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OF COUNSEL
URBAN A. LESTER

RECORDATION NO. 27309 FILED

DEC 27 '07 -3 3 0 PM

SURFACE TRANSPORTATION BOARD

December 27, 2007

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 Master Equipment Lease Agreement, dated as of December 19, 2007, 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:

Lessor: Banc of America Leasing & Capital, LLC
555 California Street, 4th Floor
San Francisco, CA 94104

Lessee: Republic Transportation Systems Inc.
1861 W Washington St.
Greenville, SC 29601

Mr. Vernon A. Williams
December 27, 2007
Page 2

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

1 Industrial Switching Locomotive model RX-500 and serial number
A50B062.

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

Memorandum of Master Equipment Lease Agreement.

Also enclosed is a check in the amount of \$35.00 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', with a long horizontal line extending to the right.

Robert W. Alvord

RWA/sem
Enclosures

RECORDATION NO. 27309 FILED

DEC 27 '07 -3 3 0 PM

FILED AND RECORDED WITH THE SURFACE TRANSPORTATION BOARD

On: _____

At: _____

And given Recordation No.: _____

SURFACE TRANSPORTATION BOARD

MEMORANDUM OF MASTER EQUIPMENT LEASE AGREEMENT dated as of December 19th, 2007 by and between Banc of America Leasing & Capital, LLC, a Delaware limited liability company ("Lessor") and Republic Transportation, a corporation ("Lessee"), as such agreement relates to Lease Schedule No. 90-3013498-000 thereof (together, the "Lease").

WITNESSETH:

1. Pursuant to the Lease, Lessor has agreed to lease to Lessee, and the Lessee has agreed to lease from the Lessor, one (1) locomotive bearing the Serial Numbers set forth on the Exhibit A attached hereto.

2. The Lease shall be effective as of the date set forth below and shall be subject to the Term, as defined in the Lease.

IN WITNESS WHEREOF, the Lessor and the Lessee have caused this Memorandum of Master Equipment Lease Agreement to be signed and sealed by their respective duly authorized signatories as of the date set forth below.

Dated as of: December 19, 2007

Lessor:
BANC OF AMERICA LEASING
& CAPITAL, LLC

Lessee:
REPUBLIC TRANSPORTATION
SYSTEMS INC.

By: [Signature]

By: [Signature]

Name: Tara Garcia

Name: Hugh B. Hamilton Jr.

Title: VP Documentat

Title: President/CEO

STATE OF: Michigan

SS.

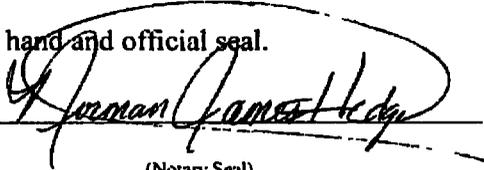
COUNTY OF: Oakland

On 12/27/2007 before me, Norman James Hodges
(Notary Name and Title)

personally appeared Irene Garza personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to within the instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity (ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature: _____



(Notary Seal)

NORMAN JAMES HEDGES
Notary Public, State of Michigan
County of Oakland
My Commission Expires Oct. 21, 2013
Acting in the County of Oakland

STATE OF: South Carolina

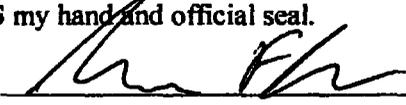
SS.

COUNTY OF: Greenville

On December 26, 2007 before me, Morgan C. Flynn
(Notary Name and Title)

personally appeared Hugh B. Hamilton, Jr. personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to within the instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity (ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature: 

(Notary Seal)

MY COMMISSION EXPIRES
MARCH 24, 2015



Schedule to
Master Lease Agreement
(Fair Market Value Purchase Option)

Banc of America Leasing & Capital, LLC **Schedule**
 Number **090-3013498-000**

This Schedule ("Schedule"), dated as of the 18th day of December, 2007 between Banc of America Leasing & Capital, LLC ("Lessor") and Republic Transportation Systems Inc. ("Lessee") is executed pursuant to Master Lease Agreement Number 090-3013498-000 dated December 19, 2007 incorporated in this Schedule by this reference (the "Lease Agreement"). Unless otherwise defined in this Schedule, capitalized terms used in this Schedule have the respective meanings assigned to such terms in the Lease Agreement. If any provision of this Schedule conflicts with any provision of the Lease Agreement, the provisions contained in this Schedule shall prevail. Lessee hereby authorizes Lessor to insert the serial numbers and other identification data of the Units, dates, and other omitted factual matters or descriptions in this Schedule.

1. Description of Units. The Units subject to this Schedule ("Units"), which have a cost to Lessor ("Lessor's Cost") in the aggregate of \$900,000.00, inclusive of shipping, installation and other related expenses, if any ("Soft Costs"), are as follows:

<u>Quantity</u>	<u>Description</u>	<u>Serial Number</u>	<u>Lessor's Cost (Including Soft Costs)</u>
1	RX-500 Industrial Switching Locomotive	A50B062	

2. Acceptance. Lessee acknowledges and represents that the Units (a) have been delivered to, received and inspected by Lessee, (b) are in good operating order, repair, condition and appearance, (c) are of the manufacture, design and capacity selected by Lessee and are suitable for the purposes for which the Units are leased and are acceptable and satisfactory to Lessee, (d) do not require any additions or modifications to make them suitable for use, other than ancillary modifications or additions normally made by lessees of similar assets, and are available for use and lease by Lessee and Lessor and (e) have been irrevocably accepted as "Units" leased by Lessee under this Schedule as of the date written below (the "Acceptance Date").

3. Term/Rental. The term of the Lease for the Units described herein shall begin on the Acceptance Date and continue for 84 months after the Commencement Date (the "Term"). The "Acceptance Date" is the date on which the Lessor accepts this Schedule as indicated below. The "Commencement Date" of this Schedule is the 1st or the 15th day of the month immediately following the Acceptance Date, whichever occurs first. Rent shall be payable in 84 consecutive monthly Rent installments of \$8,192.83 each, plus applicable taxes, the first Rent installment being payable 30 Days after the Commencement Date and the remaining Rent installments being payable on the same day (either the 1st or 15th) of each succeeding month.

4. Location of Units. The Units will be located or, in the case of mobile equipment, principally based at 1861 West Washington Street, Greenville, SC.

5. Further Representations and Agreements. Lessee represents, warrants and agrees as follows:

(a) All representations and warranties of Lessee contained in the Lease Agreement are restated as of the Acceptance Date and are true and correct as of such date.

(b) There has been no material adverse change in the operations, business, properties or condition (financial or otherwise) ("Material Adverse Change") of Lessee or any Guarantor since the date of Lessor's credit approval of this transaction. There is not pending against Lessee any litigation, proceeding, dispute or claim that may result in a Material Adverse Change as to Lessee or that may call into question or impair Lessee's legal or other ability to enter into and perform its obligations under this Lease.

(c) The operation and maintenance of any Unit in the ordinary course by Lessee do not require the entry into any software or other intellectual property rights agreement with any licensor or other person, except as disclosed to Lessor in writing prior to the Acceptance Date.

6. Fax. If Lessor agrees, Lessee may transmit this Schedule and related documents to Lessor by telecopy or facsimile ("Fax"). The Fax version of this Schedule and related documents shall constitute an original of the documents and "best evidence" of the parties' agreement, and shall be binding on Lessee as if it were manually signed and personally delivered. Lessee agrees that the Fax documents will be admissible in any legal action. To the extent this Schedule constitutes chattel paper under the Uniform Commercial Code, a security interest in this Schedule may be created through the transfer and possession of a copy of this Schedule manually executed by Lessor without the need to transfer possession of any other Fax or copy of this Schedule, or any related documents or instruments. Lessor has no duty to verify or inquire as to the validity, execution, signer's authority or any other matter concerning the propriety of any Fax.

CERTIFICATION

I, Robert W. Alvord, attorney licensed to practice in the State of New York and the District of Columbia, do hereby certify under penalty of perjury that I have compared the attached copy with the original thereof and have found the copy to be complete and identical in all respects to the original document.

Dated: 12/27/07



Robert W. Alvord