Maryland 21632

A description of the railroad equipment covered by the enclosed document is:

All of Grantor's rail equipment now owned or hereafter acquired, including but not limited to the specific equipment described on Exhibit A attached to the Memorandum of Security Agreement.

Mr. Vernon A. Williams
August 20, 2001
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A short summary of the document to appear in the index is:

Memorandum of Security Agreement.

Also enclosed is a check in the amount of \$28.00 payable to the order of the Surface Transportation Board covering the required recordation fee.

Kindly return stamped copies of the enclosed document to the undersigned.

Very truly yours,

A handwritten signature in black ink, appearing to read "Alvord", written in a cursive style.

Robert W. Alvord

RWA/anm
Enclosures

MEMORANDUM OF SECURITY AGREEMENT

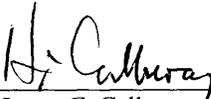
This Memorandum of Security Agreement, made and entered into as of July 20, 2001, by and between Branch Banking and Trust Company, a North Carolina banking corporation ("BB&T") and The Maryland and Delaware Railroad Company ("Grantor").

WITNESSETH:

Each of the undersigned have entered into that certain Security Agreement dated July 20, 2001, by and among BB&T and Grantor (said agreement being referred to herein as the "Security Agreement"). By the Security Agreement, Grantor has granted to BB&T a security interest in all of its equipment, including railroad equipment, whether owned as of the date of the Security Agreement or thereafter acquired, including but not limited to the rail equipment described in Exhibit A hereto, in order to secure repayment of all of Grantor's obligations under the Security Agreement and to secure Grantor's performance of all of its other obligations under that agreement.

IN WITNESS WHEREOF, the parties hereto have each caused this Memorandum of Security Agreement to be executed by their respective, duly-authorized officers as of the day and year first above written.

BRANCH BANKING AND TRUST COMPANY

By 
Name: Hunter F. Calloway
Title: Senior Vice President

THE MARYLAND AND DELAWARE
RAILROAD COMPANY

By 
Name: John C. Paredes
Title: President

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SURFACE TRANSPORTATION BOARD

STATE OF MARYLAND)
) SS
COUNTY OF ANNE ARUNDEL)

On this 21st day of January, 2001, in Anne Arundel County, Maryland, before me personally appeared Hunter F. Calloway, to me personally known, who being by me duly sworn, says that he is the Senior Vice President of Branch Banking and Trust Company, that the foregoing instrument was signed 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.

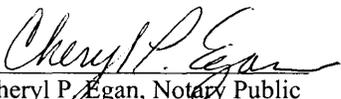

Cheryl P. Egan, Notary Public

[NOTARIAL SEAL]

My commission expires: August 1, 2004

STATE OF MARYLAND)
) SS
COUNTY OF ANNE ARUNDEL)

On this 20th day of July, 2001, in Anne Arundel County, Maryland, before me personally appeared John C. Paredes, to me personally known, who being by me duly sworn, says that he is the President of The Maryland and Delaware Railroad Company, that the foregoing instrument was signed 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.


Cheryl P. Egan, Notary Public

[NOTARIAL SEAL]

My commission expires: August 1, 2004

Exhibit A

LOCOMOTIVE CF 7, 1500 HP, #2630

LOCOMOTIVE CF 7, 1500 HP, #2632