

MAY 23 '08

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FLETCHER & SIPPEL LLC

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May 22, 2008

SURFACE TRANSPORTATION BOARD

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www.fletcher-sippel.com*Via Overnight (Next Business Day) Delivery*Ms. Anne K. Quinlan
Acting Secretary
Surface Transportation Board
395 E Street, S.W.
Washington, DC 20423-0001
Attn: Office of Recordations

Dear Secretary Quinlan:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are an original and two (2) copies of a (1) Memorandum of Fourth Amended and Restated Loan and Security Agreement, dated as of April 28, 2008, (2) Amended and Restated Assignment of Rents and Lessor's Interest in Leases (Isla Largo, LLC), (3) Amended and Restated Assignment of Rents and Lessor's Interest in Leases (Permian Basin Railways, Inc.), (4) Amended and Restated Assignment of Rents and Lessor's Interest (Central Car Repair, LLC), all secondary documents as defined in the Board's Rules for the Recordation of Documents.

The enclosed documents relate to a Memorandum of Loan and Security Agreement and Supplemental Memoranda previously filed with the Board under Recordation Number 26497 through 26497-I.

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

Debtor:	Permian Basin Railways, Inc. Central Car Repair, LLC Isla Largo, LLC 118 South Clinton Street Suite 400 Chicago, Illinois 60601
	Arizona Eastern Railway
	San Luis & Rio Grande Railroad
	Texas and New Mexico Railroad

FLETCHER & SIPPEN LLC

Ms. Anne K. Quinlan
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West Texas & Lubbock Railway

Secured Party:

Fifth Third Bank (Chicago)
222 South Riverside Plaza
32nd Floor
Chicago, Illinois 60606

A description of the railroad equipment is included as Exhibit A to the document. Included in the property covered by the aforesaid documents are rolling stock and equipment intended for use and related to interstate commerce, and includes rolling stock or equipment acquired by Debtors or its or their successors **after the date** of the documents.

Also enclosed is a check in the amount of \$140.00 payable to the order of the Surface Transportation Board covering the required recordation fee.

Kindly return one stamped copy of the enclosed document to the undersigned.

Respectfully submitted,



Myles L. Tobin
Attorney for Secured Party

Enclosures.

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SURFACE TRANSPORTATION BOARD

**MEMORANDUM OF FOURTH AMENDED AND RESTATED
LOAN AND SECURITY AGREEMENT**

THIS MEMORANDUM OF FOURTH AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT (the "Memorandum") dated as of April 28, 2008, is made by and between Fifth Third Bank (Chicago), a Michigan banking corporation ("Fifth Third Bank" or the "Bank"), 222 South Riverside Plaza, 32nd Floor, Chicago, Illinois 60606, and Permian Basin Railways, Inc., an Illinois corporation, Central Car Repair, LLC, an Illinois limited liability company, and Isla Largo, LLC, an Illinois limited liability company, with its chief executive office and principal place of business at 118 South Clinton Street, Suite 400, Chicago, Illinois 60661 (the "Borrowers").

WHEREAS, Borrowers and Fifth Third Bank are parties to that certain Loan and Security Agreement, dated as of August 1, 2006, an Amended and Restated Loan and Security Agreement, dated as of January 19, 2007, a Second Amended and Restated Loan and Security Agreement, dated as of June 21, 2007 and a Third Amended and Restated Loan and Security Agreement dated November 1, 2007 (collectively "Loan Agreement");

WHEREAS, Fifth Third Bank has recorded its security interest created by the terms of the Loan Agreement by the filing of a Memorandum of Loan and Security Agreement and Assignments of Rents and Lessors' Interest in Leases, filed with the Surface Transportation Board on August 10, 2006 and assigned recordation numbers 26497, 26497-A, 26497-B, and 26497-C, by the filing of a Memorandum of Amended and Restated Loan and Security Agreement, filed with the Surface Transportation Board on February 5, 2007 and assigned recordation number 26497-E, by the filing of a Memorandum of Second Amended and Restated Loan and Security Agreement with the Surface Transportation Board on September 21, 2007 and assigned recordation number(s) 26497-G and by the filing of a Memorandum of Third Amended and Restated Loan and Security Agreement with the Surface Transportation Board on November 9, 2007 and assigned recordation number(s) 26497-H, and by the filing of a Supplemental Memorandum of Third Amended and Restated Loan and Security Agreement with the Surface Transportation Board on March 27, 2008 and assigned recordation number(s) 26497-I; and

WHEREAS, Borrowers and the Bank wish to continue the security interests that were created or referenced in the foregoing recordations, wish to amend Fifth Third Bank's security interests by including all interests arising pursuant to a Fourth Amended and Restated Loan Agreement, dated as of April 28, 2008, between the parties, which amends and restates the Loan Agreement.

1. ACCORDINGLY, pursuant to the terms of the Fourth Amended and Restated Loan Agreement (as the same may be amended and/or restated from time to time), and to secure the payment and performance of any and all of Borrowers' obligations to the Bank, Borrowers granted to the Bank a continuing, first priority security interest in and to, and chattel mortgage lien on, all of the Borrowers' right, title and interest in and to Locomotives, Rolling Stock and Equipment ("Collateral") more specifically identified on Exhibit A, and any Collateral acquired by Borrowers subsequent to April 28, 2008, to have and to hold all and every

part of the collateral unto the Bank, its successors and assigns, for its and their own use and benefit forever.

[The rest of this page has been intentionally left blank – signature page follows]

[Signature Page to Memorandum of Fourth Amended And Restated Loan and Security Agreement]

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

WITNESS:

Mary Taylor

PERMIAN BASIN RAILWAYS, INC., an Illinois Corporation, individually, and as owner of Arizona Eastern Railway, San Luis & Rio Grande Railroad, Texas & New Mexico Railroad, West Texas & Lubbock Railway, and Chicago Terminal Railroad Company

By: [Signature]
Name: Edwin Ellis
Title: President

WITNESS:

Mary Taylor

CENTRAL CAR REPAIR, LLC, an Illinois limited liability company

By: Iowa Pacific Holdings, LLC
Its: Manager

By: [Signature]
Title: Manager

WITNESS:

Mary Taylor

ISLA LARGO, LLC, an Illinois limited liability company

By: Iowa Pacific Holdings, LLC
Its: Manager

By: [Signature]
Title: Manager

WITNESS:

Mary Taylor

FIFTH THIRD BANK (CHICAGO), a Michigan Banking Corporation

By: [Signature]
Title: Vice President

STATE OF ILLINOIS)
) ss
COUNTY OF COOK)

On this 28 day of April, 2008, before me, a Notary Public of the County and State aforesaid, personally appeared Ed Ellis to me personally known, who being by me duly sworn, says that he is the President of Permian Basin Railways, Inc., an Illinois corporation, that said instrument was signed on behalf of said corporation by authority of its shareholders, 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.



Jennifer A. Klemz
Notary Public

My Commission Expires:

9/21/2010

STATE OF ILLINOIS)
) ss
COUNTY OF COOK)

On this 28 day of April, 2008, before me, a Notary Public of the County and State aforesaid, personally appeared Ed Ellis to me personally known, who being by me duly sworn, says that he is the Manager of Central Car Repair, LLC, an Illinois limited liability company, that said instrument was signed on behalf of said corporation by authority of its Manager, 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.



Jennifer A. Klemz
Notary Public

My Commission Expires:

9/21/2010

STATE OF ILLINOIS)
) ss
COUNTY OF COOK)

On this 24 day of April, 2008, before me, a Notary Public of the County and State aforesaid, personally appeared Ed Ellis to me personally known, who being by me duly sworn, says that he is the Manager of Isla Largo, LLC, an Illinois limited liability company, that said instrument was signed on behalf of said corporation by authority of its Manager, 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.



Jennifer A. Klemz
Notary Public
My Commission Expires:
9/21/2010

STATE OF ILLINOIS)
) ss
COUNTY OF COOK)

On this 28 day of April, 2008, before me, a Notary Public of the County and State aforesaid, personally appeared Craig Schuch to me personally known, who being by me duly sworn, says that he is the VP of Fifth Third Bank (Chicago), a Michigan banking corporation, that said 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.



Jennifer A. Klemz
Notary Public
My Commission Expires:
9/21/2010

EXHIBIT A

Model Description of Locomotives

Road Nos.

GP 38	PDMX 49
GP 38	PDMX 50
GP 38	PDMX 51
GP 38	PDMX 52
GP 38	PDMX 53
GP 38	PDMX 54
GP 38	PDMX 55
GP 38	PDMX 56
GP 38	PDMX 57
GP 38	PDMX 58
GP 38	PDMX 63

Permian Basin Railway
 ISLA Largo Purchases - break-out
 12/31/2007

ISLA Purchases									
10/12/2007	370,000.00	✓							
10/12/2007	(35,000.00)	✓							
11/13/2007	334,000.00	①							
10/8/2007	93,530.51	✓							
10/8/2007	93,530.51	✓							
10/8/2007	93,530.51	✓							
10/8/2007	24,789.91	✓							
11/6/2007	305,380.44	①							
11/13/2007	600,000.00	✓							
11/15/2007	600,000.00	UV-5							
11/20/2007	1,578,677.63	✓							
11/15/2007	1,578,677.63	UV-5							
PBR - WTLC Purchases									
12/14/2007	1,800,000.00	UV-2							
	4,618,058.07								
	Σ ①								
	635,380.44	UV-5							

ISLA Purchases
 purchase of 3 F40s SLUGS
 sale of 3 locomotive hulls (MMA 462, MMA 263, MMA 260)
 wired to Rail World Locomotives
 Inv #10200 SLUG work
 Inv #10201 SLUG work
 Inv #10202 SLUG work
 Inv #10199 Mother work
 wired to American Motive Power
 purchase of #18 & #20 Steam engine locomotives (2)
 wired to Brian Fleming
 purchase of (5) 1953 Budd Full Dome Car
 wired to WestTours Motor Coaches

PBR's BOOKS
 1177 Intco - PBR/ISLA 2,818,058.07
 1233 Track & Road bed SLRG (2,500,000.00)
 1256 Rolling Stock - SLRG (312,750.00)
 7030 Interest Income 5,308.07

ISLA BOOKS
 1248 Locomotives 2,818,058.07
 1172 intercompany (PBR) (2,818,058.07)

AJE (34) - to reclass locomotive purchases incorrectly posted to SLRG that belong to ISLA

Mount Hood

LOCOMOTIVE

UNIT	MODEL DESCRIPTION	IDENTIFICATION #	YEARS	OWNER	VALUE
MH02	G.P. 38	7191-122	1969	MHRR	\$181,350
MH88	G.P. 9	5808-18	1959	MHRR	\$135,000
MH89	G.P. 9	7575-27	1959	MHRR	\$130,000
TOTAL					3 \$426,350

ROLLING STOCK

UNIT	MODEL DESCRIPTION	IDENTIFICATION #	YEARS	OWNER	VALUE
1080	DINING CAR "TIMBERLINE"	1080	1911	MHRR	\$158,000
1056	OBSERVATION COACH "LOOKOUT MOUNTAIN"	1056	1928	MHRR	\$35,000
1067	STANDARD COACH "PARKDALE"	1067	1928	MHRR	\$35,000
1068	STANDARD COACH "ODELL"	1068	1928	MHRR	\$35,000
1070	STANDARD COACH "KATHERINE"	1070	1910	MHRR	\$35,000
1040	CABOOSE	1040	1952	MHRR	\$10,000
A-5	FAIRMONT MOTOR CAR	A-5	1975	MHRR	\$5,000
MT-14	FAIRMONT MOTOR CAR	MT-14	1985	MHRR	\$7,000
	TRAILER CAR W/SPRAYER		1988	MHRR	\$3,500
RS01	LOUNGE CAR "HOOD RIVER"	RS01	1947	MHRR	\$100,000
RS02	DINNER CAR "MT. HOOD"	RS02	1947	MHRR	\$150,000
RS03	KITCHEN CAR "WYEAST"	RS03	1948	MHRR	\$200,000
RS04	DINNER CAR "MT. ADAMS"	RS04	1947	MHRR	\$150,000
MH116	CABOOSE	MH116	1968	MHRR	\$10,000
SLSF1700	CABOOSE	SLS1700	1968	MORGAN	\$10,000
672935	ELECTROMATIC MARK 1 TAMPER	672935	1974	MHRR	\$35,000
142382	JACKSON TAMPER	142382	1989	MHRR	\$30,000
TOTAL					5 \$1,008,500

MISCELLANEOUS EQUIPMENT

UNIT	MODEL DESCRIPTION	IDENTIFICATION #	YEARS	OWNER	VALUE
	CASE BACKHOE			MHRR	\$13,000
	YALE FORKLIFT (MODEL L83P050SAT086LP)	L286541		MHRR	\$5,000
	MISC. TOOLS & MAINTENANCE EQUIP.			MHRR	\$10,000
	OFFICE FURNITURE & EQUIP.			MHRR	\$50,000
TOTAL					4 \$78,000

Model Description of Locomotives

Road Nos.

GE B39-8 Locomotive
GE B39-8 Locomotive
GE B39-8 Locomotive
GE B39-8 Locomotive
GE B39-8 Locomotive

MMA 8560
MMA 8522
MMA 8536
MMA 8539
MMA 8548

Iowa Pacific equipment acquisition financing

Locomotive Units to be acquired

Number	Type	MFR	Date	Rebuilt	HP	Service	Seller
8522	B39-8	GE	1987		3900	Part of LMX lease fleet, most recently on CSX, then MMA	RailWorld/broker
8536	B39-8	GE	1987		3900	Part of LMX lease fleet, most recently on CSX, then MMA	RailWorld/broker
8539	B39-8	GE	1987		3900	Part of LMX lease fleet, most recently on CSX, then MMA	RailWorld/broker
8548	B39-8	GE	1987		3900	Part of LMX lease fleet, most recently on CSX, then MMA	RailWorld/broker
8560	B39-8	GE	1987		3900	Part of LMX lease fleet, most recently on CSX, then MMA	RailWorld/broker
18 2-8-0		Alco	1910		1500	Built for LS&I, presently in service on Mt. Hood Railroad	Fleming Locomotive
20 2-8-0		Alco	1910		1500	Built for LS&I, stored, to be rebuilt	Fleming Locomotive

5 units

Cars to be acquired

Number	Type	MFR	Date	Rebuilt	seats	Service	Seller
509	dome	Budd	1954	1990	70	Built for Santa Fe, presently running on Alaska Railroad	Holland America/Westours
510	dome	Budd	1954	1990	70	Built for Santa Fe, presently running on Alaska Railroad	Holland America/Westours
511	dome	Budd	1954	1990	70	Built for Santa Fe, presently running on Alaska Railroad	Holland America/Westours
551	dome	Budd	1954	1990	70	Built for Santa Fe, presently running on Alaska Railroad	Holland America/Westours
554	dome	Budd	1954	1990	70	Built for Santa Fe, presently running on Alaska Railroad	Holland America/Westours

Rolling Stock

Locomotives

Mark	Number	Builder	Type	H.P.	Built	Serial#	Frame #	Acquire	Assign	Owner	Status
AZER	2039	EMD	GP-20	2000	1961	26308	7595-005	2004	AZER	AZER	active
AZER	2044	EMD	GP-20E	2000	1962	27353	6634-	2004	AZER	AZER	active
AZER	2046	EMD	GP-20R	2000	1961	26311	7595-008	2004	AZER	AZER	active
AZER	2048	EMD	GP-20R	2000	1961	26312	7595-009	2004	AZER	AZER	active
AZER	2170	EMD	GP-20	2000	1960	25703	7583-16	2004	AZER	AZER	active
AZER	2171	EMD	GP-20	2000	1960	26291	7584-	2004	AZER	AZER	active
AZER	2501	EMD	GP-35	2250	1961	28403	7682-008	2004	AZER	AZER	active
AZER	2502	EMD	GP-35	2250	1965	30219	7780-003	2004	AZER	AZER	active
AZER	2503	EMD	GP-35	2250	1965	30221	7790-005	2004	AZER	AZER	active
TNMR	852	EMD	GP-7	1500	1951	11937	5041-	2003	TNMR	IL	active
WTLC	3635	EMD	GP-38	2000	1969	35375	7191-	2003	WTLC	IL	active
SLRG	463	EMD	F-40M	3000	1978			2006	SLRG	IL	active
SLRG	465	EMD	F-40M	3000	1978			2006	SLRG	IL	active
SLRG	468	EMD	F-40M	3000	1978			2006	SLRG	IL	active
SLRG	469	EMD	F-40M	3000	1978			2006	SLRG	IL	active
SLRG	1100	EMD	F-9	1500	1949			2006	SLRG	IL	c/s
SLRG	1114	EMD	F-9	1500	1949			2006	SLRG	IL	c/s
SLRG	462	EMD	F-40 slug	n/a	1978			2006	SLRG	IL	c/s
SLRG	460	EMD	F-40 slug	n/a	1978			2006	SLRG	IL	c/s
SLRG	461	EMD	F-40 slug	n/a	1978			2006	SLRG	IL	c/s
TPW	2050	EMD	GP-20	2000	1960	25582	7584-20	2005	WTLC	SLRG	c/s
TPW	2052	EMD	GP-20	2000	1960	25576	7684-4	2005	WTLC	SLRG	c/s
TPW	2054	EMD	GP-20	2000	1960	25577	7684-5	2005	WTLC	SLRG	c/s
TPW	2056	EMD	GP-20	2000	1960	26877	7603-47	2005	WTLC	SLRG	c/s
TNMR	2078	EMD	GP-16	1600	1952	16982	6152-8	2005	TNMR	SLRG	c/s
TNMR	2151	EMD	GP-7	1500	1953	16888	6522-8	2005	TNMR	SLRG	c/s

Acquired by Permian Basin Railways in December, 2006

GE B39-8 Locomotive (Bearing reporting marks RLCX8524)

GE B39-8 Locomotive (Bearing reporting marks RLCX8527)

GE B39-8 Locomotive (Bearing reporting marks RLCX8537)

GE B39-8 Locomotive (Bearing reporting marks RLCX8542)

GE B39-8 Locomotive (Bearing reporting marks RLCX8577)

Freight and Passenger Cars

Mark	Number	Builder	Type	Built	Capy	Acquire	Assign	Owner	Status
RPCX	2948	Pullman	Coach	1955	108-pax	2002	SLRG	Isla Largo	In Svc
RPCX	2968	Pullman	Coach	1955	108-pax	2002	SLRG	Isla Largo	In Svc
RPCX	2970	Pullman	Coach	1955	108-pax	2002	SLRG	Isla Largo	In Svc
RPCX	2974	Pullman	Coach	1955	108-pax	2002	SLRG	Isla Largo	In Svc
AZER	5084	Greenbrier	Flat	1968	70 tons	2004	AZER	AZER	In Svc
AZER	5082	Greenbrier	Flat	1968	70 tons	2004	AZER	AZER	In Svc
AZER	5097	Greenbrier	Flat	1968	70 tons	2004	AZER	AZER	In Svc
AZER	5189	Greenbrier	Flat	1968	70 tons	2004	AZER	AZER	In Svc
AZER	5201	Greenbrier	Flat	1968	70 tons	2004	AZER	AZER	In Svc
AZER	5221	Greenbrier	Flat	1968	70 tons	2004	AZER	AZER	In Svc
AZER	5224	Greenbrier	Flat	1968	70 tons	2004	AZER	AZER	In Svc
AZER	5226	Greenbrier	Flat	1968	70 tons	2004	AZER	AZER	In Svc
AZER	5312	Greenbrier	Flat	1968	70 tons	2004	AZER	AZER	In Svc
AZER	5313	Greenbrier	Flat	1968	70 tons	2004	AZER	AZER	In Svc
AZER	5327	Greenbrier	Flat	1968	70 tons	2004	AZER	AZER	In Svc
AZER	5328	Greenbrier	Flat	1968	70 tons	2004	AZER	AZER	In Svc
AZER	5341	Greenbrier	Flat	1968	70 tons	2004	AZER	AZER	In Svc
AZER	5352	Greenbrier	Flat	1968	70 tons	2004	AZER	AZER	In Svc
AZER	5369	Greenbrier	Flat	1968	70 tons	2004	AZER	AZER	In Svc
AZER	5388	Greenbrier	Flat	1968	70 tons	2004	AZER	AZER	In Svc
AZER	5407	Greenbrier	Flat	1970	70 tons	2004	AZER	AZER	In Svc
AZER	5460	Greenbrier	Flat	1968	70 tons	2004	AZER	AZER	In Svc
AZER	7013	Greenbrier	Flat	1968	70 tons	2004	AZER	AZER	In Svc
AZER	7040	Greenbrier	Flat	1968	70 tons	2004	AZER	AZER	In Svc
AZER	5508	Greenbrier	MW-Flat	1958	100 tons	2004	AZER	AZER	In Svc
AZER	8771	Magor	MW-Side dump	1929	70 tons	2004	AZER	AZER	In Svc
AZER	1208	Magor	MW-Side dump	1929	70 tons	2004	AZER	AZER	In Svc
AZER	1144	Pullman-Standard	MW-Ballast	1967	70 tons	2004	AZER	AZER	In Svc
AZER	3892	Pullman-Standard	MW-Ballast	1963	100 tons	2004	AZER	AZER	In Svc
TNMR	5507	Unknown	MW-Flat	1951	50 tons	2002	TNMR	TNMR	In Svc
TNMR	5508	Unknown	MW-Flat		50 tons	2002	TNMR	TNMR	In Svc

Acquired in January, 2007

Indiana Railcar purchase of INRD1 and INRD2 passenger cars

Acquired in May, 2007

Baldwin 2-6-0 Steam Locomotive (NOGC 1744)

Maintenance of Way Equipment

Year	Make	Model	Type	VIN #	Assign	Leinholder
1995	Kershaw	BR690	26-2-2 Ballast Regulator	s/n 26-1881	TNMR	SBC Capital
1992	Kershaw		Ballast Regulator		AZER	
	Jackson	2400	Tamper		AZER	
	Jackson	950	Tie Crane		AZER	
	Pettibone		Speed Swing		AZER	
	Gelsmar		Tie Remover		AZER	
	Unknown		Portable Weed Sprayer		TNMR	
	Unknown		Push Cart		TNMR	
	Unknown		Push Cart		AZER	
	Unknown		Push Cart		AZER	
	Unknown		Push Cart		AZER	
	Unknown		Push Cart		AZER	
	Pettibone	441B	Speed Swing		AZER	
	Canron	BEB	Ballast Regulator		SLRG	
	Falmount Tamper	ETDAG		s/n 487630, unit TT-618	SLRG	
	Falmount Tamper	ECTR-130G		s/n 3581194, unit TT-589	AZER	Santa Barbara B & T
					TNMR	ACC Capital