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OCT 27 '06

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SURFACE TRANSPORTATION BOARD

Janis M. Burgess

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October 19, 2006

Vernon Williams, Secretary
Surface Transportation Board
1925 K Street NW
Washington, DC 20423



RE: Escanaba and Lake Superior Railroad Company

Dear Secretary Williams:

I have enclosed an original and one (1) copy/counterpart of the document described below, to be recorded pursuant to Section 11301 of Title 49 of the US Code.

This document is a Mortgage on Rolling Stock, a primary document, dated June 30, 2006.

The names and addresses of the parties to the documents are as follows:

Mortgagor: Escanaba and Lake Superior Railroad Company
One Larkin Plaza
Wells, MI 49894

Mortgagee: Wisconsin Community Bank
Heartland Business Bank – Green Bay Branch
1510 Mid Valley Drive
PO Box 5307
De Pere, WI 54115-5307

A description of the equipment covered by the document is railroad cars, locomotives, or other rolling stock or accessories used on such railroad cars, locomotives and other rolling stock (including superstructures and racks) intended for a use related to interstate commerce, as more fully described in the attached Exhibit A, which is incorporated herein by this reference. Also included in the

Letter to the Secretary –STB

October 19, 2006

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property covered by the aforesaid mortgage are railroad cars, locomotives and other rolling stock intended for use related to interstate commerce, or interests therein, owned by Escanaba and Lake Superior Railroad Company at the date of said mortgage or thereafter acquired by it or its successors as owners of the railway line covered by this mortgage.

A fee of Thirty-three Dollars (\$33.00) is enclosed. Please return the original and any extra copies not needed by the Board for recordation to the undersigned. A preaddressed, stamped envelope is enclosed for your convenience.

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

Mortgage on Rolling Stock between Escanaba and Lake Superior Railroad Company, Mortgagor, and Wisconsin Community Bank, Heartland Business Bank, Mortgagee, covering railroad cars, locomotives, other rolling stock and accessories used thereon (including superstructures and racks) or any assignment thereof, whether owned by the Mortgagor at the date of said mortgage or thereafter acquired by it or its successors as owners of the railway covered by the mortgage.

Very Truly Yours,

WESLEY W. HOFFMAN & ASSOCIATES, P.C.

By:



Janis M. Burgess

Attorney for Wisconsin Community Bank-
Heartland Business Bank – Green Bay
Branch

JMB:dlv

Enclosures

cc: Heartland Business Bank
- Julie Lemminger

I, Debra L. Villas, Secretary of WESLEY W. HOFFMAN & ASSOCIATES, PC, and a notary public in the County of Menominee, State of Michigan, hereby certify that I have compared the copy of the Mortgage on Rolling Stock with the original and have found the copy to be complete and identical in all respects to the original document.



Debra L. Villas, Notary Public
Menominee County, Michigan
My commission expires: 11-06-2007
Acting in Menominee County.

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MORTGAGE ON ROLLING STOCK

SURFACE TRANSPORTATION BOARD

This Mortgage on Rolling Stock dated June 30, 2006, is made and executed between ESCANABA AND LAKE SUPERIOR RAILROAD COMPANY ("Mortgagor") and WISCONSIN COMMUNITY BANK ("Lender").

GRANT OF SECURITY INTEREST. For valuable consideration, Mortgagor grants to Lender a security interest in the Collateral to secure the indebtedness and agrees that Lender shall have the rights stated in this Mortgage with respect to the Collateral, in addition to all other rights which Lender may have by law.

COLLATERAL DESCRIPTION. The word "Collateral" as used in this Mortgage means the following described property, whether now owned or hereafter acquired by mortgagor, or its successors in interest as owners of the railway covered by this Mortgage, whether now existing or hereafter arising, and wherever located, in which Mortgagor is giving to Lender a security interest for the payment of the indebtedness and performance of all other obligations under the Note and this Mortgage:

ALL ROLLING STOCK INCLUDING BUT NOT LIMITED TO railroad cars, locomotives and other rolling stock or accessories used on such railroad cars, locomotives and other rolling stock, including superstructures and racks intended for a use related to interstate commerce or any assignment thereof, as more fully described in the attached Exhibit A, which is incorporated herein by this reference, whether presently owned or hereafter acquired by Mortgagor or its successors as owners of the railway covered by this Mortgage.

In addition, the word "Collateral" also includes all the following, whether now owned or hereafter acquired, whether now existing or hereafter arising, and wherever located:

- (A) All accessions, attachments, accessories, tools, parts, supplies, replacements of and additions to any of the collateral described herein, whether added now or later.
- (B) All accounts, general intangibles, instruments, rents, monies, payments, and all other rights, arising out of a sale, lease, consignment or other disposition of any of the property described in this Collateral section.
- (C) All proceeds (including insurance proceeds) from the sale, destruction, loss, or other disposition of any of the property described in this Collateral section, and sums due from a third party who has damaged or destroyed the Collateral or from that party's insurer, whether due to judgment, settlement or other process.
- (D) All records and data relating to any of the property described in this Collateral section, whether in the form of a writing, photograph, microfilm, microfiche, or electronic media, together with all of Mortgagor's right, title, and interest in and to all computer software required to utilize, create, maintain, and process any such records or data on electronic media.

CROSS-COLLATERALIZATION. In addition to the Note, this Mortgage secures all obligations, debts and liabilities, plus interest thereon, of Mortgagor to Lender, or any one or more of them, as well as all claims by Lender against Mortgagor or any one or more of them, whether now existing or hereafter arising, whether related or unrelated to the purpose of the Note, whether voluntary or otherwise, whether due or not due, direct or indirect, determined or undetermined, absolute or contingent, liquidated or unliquidated whether Mortgagor may be liable individually or jointly with others, whether obligated as guarantor, surety, accommodation party or otherwise, and whether recovery upon such amounts may be or hereafter may become barred by any statute of limitations, and whether the obligation to repay such amounts may be or hereafter may become otherwise unenforceable.

MORTGAGOR'S REPRESENTATIONS AND WARRANTIES WITH RESPECT TO THE COLLATERAL. With respect to the Collateral, Mortgagor represents and promises to Lender that:

Perfection of Security Interest. Mortgagor agrees to take whatever actions are requested by Lender to perfect and continue Lender's security interest in the Collateral. Upon request of Lender, Mortgagor will deliver to Lender any and all of the documents evidencing or constituting the Collateral, and Mortgagor will note Lender's interest upon any and all chattel paper and instruments if not delivered to Lender for possession by Lender. **This is a continuing Mortgage on Rolling Stock and will continue in effect even though all or any part of the indebtedness is paid in full and even though for a period of time Mortgagor may not be indebted to Lender.**

Notices to Lender. Mortgagor will promptly notify Lender in writing at Lender's address shown above (or such other addresses as Lender may designate from time to time) prior to any (1) change in Mortgagor's name; (2) change in Mortgagor's assumed business name(s); (3) change in the management of the Mortgagor Corporation; (4) change in the authorized signer(s); (5) change in Mortgagor's principal office address; (6) change in Mortgagor's state of organization; (7) conversion of Mortgagor to a new or different type of business entity; or (8) change in any other aspect of Mortgagor that directly or indirectly relates to any agreements between Mortgagor and Lender. No change in Mortgagor's name or state of organization will take effect until after Lender has received notice.

No violation. The execution and delivery of this Mortgage will not violate any law or agreement governing Mortgagor or to which Mortgagor is a party, and its certificate or articles of incorporation and bylaws do not prohibit any term or condition of this Agreement.

Enforceability of Collateral. To the extent the Collateral consists of accounts, chattel paper, or general intangibles, as defined by the Uniform Commercial Code, the Collateral is enforceable in accordance with its terms, is genuine, and fully complies with all applicable laws and regulations concerning form, content and manner of preparation and execution, and all persons appearing to be obligated on the Collateral have authority and capacity to contract and are in fact obligated as they appear to be on the Collateral. There shall be no setoffs or counterclaims against any of the Collateral, and no agreement shall have been made under which any deductions or discounts may be claimed concerning the Collateral except those disclosed to Lender in writing.

Location of the Collateral. Except in the ordinary course of Mortgagor's business, Mortgagor agrees to keep the Collateral at Mortgagor's address shown above or at such other locations as are acceptable to Lender. Upon Lender's request, Mortgagor will deliver to Lender in form satisfactory to Lender a schedule of real properties and Collateral locations relating to Mortgagor's operations including, without limitation the following: (1) all real property Mortgagor owns or is purchasing; (2) all real property Mortgagor is renting or leasing; (3) all storage facilities Mortgagor owns, rents, leases, or uses; and (4) all other properties where Collateral is or may be located.

Removal of the Collateral. Except in the ordinary course of Mortgagor's business, Mortgagor shall not remove the Collateral from its existing location without Lender's prior written consent. To the extent that the Collateral consists of vehicles, or other titled property, Mortgagor shall not take or permit any action which would require application for certificates of title for the vehicles outside the State of Michigan, without Lender's prior written consent. Mortgagor shall, whenever requested, advise Lender of the exact location of the Collateral.

Transactions involving Collateral. Mortgagor shall not sell, offer to sell, or otherwise transfer or dispose of the Collateral, nor pledge, mortgage, encumber or otherwise permit the Collateral to be subject to any lien, security interest, encumbrance, or charge, other than the security interest provided for in this Mortgage, without the prior written consent of Lender. This includes security interests even if junior in right to the security interests granted under this Mortgage. Unless waived by Lender, all proceeds from any disposition of the Collateral (for whatever reason) shall be held in trust for Lender and shall not be commingled with any other funds; provided however, this requirement shall not constitute consent by Lender to any sale or other disposition. Upon receipt, Mortgagor shall immediately deliver any such proceeds to Lender.

Title. Mortgagor represents and warrants to Lender that Mortgagor holds good and marketable title to the Collateral, free and clear of all liens and encumbrances except for the lien of this Mortgage. No financing statement covering any of the Collateral is on file in any public office other than those which reflect the security interest created by this Mortgage or to which Lender has specifically consented. Mortgagor shall defend Lender's rights in the Collateral against the claims and demands of all other persons.

Repairs and Maintenance. Mortgagor agrees to keep and maintain, and to cause others to keep and maintain, the Collateral in good order, repair and condition at all times while this Mortgage remains in effect. Mortgagor further agrees to pay when due all claims for work done on, or services rendered or material furnished in connection with the Collateral so that no lien or encumbrance may ever attach to or be filed against the Collateral.

Inspection of Collateral. Lender and Lender's designated representatives and agents shall have the right at all reasonable times to examine and inspect the Collateral wherever located.

Taxes, Assessments and Liens. Mortgagor will pay when due all taxes, assessments and liens upon the Collateral, its use or operation, upon this Mortgage, upon any promissory note or notes evidencing the indebtedness, or upon any of the other Related Documents. Mortgagor may withhold any such payment or may elect to contest any lien if Mortgagor is in good faith conducting an appropriate proceeding to contest the obligation to pay and so long as Lender's interest in the Collateral is not jeopardized in Lender's sole opinion. If the Collateral is subjected to a lien which is not discharged within fifteen (15) days, Mortgagor

shall deposit with Lender cash, a sufficient corporate surety bond or other security satisfactory to Lender in an amount adequate to provide for the discharge of the lien plus any interest, costs, reasonable attorneys' fees or other charges that could accrue as a result of foreclosure or sale of the Collateral. In any contest Mortgagor shall defend itself and Lender and shall satisfy any final adverse judgment before enforcement against the Collateral. Mortgagor shall name Lender as an additional obligee under any surety bond furnished in the contest proceedings. Mortgagor further agrees to furnish Lender with evidence that such taxes, assessments, and governmental and other charges have been paid in full and in a timely manner. Mortgagor may withhold any such payment or may elect to contest any lien if Mortgagor is in good faith conducting an appropriate proceeding to contest the obligation to pay and so long as Lender's interest in the Collateral is not jeopardized.

Compliance with Governmental Requirements. Mortgagor shall comply promptly with all laws, ordinances, rules and regulations of all governmental authorities, now or hereafter in effect, applicable to the ownership, production, disposition, or use of the Collateral, including all laws or regulations relating to the undue erosion of highly-erodible land or relating to the conversion of wetlands for the production of an agricultural product or commodity. Mortgagor may contest in good faith any such law, ordinance or regulation and withhold compliance during any proceeding, including appropriate appeals, so long as Lender's interest in the Collateral, in Lender's opinion, is not jeopardized.

Hazardous Substances. Mortgagor represents and warrants that the Collateral never has been, and never will be so long as this Mortgage remains a lien on the Collateral, used in violation of any Environmental Laws or for the generation, manufacture, storage, treatment, disposal, release or threatened release of any Hazardous Substance. The representations and warranties contained herein are based on Mortgagor's due diligence in investigating the Collateral for Hazardous Substances. Mortgagor hereby (1) releases and waives any future claims against Lender for indemnity or contribution in the event Mortgagor becomes liable for cleanup or other costs under any Environmental Laws, and (2) agrees to indemnify and hold harmless Lender against any and all claims and losses resulting from a breach of this provision of this Mortgage. This obligation to indemnify shall survive the payment of the Indebtedness and the satisfaction of this Mortgage.

Maintenance of Casualty Insurance. Mortgagor shall procure and maintain all risks insurance, including without limitation fire, theft and liability coverage together with such other insurance as Lender may require with respect to the Collateral, in form, amounts, coverages and basis reasonably acceptable to Lender and issued by a company or companies reasonably acceptable to Lender. Mortgagor, upon request of Lender, will deliver to Lender from time to time the policies or certificates of insurance in form satisfactory to Lender, including stipulations that coverages will not be cancelled or diminished without at least ten (10) days prior written notice to Lender and not including any disclaimer of the insurer's liability for failure to give such a notice. Each insurance policy also shall include an endorsement providing that coverage in favor of Lender will not be impaired in any way by any act, omission or default of Mortgagor or any other person. In connection with all policies covering assets in which Lender holds or is offered a security interest, Mortgagor will provide Lender with such loss payable or other endorsements as Lender may require. If Mortgagor at any time fails to obtain or maintain any insurance as required under this Mortgage, Lender may (but shall not be obligated to) obtain such insurance as Lender deems appropriate, including if Lender so chooses "single interest insurance," which will cover only Lender's interest in the Collateral.

Application of Insurance Proceeds. Mortgagor shall promptly notify Lender of any loss or damage to the Collateral, whether or not such casualty or loss is covered by insurance. Lender may make proof of loss if Mortgagor fails to do so within fifteen (15) days of the casualty. All proceeds of any insurance on the Collateral, including accrued proceeds thereon, shall be held by Lender as part of the Collateral. If Lender consents to repair or replacement of the damaged or destroyed Collateral, Lender shall, upon satisfactory proof of expenditure, pay or reimburse Mortgagor from the proceeds for the reasonable cost of repair or restoration. If Lender does not consent to repair or replacement of the Collateral, Lender shall retain a sufficient amount of the proceeds to pay all of the Indebtedness, and shall pay the balance to Mortgagor. Any proceeds which have not been disbursed within six (6) months after their receipt and which Mortgagor has not committed to the repair or restoration of the Collateral shall be used to prepay the Indebtedness.

Insurance Reserves. Lender may require Mortgagor to maintain with Lender reserves for payment of insurance premiums, which reserves shall be created by monthly payments from Mortgagor of a sum estimated by Lender to be sufficient to produce, at least fifteen (15) days before the premium due date, amounts at least equal to the insurance premiums to be paid. If fifteen (15) days before payment is due, the reserve funds are insufficient, Mortgagor shall upon demand pay any deficiency to Lender. The reserve funds shall be held by Lender as a general deposit and shall constitute a non-interest-bearing account which Lender may satisfy by payment of the insurance premiums required to be paid by Mortgagor as they become due. Lender does not hold the reserve funds in trust for Mortgagor, and Lender is not the

agent of Mortgagor for payment of the insurance premiums required to be paid by Mortgagor. The responsibility for the payment of premiums shall remain Mortgagor's sole responsibility.

Insurance Reports. Mortgagor, upon request of Lender, shall furnish to Lender reports on each existing policy of insurance showing such information as Lender may reasonably request including the following: (1) the name of the insurer; (2) the risks insured; (3) the amount of the policy; (4) the property insured; (5) the then current value on the basis of which insurance has been obtained and the manner of determining that value; and (6) the expiration date of the policy. In addition, Mortgagor shall upon request by Lender (however not more often than annually) have an independent appraiser satisfactory to Lender determine, as applicable, the cash value or replacement cost of the Collateral.

Financing Statements. Mortgagor authorizes Lender to file a UCC financing statement, or alternatively, a copy of this Mortgage to perfect Lender's security interest. At Lender's request, Mortgagor additionally agrees to sign all other documents that are necessary to perfect, protect and continue Lender's security interest in the Property. Mortgagor will pay all filing fees, title transfer fees, and other fees and costs involved unless prohibited by law or unless Lender is required by law to pay such fees and costs. Mortgagor irrevocably appoints Lender to execute documents necessary to transfer title if there is a default. Lender may file a copy of this Mortgage as a financing statement. If Mortgagor changes its name or address, or the name or address of any person granting a security interest under this Mortgage changes, Mortgagor will promptly notify the Lender of such change.

MORTGAGOR'S RIGHT TO POSSESSION. Until default, Mortgagor may have possession of the tangible personal property and beneficial use of all the Collateral and may use it in any lawful manner not inconsistent with this Mortgage or the Related Documents, provided that Mortgagor's right to possession and beneficial use shall not apply to any Collateral where possession of the Collateral by Lender is required by law to perfect Lender's security interest in such Collateral. If Lender at any time has possession of any Collateral, whether before or after an Event of Default, Lender shall be deemed to have exercised reasonable care in the custody and preservation of the Collateral if Lender takes such action for that purpose as Mortgagor shall request or as Lender, in Lender's sole discretion, shall deem appropriate under the circumstances, but failure to honor any request by Mortgagor shall not of itself be deemed to be a failure to exercise reasonable care. Lender shall not be required to take any steps necessary to preserve any rights in the Collateral against prior parties, nor to protect, preserve or maintain any security interest given to secure the Indebtedness.

LENDER'S EXPENDITURES. If any action or proceeding is commenced that would materially affect Lender's interest in the Collateral or if Mortgagor fails to comply with any provision of this Mortgage or any Related Documents, including but not limited to Mortgagor's failure to discharge or pay when due any amounts Mortgagor is required to discharge or pay under this Mortgage or any Related Documents, Lender on Mortgagor's behalf may (but shall not be obligated to) take any action that Lender deems appropriate, including but not limited to discharging or paying all taxes, liens, security interests, encumbrances and other claims, at any time levied or placed on the Collateral and paying all costs for insuring, maintaining and preserving the Collateral. All such expenditures incurred or paid by Lender for such purposes will then bear interest at the rate charged under the Note from the date incurred or paid by Lender to the date of repayment by Mortgagor. All such expenses will become a part of the Indebtedness and, at Lender's option, will (A) be payable on demand; (B) be added to the balance of the Note and be apportioned among and be payable with any installment payments to become due during either (1) the term of any applicable insurance policy; or (2) the remaining term of the Note; or (C) be treated as a balloon payment which will be due and payable at the Note's maturity. The Mortgage also will secure payment of these amounts. Such right shall be in addition to all other rights and remedies to which Lender may be entitled upon Default.

DEFAULT. Each of the following shall constitute an Event of Default under this Mortgage:

Payment Default. Mortgagor fails to make any payment when due under the Indebtedness.

Other Defaults. Mortgagor fails to comply with or to perform any other term, obligation, covenant or condition contained in this Mortgage or in any of the Related Documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Mortgagor.

Default in Favor of Third Parties. Should Borrower or any Mortgagor default under any loan, extension of credit, security agreement, purchase or sales agreement, or any other agreement, in favor of any other creditor or person that may materially affect any of Mortgagor's property or any of Mortgagor's ability to repay the Indebtedness or perform their respective obligations under this Mortgage or any of the Related Documents.

False Statements. Any warranty, representation or statement made or furnished to Lender by Mortgagor or on Mortgagor's behalf under this Mortgage or the Related Documents is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.

Defective Collateralization. This Mortgage or any of the Related Documents ceases to be in full force and effect (including failure of any collateral document to create a valid and perfected security interest or lien) at any time and for any reason.

Insolvency. The dissolution or termination of Mortgagor's existence as a going business, the insolvency of Mortgagor, the appointment of a receiver for any part of Mortgagor's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Mortgagor.

Creditor or Forfeiture Proceedings. Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Mortgagor or by any governmental agency against any collateral securing the Indebtedness. This includes a garnishment of any of Mortgagor's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Mortgagor as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Mortgagor gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender monies or a surety bond for the creditor or forfeiture proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve or bond for the dispute.

Events Affecting Guarantor. Any of the preceding events occurs with respect to any Guarantor of any of the Indebtedness or Guarantor dies or becomes incompetent or revokes or disputes the validity of, or liability under, any Guaranty of the Indebtedness.

Adverse Change. A material adverse change occurs in Mortgagor's financial condition, or Lender believes the prospect of payment or performance of the Indebtedness is impaired.

Insecurity. Lender in good faith believes itself insecure.

Cure Provisions. In any default, other than a default in payment is curable and if Mortgagor has not been given a notice of a breach of the same provision of this Mortgage within the preceding twelve (12) months, it may be cured if Mortgagor, after receiving written notice from Lender demanding cure of such default: (1) cures the default within thirty (30) days; or (2) if the cure requires more than thirty (30) days, immediately initiates steps which Lender deems in Lender's sole discretion to be sufficient to cure the default and thereafter continues and completes all reasonable and necessary steps sufficient to produce compliance as soon as reasonably practical.

RIGHTS AND REMEDIES ON DEFAULT. If an Event of Default occurs under this Mortgage, at any time thereafter, Lender shall have all the rights of a secured party under the Michigan Uniform Commercial Code. In addition and without limitation, Lender may exercise any one or more of the following rights and remedies:

Accelerate Indebtedness. Lender may declare the entire Indebtedness, including any prepayment penalty which Mortgagor would be required to pay, immediately due and payable, without notice of any kind to Mortgagor.

Assemble Collateral. Lender may require Mortgagor to deliver to Lender all or any portion of the Collateral and any and all certificates of title and other documents relating to the Collateral. Lender may require Mortgagor to assemble the Collateral and make it available to Lender at a place to be designated by Lender. Lender also shall have full power to enter upon the property of Mortgagor to take possession of and remove the Collateral. If the Collateral contains other goods not covered by this Mortgage at the time of repossession, Mortgagor agrees Lender may take such other goods, provided that Lender makes reasonable efforts to return them to Mortgagor after repossession.

Sell the Collateral. Lender shall have full power to sell, lease, transfer, or otherwise deal with the Collateral or proceeds thereof in Lender's own name or that of Mortgagor. Lender may sell the Collateral at public auction or private sale. Unless the Collateral threatens to decline speedily in value or is of a type customarily sold on a recognized market, Lender will give Mortgagor, and other persons as required by law, reasonable notice of the time and place of any public sale, or the time after which any private sale or any other disposition of the Collateral is to be made. However, no notice need be provided to any person who, after Event of Default occurs, enters into and authenticates an agreement waiving that person's right to notification of sale. The requirements of reasonable notice shall be met if such notice is given at least ten (10) days before the time of the sale or disposition. All expenses relating to the disposition of the Collateral, including without limitation the expenses of retaking, holding, insuring, preparing for sale and selling the Collateral, shall become a part of the Indebtedness secured by this Mortgage and shall be payable on demand, with interest at the Note rate from date of expenditure until repaid.

Appoint Receiver. Any failure of Mortgagor to pay any taxes assessed against the Collateral or to pay any installment of those taxes or to pay any insurance premium upon any

policy covering any property located upon the Collateral shall constitute waste and shall entitle Lender to the appointment by a court of competent jurisdiction of a receiver of the Collateral for the purpose of preventing the waste, except that no other receiver may be appointed for any business property having an assessed valuation of \$7,500 or less. Subject to the order of the court, the receiver may collect the rents and income from the Collateral and shall exercise control over the Collateral to the extent ordered by the court. A court may also appoint a receiver for the Collateral in any other circumstances permitted by law. Lender shall have the right to have a receiver appointed to take possession of all or any part of the Collateral, with the power to protect and preserve the Collateral, to operate the Collateral preceding foreclosure or sale, and to collect the Rents from the Collateral and apply the proceeds, over and above the cost of the receivership, against the Indebtedness. The receiver may serve without bond if permitted by law. Lender's right to the appointment of a receiver shall exist whether or not the apparent value of the Collateral exceeds the Indebtedness by a substantial amount. Employment by Lender shall not disqualify a person from serving as a receiver.

Collect Revenues, Apply Accounts. Lender, either itself or through a receiver, may collect the payments, rents, income, and revenues from the Collateral. Lender may at any time in Lender's discretion transfer any Collateral into Lender's own name or that of Lender's nominee and receive the payments, rents, income, and revenues therefrom and hold the same as security for the Indebtedness or apply it to payment of the Indebtedness in such order of preference as Lender may determine. Insofar as the Collateral consists of accounts, general intangibles, insurance policies, instruments, chattel paper, choses in action, or similar property, Lender may demand, collect, receipt for, settle, compromise, adjust, sue for, foreclose, or realize on the Collateral as Lender may determine, whether or not Indebtedness or Collateral is then due. For these purposes, Lender may, on behalf of and in the name of Mortgagor, receive, open and dispose of mail addressed to Mortgagor, change any address to which mail and payments are to be sent; and endorse notes, checks, drafts, money orders, documents of title, instruments and items pertaining to payment, shipment, or storage of any Collateral. To facilitate collection, Lender may notify account debtors and obligors on any Collateral to make payments directly to Lender.

Obtain Deficiency. If Lender chooses to sell any or all of the Collateral, Lender may obtain a judgment against Mortgagor for any deficiency remaining on the Indebtedness due to Lender after application of all amounts received from the exercise of the rights provided in this Mortgage. Mortgagor shall be liable for a deficiency even if the transaction described in this subsection is a sale of accounts or chattel paper.

Other Rights and Remedies. Lender shall have all the rights and remedies of a secured creditor under the provisions of the Uniform Commercial Code, as may be amended from time to time. In addition, Lender shall have and may exercise any or all other rights and remedies it may have available at law, in equity, or otherwise.

Election of Remedies. Except as may be prohibited by applicable law, all of Lender's rights and remedies, whether evidenced by this Mortgage, the Related Documents, or by any other writing, shall be cumulative and may be exercised singularly or concurrently. Election by Lender to pursue any remedy shall not exclude pursuit of any other remedy, and an election to make expenditures or to take action to perform an obligation of Mortgagor under this Mortgage, after Mortgagor's failure to perform, shall not affect Lender's right to declare a default and exercise its remedies.

MISCELLANEOUS PROVISIONS. The following miscellaneous provisions are a part of this Mortgage:

Amendments. This Mortgage, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Mortgage. No alteration of or amendment to this Mortgage shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

Attorneys' Fees; Expenses. Mortgagor agrees to pay upon demand all of Lender's costs and expenses, including Lender's reasonable attorneys' fees and Lender's legal expenses, incurred in connection with the enforcement of this Mortgage. Lender may hire or pay someone else to help enforce this Mortgage and Mortgagor shall pay the costs and expenses of such enforcement. Costs and expenses include Lender's reasonable attorneys' fees and legal expenses whether or not there is a lawsuit, including reasonable attorneys' fees and legal expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services. Mortgagor also shall pay all court costs and such additional fees as may be directed by the court.

Caption Headings. Caption headings in this Mortgage are for convenience purposes only and are not to be used to interpret or define the provisions of this Mortgage.

Governing Law. With respect to procedural matters related to the perfection and enforcement of Lender's rights against the Collateral, this Mortgage will be governed by federal law applicable to Lender and to the extent not preempted by federal law, the laws of the State of Michigan. In all other respects, this Mortgage will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the State of Wisconsin without regard to its conflicts of law provisions. However, if there ever is a question about whether any provision of this Mortgage is valid or enforceable, the provision that is questioned will be governed by whichever state or federal law would find the provision to be valid and enforceable. The loan transaction that is evidenced by the Note and this Mortgage has been applied for, considered, approved and made, and all necessary loan documents have been accepted by Lender in the State of Wisconsin.

No Waiver by Lender. Lender shall not be deemed to have waived any rights under this Mortgage unless such waiver is given in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by Lender of a provision of this Mortgage shall not prejudice or constitute a waiver of Lender's right otherwise to demand strict compliance with that provision or any other provision of this Mortgage. No prior waiver by Lender, nor any course of dealing between Lender and Mortgagor shall constitute a waiver of any of Lender's rights or of any of Mortgagor's obligations as to any future transactions. Whenever the consent of Lender is required under this Mortgage, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion of Lender.

Notices. Any notice required to be given under this Mortgage shall be given in writing, and shall be effective when actually delivered, when actually received by telefacsimile (unless otherwise required by law), when deposited with a nationally recognized overnight courier, or, if mailed, when deposited in the United States mail, as first class, certified or registered mail postage prepaid, directed to the addresses shown near the beginning of this Mortgage. Any party may change its address for notices under the Mortgage by giving formal written notice to the other parties, specifying that the purpose of the notice is to change the party's address. For notice purposes, Mortgagor agrees to keep Lender informed at all times of Mortgagor's current address. Unless otherwise provided or required by law, if there is more than one Mortgagor, any notice given by Lender to any Mortgagor is deemed to be notice given to all Mortgagors.

Power of Attorney. Mortgagor hereby appoints Lender as Mortgagor's irrevocable attorney-in-fact for the purpose of executing any documents necessary to perfect, amend, or to continue the security interest granted in this Mortgage or to demand termination of filings of other secured parties. Lender may at any time, and without further authorization from Mortgagor, file a carbon, photographic or other reproduction of any financing statement or of this Mortgage for use as a financing statement. Mortgagor will reimburse Lender for all expenses for the perfection and the continuation of the perfection of Lender's security interest in the Collateral.

Severability. If a court of competent jurisdiction finds any provision of this Mortgage to be illegal, invalid, or unenforceable as to any circumstance, that finding shall not make the offending provision illegal, invalid, or unenforceable as to any other circumstance. If feasible, the offending provision shall be considered modified so that it becomes legal, valid and enforceable. If the offending provision cannot be so modified, it shall be considered deleted from this Mortgage. Unless otherwise required by law, the illegality, invalidity, or unenforceability of any provision of this Mortgage shall not affect the legality, validity or enforceability of any other provision of this Mortgage.

Successors and Assigns. Subject to any limitations stated in this Mortgage on transfer of Mortgagor's interest, this Mortgage shall be binding upon and inure to the benefit of the parties, their successors and assigns. If ownership of the Collateral becomes vested in a person other than Mortgagor, Lender, without notice to Mortgagor, may deal with Mortgagor's successors with reference to this Mortgage and the Indebtedness by way of forbearance or extension without releasing Mortgagor from the obligations of this Mortgage or liability under the Indebtedness.

Survival of Representations and Warranties. All representations, warranties, and agreements made by Mortgagor in this Mortgage shall survive the execution and delivery of this Mortgage, shall be continuing in nature, and shall remain in full force and effect until such time as Mortgagor's Indebtedness shall be paid in full.

Time is of the Essence. Time is of the essence in the performance of this Mortgage.

DEFINITIONS. The following capitalized words and terms shall have the following meanings when used in this Mortgage. Unless specifically stated to the contrary, all references to dollar amounts shall mean amounts in lawful money of the United States of America. Words and terms used in the singular shall include the plural, and the plural shall include the singular, as the

context may require. Words and terms not otherwise defined in this Mortgage shall have the meanings attributed to such terms in the Uniform Commercial Code:

Borrower. The word "Borrower" means ESCANABA AND LAKE SUPERIOR RAILROAD COMPANY and includes all co-signers and co-makers signing the Note.

Collateral. The word "Collateral" means all Mortgagor's right, title and interest in and to all the Collateral as described in the Collateral Description section of this Mortgage.

Default. The word "Default" means the Default set forth in this Mortgage in the section titled "Default".

Environmental Laws. The words "Environmental Laws" mean any and all state, federal and local statutes, regulations and ordinances relating to the protection of human health or the environment, including without limitation the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. Section 9601, et seq. ("CERCLA"), the Superfund Amendments and Reauthorization Act of 1986, Pub. L. No. 99-499 ("SARA"), the Hazardous Materials Transportation Act, 49 U.S. C. Section 1801, et. seq., the Resource Conservation and Recovery Act, 42 U.S. C. Section 6901, et seq., or other applicable state or federal laws, rules, or regulations adopted pursuant thereto.

Event of Default. The words "Event of Default" mean any of the events of default set forth in this Mortgage in the default section of this Mortgage.

Guarantor. The word "Guarantor" means any guarantor, surety, or accommodation party of any or all of the Indebtedness.

Guaranty. The word "Guaranty" means the guaranty from Guarantor to Lender, including without limitation a guaranty of all or part of the Note.

Hazardous Substances. The words "Hazardous Substances" mean materials that, because of their quantity, concentration or physical, chemical or infectious characteristics, may cause or pose a present or potential hazard to human health or the environment when improperly used, treated, stored, disposed of, generated, manufactured, or otherwise handled. The words "Hazardous Substances" are used in their very broadest sense and include without limitation any and all hazardous or toxic substances, materials or waste as defined by or listed under the Environmental Laws. The term "Hazardous Substances" also includes, without limitation, petroleum and petroleum by-products or any fraction thereof and asbestos.

Indebtedness. The word "Indebtedness" means the indebtedness evidenced by the Note or Related Documents, including all principal and interest together with any future advances and all other indebtedness and costs and expenses for which Mortgagor is or may become responsible under this Mortgage or under any of the Related Documents. Specifically, without limitation, Indebtedness includes all amounts that may be indirectly secured by the Cross-Collateralization provision of this Mortgage.

Lender. The word "Lender" means WISCONSIN COMMUNITY BANK, its successors and assigns.

Mortgage. The word "Mortgage" means this Mortgage on Rolling Stock, as it may be amended or modified from time to time, together with all exhibits and schedules attached hereto from time to time.

Mortgagor. The word "Mortgagor" means ESCANABA AND LAKE SUPERIOR RAILROAD COMPANY.

Note. The word "Note" means the Note executed by ESCANABA AND LAKE SUPERIOR RAILROAD COMPANY in the principal amount of \$3,000,000.00 dated June 30, 2006, together with all renewals of, extensions of, modifications of, refinancings of, consolidations of, and substitutions for the note or credit agreement.

Property. The word "Property" means all of Mortgagor's right, title and interest in and to all the Property as described in the "Collateral Description" section of this Mortgage.

Related Documents. The words "Related Documents" mean all promissory notes, credit agreements, loan agreements, environmental agreements, guaranties, security agreements, mortgages, deeds of trust, security deeds, collateral mortgages, and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the Indebtedness.

MORTGAGOR HAS READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS MORTGAGE ON ROLLING STOCK AND AGREES TO ITS TERMS. THIS MORTGAGE IS DATED JUNE 30, 2006.

MORTGAGOR:

ESCANABA AND LAKE SUPERIOR RAILROAD COMPANY

By: *John C. Larkin*
John C. Larkin, President of
Escanaba and Lake Superior
Railroad Company

LENDER:

WISCONSIN COMMUNITY BANK

By: *Gil Gehobol*
Authorized Signer

STATE OF MICHIGAN)
) SS
COUNTY OF MENOMINEE)

Subscribed and sworn to before me this 30th day of June, 2006 by John C. Larkin,
President of Escanaba and Lake Superior Railroad Company, and Craig Odenwald
Authorized Signer of Wisconsin Community Bank.

Janis M. Burgess
Janis M. Burgess, Notary Public
Menominee County, Michigan
My Commission Expires: 08/03/2010
Acting in Menominee County.

EXHIBIT A

ROLLING STOCK LISTED ON ATTACHED PAGES 11-17.

II. DESCRIPTION OF THE LOCOMOTIVES AND THE RAILCARS

LOCOMOTIVES

A. Group 1 --EMD Model SD9 Diesel Electric Locomotives

The Five (5) EMD Model SD9 Diesel Electric Locomotives are described as follows:

Manufacturer	General Motors Corporation Electro-Motive Division LaGrange, Illinois
Date Manufactured	1955; 1956
Horsepower	1750 HP
Road Numbers	ELS 1220 - ELS 1224, inclusive
Number of Axles	6
Gear Ratio	62:15
Traction Motor Model Number	D47B; D57B; D67B; D77; D77B; D78
Approximate Loaded Weight	300,000 Lbs.
Air Brake Equipment	24RL
Dynamic Braking	Yes
Engine Model Number	16-567-C
Generator Model Number	D12C
Auxiliary Generator	10 kW
Fuel Capacity	2400 Gallons
Retention Tank	No
Cab Heat	Hot Water
Toilet Facilities	Yes

B. Group 2 --EMD Model GP38 Diesel Electric Locomotives

The Two (2) EMD Model GP38 Diesel Electric Locomotives are described as follows:

Manufacturer	General Motors Corporation Electro-Motive Division LaGrange, Illinois
Date Manufactured	1969; 1970
Horsepower	2000 HP
Road Numbers	ELS 400; ELS 402
Number of Axles	4
Gear Ratio	62:15
Traction Motor Model Number.....	D37B; D57B1; D77; D77B; D78
Approximate Loaded Weight	250,000 Lbs.
Air Brake Equipment	26L
Dynamic Braking	Yes
Engine Model Number.....	16-645-E
Generator Model Number.....	D32E1
Auxiliary Generator.....	10 kW-ELS 402; 18kW-ELS 400
Fuel Capacity	2600 Gallons-ELS 400; 3000 Gallons-ELS 402
Retention Tank.....	Yes – external
Cab Heat	ELS 400 – electric; ELS 402 hot water
Toilet Facilities.....	Yes

C. Group 3 -- EMD Model SW8 Diesel Electric Locomotives

The Two (2) EMD Model SW8 Diesel Electric Locomotives are described as follows:

Manufacturer	General Motors Corporation Electro-Motive Division LaGrange, Illinois
Date Manufactured	1952
Horsepower	800 HP
Road Numbers	ELS 1200; ELS 1201
Number of Axles	4
Gear Ratio	62:15
Traction Motor Model Number	D57B1; D77; D77B
Approximate Loaded Weight	230,000 Lbs.
Air Brake Equipment	6BL
Dynamic Braking	No
Engine Model Number	8-567-B
Generator Model Number	D15C
Auxiliary Generator	10 kW
Fuel Capacity	600 Gallons
Retention Tank	No
Cab Heat	Hot Water
Toilet Facilities	No

RAILCARS

D. Group 1 -- 70-Ton Box Cars

The Two Hundred Eighty-Three (283) 70-Ton Box Cars are described as follows:

Association of American Railroads.....	XM
(AAR) Mechanical Designation	
AAR Car Type Code.....	B314
AAR Equipment Diagram	Plate B
Date Built.....	1977; 1978
Car Numbers	ELS 101600 - ELS 101899, not inclusive
Nominal Capacity (Tons).....	70
Cubic Feet Capacity	5077
Extreme Height.....	14'-11"
Extreme Width.....	10'-8"
Inside Length.....	50'-6"
Outside Length.....	55'-3"
Air Brake System.....	ABD/ABD; ABD/ABDW
Couplers	Type E
Underframe	Rigid
Trucks.....	Ride Control, 6" x 11" roller bearings, D5 inner and outer springs, no. 18 brake beams
Wheels	33" curved or straight plate

The Box Cars are described in The Official Railway Equipment Register, Vol. 121, No. 4, issued April 2006 and effective April 1, 2006, on page no. RR-327, line no. 46.

E. Group 2 -- 100-Ton Bulkhead Log Cars

The Thirty-Six (36) 100-Ton Bulkhead Log Cars are described as follows:

AAR Mechanical Designation.....	FL
AAR Car Type Code.....	F273
AAR Equipment Diagram	Plate C
Date Built.....	1967
Car Numbers.....	ELS 5000 - ELS 5035, inclusive;
Nominal Capacity (Tons).....	100
Extreme Height.....	14'-10"; 14'-11"
Extreme Width.....	9'-9"; 10'-2"
Inside Length.....	70'-1"
Outside Length.....	80'-1"
Air Brake System.....	ABD/ABD; ABD/ABDW
Couplers.....	Type E
Underframe	Rigid
Trucks.....	Ride Control, 6½" x 12" roller bearings, D3 inner and outer springs, mounted cylinder type brake beams
Wheels	36" curved or straight plate

The Bulkhead/Log Stake Flat Cars are described in The Official Railway Equipment Register, Vol. 121, No. 4, issued April 2006 and effective April 1, 2006, on page no. RR-327, line nos. 1 and 2.

F. Group 2 -- 100-Ton Bulkhead Flat Cars

The Twelve (12) 100-Ton Bulkhead Flat Cars are described as follows:

AAR Mechanical Designation.....	FB
AAR Car Type Code.....	F243
AAR Equipment Diagram	Plate C
Date Built.....	1967
Car Numbers	ELS 61704 - ELS 61749, not Inclusive; ELS 979024
Nominal Capacity (Tons).....	100
Extreme Height.....	14'-10"; 14'-11"
Extreme Width.....	9'-9"; 10'-2"
Inside Length.....	70'-1"
Outside Length.....	80'-1"
Air Brake System.....	ABD/ABD; ABD/ABDW
Couplers.....	Type E
Underframe	Rigid
Trucks.....	Ride Control, 6½" x 12" roller bearings, D3 inner and outer springs, mounted cylinder type brake beams
Wheels	36" curved or straight plate

The Bulkhead/Log Stake Flat Cars are described in The Official Railway Equipment Register, Vol. 121, No. 4, issued April 2006 and effective April 1, 2006, on page nos. RR-327, line nos. 44 - 45 and 48.

G. Group 3 -- 70-Ton Bulkhead Flat Cars

The Fourteen (14) 70-Ton Bulkhead Flat Cars are described as follows:

AAR Mechanical Designation.....	FB
AAR Car Type Code.....	F241
AAR Equipment Diagram	Plate C
Date Built.....	1973 - 1975
Car Numbers.....	ELS 5100 - ELS 5113, inclusive
Nominal Capacity (Tons).....	70
Extreme Height.....	15'-1"; 15'-6"
Extreme Width.....	9'-11"; 10'-3"
Inside Length.....	52'-8"
Outside Length.....	60'-10"
Log Stakes	No
Air Brake System.....	ABD/ABD
Couplers.....	Type E
Underframe	Rigid
Trucks.....	Barber S2, 6" x 11" roller bearings, D5 inner and outer springs, no. 18 brake beams
Wheels	33" curved or straight plate

The 70-Ton Bulkhead Flat Cars are described in The Official Railway Equipment Register, Vol. 121, No. 4, issued April 2006 and effective April 1, 2006, on page no. RR-327, line nos. 3 - 4.