

OSTER
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June 29, 2006

RECORDATION NO. 26427 FILED

JUN 29 '06 10-28 AM

SURFACE TRANSPORTATION BOARD

Secretary
Surface Transportation Board
1925 K Street, N.W.
Washington, D.C. 20423

Dear Sir:

Enclosed for recording with the Surface Transportation Board is a Memorandum of Security Agreement dated 6/20/06 involving the following parties and railroad equipment:

Secured Party: Wells Fargo Equipment Finance, Inc.
Investors Building, Suite 700
733 Marquette Avenue So.
Minneapolis, MN 55402

Debtor: Iowa Interstate Railroad, Ltd.
800 Webster Street
Iowa City, IA 52240

Equipment: 7, GP38-2 Locomotives
IAIS 700-704, 706, 707

Please record this agreement as a primary document. The filing fee of \$34 is enclosed.

Summary: Memorandum of Security Agreement dated 6/20/06 between Wells Fargo Equipment Finance, Inc. as Secured Party and Iowa Interstate Railroad, Ltd. as Debtor including 7, GP38-2 Locomotives, IAIS 700-704, 706, and 707, a primary document.

Sincerely,



Mary Ann Oster
Research Consultant

Enclosure

RECORDATION NO. _____ FILED

**WELLS
FARGO**Wells Fargo Equipment Finance
Investors Building, Suite 700
733 Marquette Ave Se
Minneapolis, MN 55402

JUN 29 '06

10-28 AM

Memorandum of Security Agreement**SURFACE TRANSPORTATION BOARD**

THIS MEMORANDUM OF SECURITY AGREEMENT (this "Memorandum") is made this 20th day of June 2006, by and between Iowa Interstate Railroad, Ltd., an Iowa corporation ("Debtor"), and WELLS FARGO EQUIPMENT FINANCE, INC, a Minnesota Corporation ("Secured Party").

A. The Debtor is indebted to the Secured Party pursuant to that certain Promissory Note dated as of June 20, 2006 (the "Note") executed by the Debtor in favor of the Secured Party.

B. To secure the Debtor's obligations to the Secured Party, the Debtor executed and delivered to the Secured Party a Security Agreement dated June 20, 2006 pursuant to which the Debtor granted to the Secured Party a continuing, first priority security interest in and to, and lien on, the following collateral:

(a) Seven (7) EMD Locomotives with the following markings described on Schedule A attached hereto (each, a "Railcar", collectively, the "Railcars") and all replacements and substitutions thereof;

(b) all improvements, additions, modifications, accessions, attachments, appurtenances and parts appertaining or attached to the Railcars, whether now owned or hereafter acquired;

(c) all logs, books and records pertaining to the use, operation and/or maintenance of the Railcars or otherwise relating to any of the collateral described herein;

(d) all rights, claims and causes of action, if any, which the Debtor may have now or in the future against any manufacturer, rebuilder or seller of the Railcars (or any component thereof) or any other Person, by contract of otherwise, in respect of any defect in the Railcars or any part thereof;

IN WITNESS WHEREOF, the parties have caused this Memorandum to be executed as of the date first above written.

Wells Fargo Equipment Finance, Inc.

Iowa Interstate Railroad, Ltd.

By: Barbara KuracinBy: David A. MillerTitle: Vice PresidentTitle: PRESIDENT

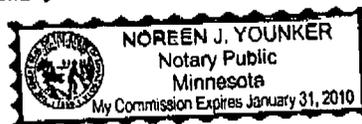
STATE OF MINNESOTA
COUNTY OF HENNEPIN

On this 26 day of June, 2006, before me, a Notary Public of the City and State aforesaid, personally appeared Bessica Kovalic, to me personally known, who being by me duly sworn, says that she is the Vice President of Wells Fargo Equipment Finance MINNESOTA corporation, 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.

AS WITNESS my hand and notarial seal.

Noreen J. Younker
Notary Public

My commission expires:



STATE OF Iowa
COUNTY OF LINO

On this 22 day of June, 2006, before me a Notary Public of the City and State aforesaid, personally appeared Douglas Miller, to me personally known who being by me duly sworn, says that (he/she) is a President + CEO of Iowa Interstate Railways that foregoing instrument is/was signed 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.

AS WITNESS my hand and notarial seal.

Carolyn Lee Young
Notary Public

(Seal)

My commission expires:





Wells Fargo Equipment Finance
Investors Building, Suite 700
733 Marquette Ave So
Minneapolis, MN 55402

Schedule A
to Memorandum of
Security Agreement

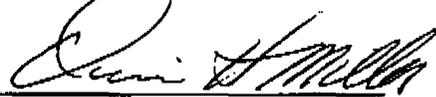
Debtor: Iowa Interstate Railroad, Ltd.

Seven (7) EMD Locomotives Model No. GP38-2 with the following markings:

- IAIS 700, 701, 702, 703, 704, 706, 707

Dated: June 20, 2006

Debtor: Iowa Interstate Railroad, Ltd.

By: 

Title: PRESIDENT

