

# FLETCHER & SIPPEL LLC

ATTORNEYS AT LAW

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JEREMY M. BERMAN  
(312) 252-1510  
jberman@fletcher-sippel.com

December 30, 2010

Chief, Section of Administration  
Office of Proceedings  
Surface Transportation Board  
395 E. Street, S.W.  
Washington, D.C. 20423  
Attn: Office of Recordations

RECORDATION NO. 29593 FILED

DEC 30 '10 -12 4 4 PM

SURFACE TRANSPORTATION BOARD

Dear Ms. Brown:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) is a Memorandum of Loan and Security Agreement, dated as of December 30, 2010, 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:

SECURED PARTY:

FIFTH THIRD BANK, As Collateral Agent  
222 South Riverside Place  
32nd Floor  
Chicago, IL 60606

OBLIGOR:

PATRIOT RAIL HOLDINGS, LLC  
2255 Glades Road  
Boca Raton, Florida 33431

BORROWERS:

PATRIOT RAIL CORP  
2255 Glades Road  
Boca Raton, Florida 33431

TENNESSEE SOUTHERN RAILROAD COMPANY, INC

100 Railroad Street  
Mount Pleasant, Tennessee 38474

RARUS RAILWAY COMPANY d/b/a BUTTE, ANACONDA & PACIFIC RAILWAY CO.

300 West Commercial Avenue  
Anaconda, Montana 59711

UTAH CENTRAL RAILWAY COMPANY

1900 South 1963 West

# **FLETCHER & SIPPEL LLC**

Chief, Section of Administration

December 30, 2010

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Ogden, Utah 84094

SACRAMENTO VALLEY RAILROAD, INC.,  
4144 Dudley Boulevard, Building 412, McClellan AFB  
Sacramento, California 95652

TEMPLE & CENTRAL TEXAS RAILWAY, INC  
19 North Main Street  
Temple, Texas 76501

LOUISIANA AND NORTH WEST RAILROAD COMPANY, INC  
304 West Main Street  
Homer, Louisiana 71040

DEQUEEN AND EASTERN RAILROAD, LLC  
2255 Glades Road  
Boca Raton, Florida 33431

TEXAS, OKLAHOMA & EASTERN, LLC  
2255 Glades Road  
Boca Raton, Florida 33431

GOLDEN TRIANGLE RAILROAD, LLC  
2255 Glades Road  
Boca Raton, Florida 33431

COLUMBIA & COWLITZ RAILWAY, LLC  
2255 Glades Road  
Boca Raton, Florida 33431

PATRIOT WOODS RAILROAD, LLC  
2255 Glades Road  
Boca Raton, Florida 33431

MISSISSIPPI & SKUNA VALLEY RAILROAD, LLC  
2255 Glades Road  
Boca Raton, Florida 33431

PIEDMONT AND NORTHERN RAILWAY, LLC  
2255 Glades Road  
Boca Raton, Florida 33431

PATRIOT RAIL SERVICES, INC

**FLETCHER & SIPPEL LLC**

Chief, Section of Administration

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2255 Glades Road  
Boca Raton, Florida 33431

PATRIOT RARUS ACQUISITION CORP.  
2255 Glades Road  
Boca Raton, Florida 33431

Included in the property covered by the aforesaid documents are all rolling stock and equipment intended for use and related to interstate commerce, and includes rolling stock or equipment acquired by Borrowers or its or their successors after the date of the documents but excludes the rolling stock listed on Exhibit 1 to the document.

A check in the amount of \$41.00 payable to the order of the Surface Transportation Board covering the required recordation fee is being sent separately.

Respectfully submitted,



Jeremy M. Berman  
Attorney for Secured Party

JMB  
Enclosures.

MEMORANDUM OF SECURITY AGREEMENT

Dated as of December 30, 2010

between

FIFTH THIRD BANK,  
as Collateral Agent

and

29593  
RECORDATION NO. \_\_\_\_\_ FILED

DEC 30 '10 -12 4 4 PM

SURFACE TRANSPORTATION BOARD

PATRIOT RAIL CORP.,  
TENNESSEE SOUTHERN RAILROAD COMPANY, INC.,  
RARUS RAILWAY COMPANY d/b/a BUTTE, ANACONDA & PACIFIC RAILWAY,  
UTAH CENTRAL RAILWAY COMPANY,  
SACRAMENTO VALLEY RAILROAD, LLC,  
TEMPLE & CENTRAL TEXAS RAILWAY, INC.,  
LOUISIANA AND NORTH WEST RAILROAD COMPANY, INC.,  
DEQUEEN AND EASTERN RAILROAD LLC,  
TEXAS, OKLAHOMA & EASTERN RAILROAD LLC,  
GOLDEN TRIANGLE RAILROAD LLC,  
COLUMBIA & COWLITZ RAILWAY LLC,  
PATRIOT WOODS RAILROAD LLC,  
MISSISSIPPI & SKUNA VALLEY RAILROAD LLC,  
PIEDMONT AND NORTHERN RAILWAY, LLC,  
PATRIOT RAIL SERVICES, INC.,  
PATRIOT RARUS ACQUISITION CORP. and

PATRIOT RAIL HOLDINGS LLC,  
as Obligor

## MEMORANDUM OF SECURITY AGREEMENT

This MEMORANDUM OF SECURITY AGREEMENT dated as of December 30, 2010 is made by and between FIFTH THIRD BANK, together with its successors and assigns as "Collateral Agent," and PATRIOT RAIL CORP., TENNESSEE SOUTHERN RAILROAD COMPANY, INC., RARUS RAILWAY COMPANY d/b/a BUTTE, ANACONDA & PACIFIC RAILWAY, UTAH CENTRAL RAILWAY COMPANY, SACRAMENTO VALLEY RAILROAD, LLC, TEMPLE & CENTRAL TEXAS RAILWAY, INC., LOUISIANA AND NORTH WEST RAILROAD COMPANY, INC., DEQUEEN AND EASTERN RAILROAD LLC, TEXAS, OKLAHOMA & EASTERN RAILROAD LLC, GOLDEN TRIANGLE RAILROAD LLC, COLUMBIA & COWLITZ RAILWAY LLC, PATRIOT WOODS RAILROAD LLC, MISSISSIPPI & SKUNA VALLEY RAILROAD LLC, PIEDMONT AND NORTHERN RAILWAY, LLC, PATRIOT RAIL SERVICES, INC., and PATRIOT RARUS ACQUISITION CORP., and their successors and permitted assigns, collectively as "Borrowers," and PATRIOT RAIL HOLDINGS, LLC, as Obligor.

### WITNESSETH

1. Pursuant to a Security Agreement dated as of December 30, 2010 (the "Security Agreement"), except for the railroad equipment identified in Exhibit 1 attached hereto, Borrowers have pledged, and Obligor has guaranteed payment, to Collateral Agent a first priority security interest in any and all interests of Borrowers in all now owned and hereafter acquired railroad cars, locomotives, or other rolling stock, or accessories used on such railroad cars, locomotives, or other rolling stock (including superstructures and racks), intended for a use related to interstate commerce railroad cars, locomotives, or other rolling stock, or accessories used on such railroad cars, locomotives, or other rolling stock (including superstructures and racks), intended for a use related to interstate commerce, (the "Equipment").

3. The Security Agreement is effective as of December 30, 2010, and Borrowers use of the Equipment shall be subject to the terms and conditions as set forth in the Security Agreement.

4. This Memorandum of Security Agreement may be signed in any number of counterparts, each of which shall be original and all of which shall be a part of this Memorandum of Security Agreement.

**[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]**

## EXHIBIT 1-RAILROAD EQUIPMENT EXCLUDED FROM SECURITY AGREEMENT

Four locomotives numbered RARW 107, 201, 301, and 302; two locomotives numbered UCRY 3104 and 8501; one Jackson Tamper numbered 153441; and 67 gondolas numbered RARW 502, 507, 508, 511, 515, 516, 518, 523, 524, 526, 527, 529, 537, 543, 552, 557, 560, 561, 563, 565, 568, 571, 573, 578, 586, 588, 591, 593, 594, 595, 596, 599, 600, 601, 604, 3811, 3813, 3815, 3821, 3835, 3841, 3845, 3855, 3861, 3875, 3881, 3883, 3897, 3921, 3933, 3953, 3963, 3967, 3979, 3981, 3991, 4007, 4017, 4025, 4029, 4067, 4089, 4093, 4109, 4185, 4197, and 4199.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be signed and sealed by their respective corporate officers as of the date and year first above written.

FIFTH THIRD BANK,  
as Collateral Agent

By:  \_\_\_\_\_

Name: Craig Schuu

Vice President

Title: Fifth Third Bank

PATRIOT RAIL CORP.,  
as Borrower

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

TENNESSEE SOUTHERN RAILROAD COMPANY, INC.,  
as Borrower

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

RARUS RAILWAY COMPANY d/b/a BUTTE, ANACONDA & PACIFIC RAILWAY,  
as Borrower

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

State of ILLINOIS

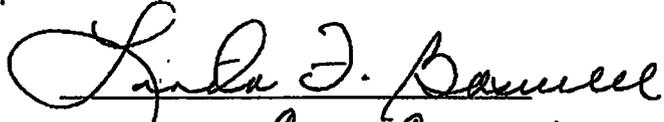
)

) ss.:

County of Cook

)

On the 30<sup>th</sup> day of December in the year 2010, before me, CRAIG SCHULTZ, the undersigned Notary Public, personally appeared \_\_\_\_\_, personally known to me to be the person who executed the within instrument as VICE PRESIDENT on behalf of Fifth Third Bank, and acknowledged to me that the corporation executed it.



Notary Public for COOK COUNTY  
My Commission expires 07/13/2013

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be signed and sealed by their respective officers as of the date and year first above written.

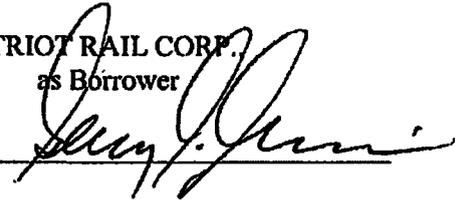
FIFTH THIRD BANK,  
as Collateral Agent

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

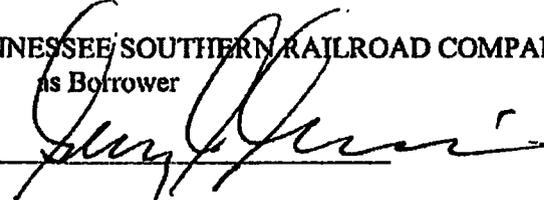
PATRIOT RAIL CORP.,  
as Borrower

By: 

Name: Gary O. Marino

Title: President and Chief Executive Officer

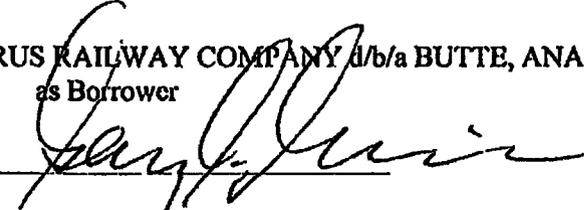
TENNESSEE SOUTHERN RAILROAD COMPANY, INC.,  
as Borrower

By: 

Name: Gary O. Marino

Title: President and Chief Executive Officer

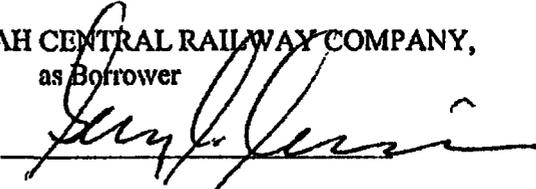
RARUS RAILWAY COMPANY d/b/a BUTTE, ANACONDA & PACIFIC RAILWAY,  
as Borrower

By: 

Name: Gary O. Marino

Title: President and Chief Executive Officer

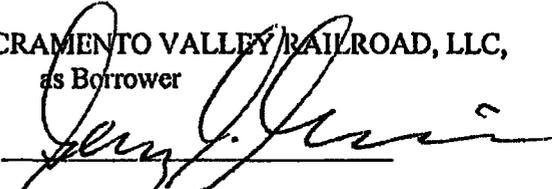
UTAH CENTRAL RAILWAY COMPANY,  
as Borrower

By: 

Name: Gary O. Marino

Title: President and Chief Executive Officer

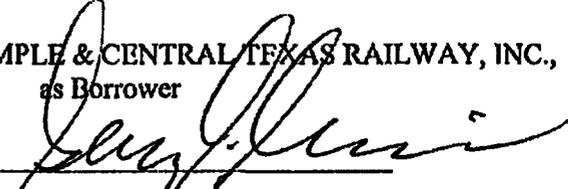
SACRAMENTO VALLEY RAILROAD, LLC,  
as Borrower

By: 

Name: Gary O. Marino

Title: President and Chief Executive Officer

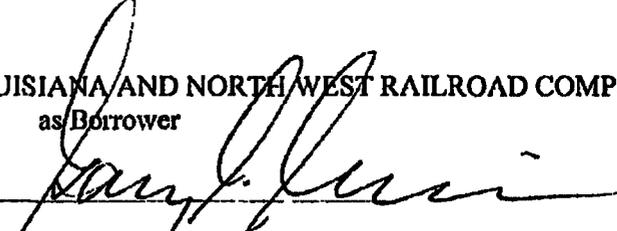
TEMPLE & CENTRAL TEXAS RAILWAY, INC.,  
as Borrower

By: 

Name: Gary O. Marino

Title: President and Chief Executive Officer

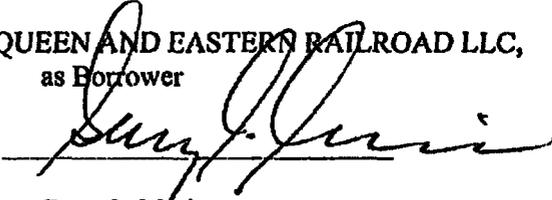
LOUISIANA AND NORTH WEST RAILROAD COMPANY, INC.,  
as Borrower

By: 

Name: Gary O. Marino

Title: President and Chief Executive Officer

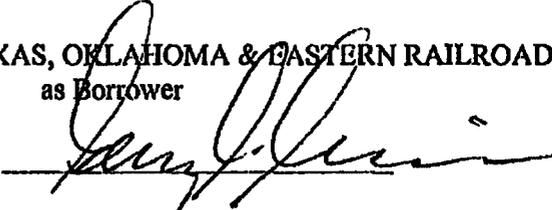
DEQUEEN AND EASTERN RAILROAD LLC,  
as Borrower

By: 

Name: Gary O. Marino

Title: President and Chief Executive Officer

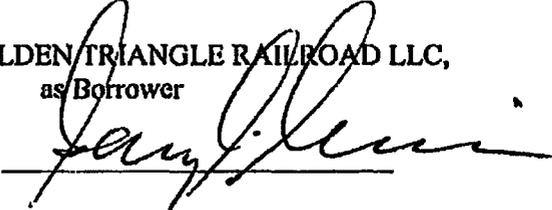
TEXAS, OKLAHOMA & EASTERN RAILROAD LLC,  
as Borrower

By: 

Name: Gary O. Marino

Title: President and Chief Executive Officer

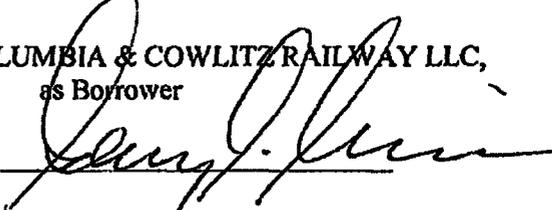
GOLDEN TRIANGLE RAILROAD LLC,  
as Borrower

By: 

Name: Gary O. Marino

Title: President and Chief Executive Officer

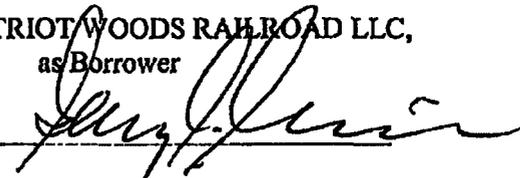
COLUMBIA & COWLITZ RAILWAY LLC,  
as Borrower

By: 

Name: Gary O. Marino

Title: President and Chief Executive Officer

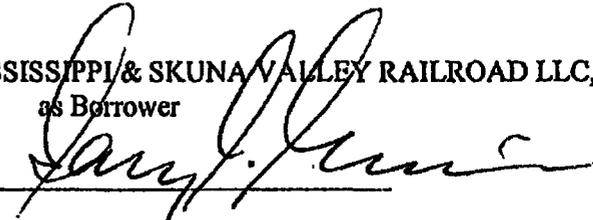
PATRIOT WOODS RAILROAD LLC,  
as Borrower

By: 

Name: Gary O. Marino

Title: President and Chief Executive Officer

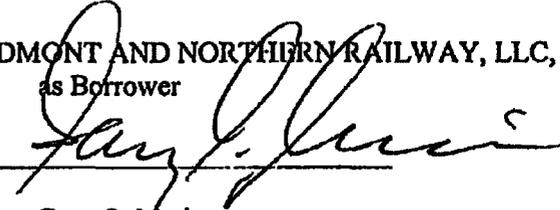
MISSISSIPPI & SKUNA VALLEY RAILROAD LLC,  
as Borrower

By: 

Name: Gary O. Marino

Title: President and Chief Executive Officer

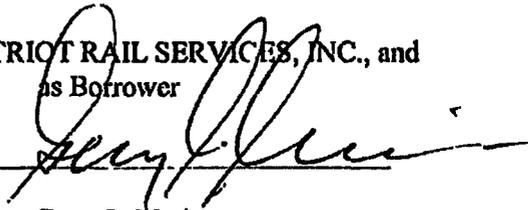
PIEDMONT AND NORTHERN RAILWAY, LLC,  
as Borrower

By: 

Name: Gary O. Marino

Title: President and Chief Executive Officer

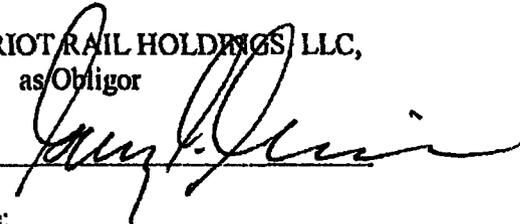
PATRIOT RAIL SERVICES, INC., and  
as Borrower

By: 

Name: Gary O. Marino

Title: President and Chief Executive Officer

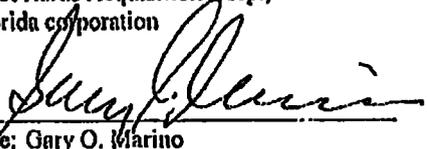
PATRIOT RAIL HOLDINGS LLC,  
as Obligor

By: 

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Patriot Rarus Acquisition Corp.,  
a Florida corporation

By:   
Name: Gary O. Marino  
Title: President and Chief Executive Officer

State of FLORIDA            )  
  ) ss.:  
County of Palm Beach        )

On the \_\_\_ day of December in the year 2010, before me, Sharon A. Hecker, the undersigned Notary Public, personally appeared GARY D. MARINO, personally known to me to be the person who executed the within instrument as PRESIDENT on behalf Patriot Rail Corp., Tennessee Southern Railroad Company, Inc., Rarus Railway Company D/B/A Butte, Anaconda & Pacific Railway, Utah Central Railway Company, Sacramento Valley Railroad, LLC, Temple & Central Texas Railway, Inc., Louisiana and North West Railroad Company, Inc., DeQueen and Eastern Railroad LLC, Texas, Oklahoma & Eastern Railroad LLC, Golden Triangle Railroad LLC, Columbia & Cowlitz Railway LLC, Patriot Woods Railroad LLC, Mississippi & Skuna Valley Railroad LLC, Piedmont and Northern Railway, LLC, Patriot Rail Services, Inc., and Patriot Rail Holdings, LLC, and acknowledged to me that the corporation executed it.

Sharon A. Hecker

Notary Public for STATE of FLORIDA  
My Commission expires Nov. 29, 2011

