
OWLETT & LEWIS, P.C.



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March 31, 2011

Surface Transportation Board
395 E. Street, SW
Washington, DC 20423-0001

RECORDATION NO. 29707 FILED

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Dear Secretary:

SURFACE TRANSPORTATION BOARD

Enclosed are an original and one copy of the document described below, to be recorded pursuant to Section 11301 of Title 49 of the U.S. Code. This document is a Memorandum of Loan and Security Agreement, a primary document as defined by the regulations, dated March 31, 2011.

The names and addresses of the Parties are as follows:

Debtor: Wellsboro & Corning Railroad Co.,
256 Eagleview Blv PMB-261, Exton Pennsylvania 19341

Secured Party: Citizens & Northern Bank
90-92 Main Street, Wellsboro, Pennsylvania 16901

The description of the railroad equipment covered by the enclosed document is as follows: 6 railcars, 5 locomotives and other rolling stock. SEE ATTACHED.

Included in the property covered by the Loan and Security Agreement are railcars, locomotives and rolling stock owned by the Debtor as of the date of the Loan and Security Agreement or *thereafter acquired* by it or its successors.

Your fee of \$41.00 is enclosed. Please return the original and any extra copies to Owlett & Lewis, P.C. PO Box 878, Wellsboro PA 16901.

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



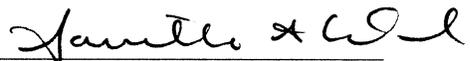
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Memorandum of Loan and Security Agreement between Wellsboro & Corning Railroad Co., as Debtor, and Citizens & Northern Bank, as Secured Party, dated March 31, 2011 and covering 6 railcars, 5 locomotives and other rolling stock.

If you have any questions regarding the requested information, or if you require any additional information, please contact my office. Thank you, in advance, for your prompt attention and cooperation in this matter.

Very truly yours,

OWLETT & LEWIS, P.C.

By: 
Samantha A. Wilcox, Esquire

SAW:clb

Exhibit A

Wellsboro & Corning Rolling Stock

Locomotive	506
Locomotive	14
Locomotive	62
Locomotive	47
Locomotive	240
Generator Car	410
Dining Car	370
Table Car	365
Coach	2930
Club Car	500
Open Car	300

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COMMONWEALTH OF PENNSYLVANIA)
COUNTY OF TIOGA)

SURFACE TRANSPORTATION BOARD

SS:



AFFADAVIT

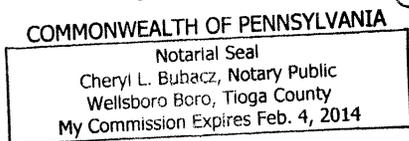
The undersigned, under penalty of perjury and the laws of the United States of America, and being duly sworn according to the law deposes and states the following:

1. I am a Pennsylvania licensed practicing attorney with an office at
One Charles Street, P.O. Box 878, Wellsboro, PA 16901.
2. I have examined the enclosed copy of the "Memorandum of Loan and Security Agreement" and hereby certify that it is a true and correct copy of the original "Memorandum of Loan and Security Agreement" executed by Alfred T. Myles, IV in his capacity as Treasurer of Wellsboro & Corning Railroad Co., and Carl M. Chambers, Vice President of Citizens & Northern Bank in my presence on March 31, 2011.

Samantha A. Wilcox Dated 3/31/11
Samantha A. Wilcox

Sworn to and subscribed
before me this 31st day
of March, 2011

Cheryl L. Bubacz



MEMORANDUM OF LOAN AND SECURITY AGREEMENT

This Memorandum of Loan and Security Agreement (“Memorandum”) is made this 31st day of March, 2011, by and between **WELLSBORO & CORNING RAILROAD CO.**, a Pennsylvania corporation, with an address of 256 Eagleview Blv PMB-261, Exton Pennsylvania 19341 (“Debtor”) and **CITIZENS & NORTHERN BANK**, a Pennsylvania banking corporation with an office at 90-92 Main Street, Wellsboro, PA 16901 (“Secured Party”).

- A. Debtor is indebted to Secured Party pursuant to that certain Promissory Note dated March 31, 2011 (“Note”) executed by Debtor in favor of Secured Party.

- B. To secure Debtor’s obligations to Secured Party, Debtor executed and delivered to Secured Party a Loan and Security Agreement dated March 31, 2011, pursuant to which Debtor granted to Secured Party a continuing, first priority security interest in and to, and lien on, the following collateral:
 - (1) 6 railcars and 5 locomotives with the following markings described on Schedule A attached hereto (hereinafter referred to each as “Railcar” and collectively as “Railcars”) and all replacements and substitutions thereof and all other rolling stock;
 - (2) all improvements, additions, modifications, accessions, attachments, appurtenances and parts appertaining or attached to Railcars, whether now owned or hereafter acquired;
 - (3) all logs, books and records pertaining to the use, operation and/or maintenance of Railcars or otherwise relating to any of the collateral described herein;
 - (4) all rights, claims and causes of action, if any, which the Debtor may have now or in the future against any manufacturer, rebuilder or seller of Railcars (or any component thereof) or any other Person, by contract or otherwise in respect of any defect in Railcars or any part thereof;
 - (5) any agreement now or hereafter entered into for leasing Railcars to any third party and the right to receive all payments and other sums due and to become due from time to time thereunder, to receive all notices and give consents, to exercise any election or option, to declare defaults and to demand payment of any sum due in connection therewith;
 - (6) all rent, damages and other moneys from time to time payable to or receivable by the Debtor in respect of Railcars; and

