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SURFACE TRANSPORTATION BOARD

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August 21, 2008



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 (1) Memorandum of Omnibus Amendment to Fourth Amended and Restated Loan and Security Agreement, dated as of August 21, 2008 and (b) an Amendment to Amended and Restated Assignments of Rents and Lessor's Interest in Leases, dated August 21, 2008, 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 Numbers 26497 through 26497-M.

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 & SIPPEL LLC

Ms. Anne K. Quinlan
August 21, 2008
Page 2

West Texas & Lubbock Railway

Chicago Terminal Railroad Company

High Iron Travel Corp.

Mount Hood Railroad Company

Mount Hood Railroad Dinner Train

Hood River Rail Company, LLC

Secured Parties:

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

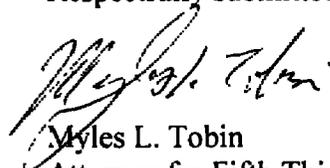
RBS Citizens, N.A.
71 South Wacker Drive
Suite 1295
Chicago, Illinois 60606

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 \$82.00 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 Fifth Third Bank (Chicago)

Enclosures.

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SURFACE TRANSPORTATION BOARD

**MEMORANDUM OF OMNIBUS AMENDMENT TO FOURTH AMENDED AND
RESTATED LOAN AND SECURITY AGREEMENT**

THIS MEMORANDUM OF OMNIBUS AMENDMENT FOURTH AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT (the "Memorandum") dated as of August 21, 2008, is made by and between Fifth Third Bank (Chicago), a Michigan banking corporation ("Fifth Third Bank"), whose address is 222 South Riverside Plaza, 32nd Floor, Chicago, Illinois 60606 and RBS Citizens, N.A., a national banking association ("RBS"), whose address is 71 South Wacker Drive, Suite 2950, Chicago, Illinois 60606 (Fifth Third Bank and RBS are collectively referred to as the "Banks"), 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 (collectively 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, a Third Amended and Restated Loan and Security Agreement dated November 1, 2007 and a Fourth Amended and Restated Loan and Security Agreement dated April 28, 2008 (collectively "Loan Agreement");

WHEREAS, the Loan Agreement contemplated that future bank participants might be added as parties to said Agreement, and the parties now desire to add RBS as a bank participant;

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, 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, by filing of a Memorandum of Fourth Amended and Restated Loan and Security Agreement and Amended and Restated Assignments of Rents and Lessor's Interest in Leases, filed with the Surface Transportation Board on May 23, 2008 and assigned recordation number(s) 26497-J, 26497-K, 26497-L and 26497-M ; and

WHEREAS, Borrowers and the Banks wish to continue the security interests that were created or referenced in the foregoing recordations, wish to amend the Banks' security interests by including all interests arising pursuant to an Omnibus Amendment to Fourth Amended and

Restated Loan Agreement, dated as of August 21, 2008, between the parties, which amends the Loan Agreement, by, inter alia, adding RBS as a bank participant.

1. ACCORDINGLY, pursuant to the terms of the Omnibus Amendment to 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 Banks, Borrowers granted to the Banks 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 August 21, 2008, to have and to hold all and every part of the collateral unto the Banks, their 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 Omnibus Amendment to 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, Chicago Terminal Railroad Company, Mount Hood Railroad Company, Mount Hood Railroad Dinner Train and Hood River Rail Company, LLC

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: Graig Schuth
Vice President
Fifth Third Bank

WITNESS:

Mary Taylor

RBS CITIZENS, N.A., a National Banking Association

By: *[Signature]*
Title: VP
Matt Weidle

STATE OF ILLINOIS)
) ss
COUNTY OF COOK)

On this 21 day of August, 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 21 day of August, 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 21 day of August, 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 21 day of August, 2008, before me, a Notary Public of the County and State aforesaid, personally appeared Craig Smith 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
GP 38

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

Mount Hood

LOCOMOTIVE

IDENTIFICATION NO.	MODEL	DESCRIPTION	YEAR	OWNER	VALUE
MH02	G.P. 38		1969	MHRR	\$181,350
MH88	G.P. 8		1959	MHRR	\$135,000
MH89	G.P. 8		1959	MHRR	\$130,000
TOTAL					3 \$426,350

ROLLING STOCK

IDENTIFICATION NO.	DESCRIPTION	IDENTIFICATION NO.	YEAR	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"	RS21	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	1988	MHRR	\$10,000
SLSF1700	CABOOSE	SLS1700	1988	MORGAN	\$10,000
872935	ELECTROMATIC MARK 1 TAMPER	872935	1974	MHRR	\$35,000
142382	JACKSON TAMPER	142382	1989	MHRR	\$30,000
TOTAL					5 \$1,008,500

MISCELLANEOUS EQUIPMENT

IDENTIFICATION NO.	DESCRIPTION	IDENTIFICATION NO.	YEAR	OWNER	VALUE
	CASE BACKHOE			MHRR	\$13,000
	YALE FORKLIFT (MODEL L83P050SAT088LP)	L288541		MHRR	\$5,000
	MISC. TOOLS & MAINTENANCE EQUIP.			MHRR	\$10,000
	OFFICE FURNITURE & EQUIP.			MHRR	\$60,000
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
85222	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
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	5634	2004	AZER	AZER	active
AZER	2045	EMD	GP-20R	2000	1961	26311	7595-008	2004	AZER	AZER	active
AZER	2046	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	7594	2004	AZER	AZER	active
AZER	2501	EMD	GP-35	2250	1961	28403	7662-008	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	11837	5041-	2003	TNMR	IL	active
WTLC	3635	EMD	GP-38	2000	1969	35375	7191-	2003	WTLC	IL	active
SLRG	453	EMD	F-40M	3000	1978			2006	SLRG	IL	active
SLRG	455	EMD	F-40M	3000	1978			2006	SLRG	IL	active
SLRG	456	EMD	F-40M	3000	1978			2006	SLRG	IL	active
SLRG	459	EMD	F-40M	3000	1978			2006	SLRG	IL	active
SLRG	1100	EMD	F-8	1500	1949			2006	SLRG	IL	o/s
SLRG	1114	EMD	F-8	1500	1949			2006	SLRG	IL	o/s
SLRG	462	EMD	F-40 slug	n/a	1978			2006	SLRG	IL	o/s
SLRG	460	EMD	F-40 slug	n/a	1978			2006	SLRG	IL	o/s
SLRG	461	EMD	F-40 slug	n/a	1978			2006	SLRG	IL	o/s
TPW	2050	EMD	GP-20	2000	1960	25592	7584-20	2005	WTLC	SLRG	o/s
TPW	2052	EMD	GP-20	2000	1960	25576	7634-4	2005	WTLC	SLRG	o/s
TPW	2054	EMD	GP-20	2000	1960	25577	7584-5	2005	WTLC	SLRG	o/s
TPW	2056	EMD	GP-20	2000	1960	26677	7603-47	2005	WTLC	SLRG	o/s
TNMR	2078	EMD	GP-16	1600	1952	16982	6152-8	2005	TNMR	SLRG	o/s
TNMR	2151	EMD	GP-7	1500	1953	18888	6522-8	2005	TNMR	SLRG	o/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	5368	Greenbrier	Flat	1968	70 tons	2004	AZER	AZER	In Svc
AZER	5407	Greenbrier	Flat	1970	70 tons	2004	AZER	AZER	In Svc
AZER	5480	Greenbrier	Flat	1968	70 tons	2004	AZER	AZER	In Svc
AZER	7013	Greenbrier	Flat	1966	70 tons	2004	AZER	AZER	In Svc
AZER	7040	Greenbrier	Flat	1966	70 tons	2004	AZER	AZER	In Svc
AZER	5508	Greenbrier	MW-Flat	1956	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	1957	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		60 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	2S-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		AZER	
	Unknown		Push Cart		TNMR	
	Unknown		Push Cart		TNMR	
	Unknown		Push Cart		AZER	
	Unknown		Push Cart		AZER	
	Unknown		Push Cart		AZER	
	Pettibone	441B	Speed Swing		AZER	
	Canon	BEB	Ballast Regulator		SLRG	
	Falmount Tamper	ETDAG		s/n 487630, unit TT-616	SLRG	
	Falmount Tamper	ECTR-130G		s/n 3581184, unit TT-589	AZER	Santa Barbara B & T
					TNMR	ACC Capital