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SURFACE TRANSPORTATION BOARD

FLETCHER & SIPPEN LLC

ATTORNEYS AT LAW

29 North Wacker Drive
Suite 920
Chicago, Illinois 60606-2832

Phone: (312) 252-1500
Fax: (312) 252-2400
www.fletcher-sippel.com

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

November 7, 2011

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

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 November 1, 2011, 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 documents are:

Borrowers:

Iowa Pacific Holdings, LLC
Permian Basin Railways, Inc
Isla Largo, LLC
Central Car Repair, LLC
Saratoga and North Creek Railway, LLC
Heritage Rail Leasing, LLC,
San Luis & Rio Grande Railroad, Inc.
Austin & Northwestern Railroad Company d/b/a
Texas-New Mexico Railroad
West Texas & Lubbock Railroad Company, Inc.
Chicago Terminal Railroad Company
High Iron Travel Corp.
Mt. Hood Railroad Company
Mt. Hood Railroad Dinner Train
118 South Clinton Street, Suite 400
Chicago, Illinois 60661

Secured Party:

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

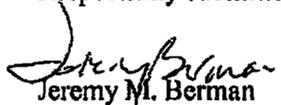
Included in the property covered by the aforesaid Memorandum of Loan and Security Agreement are all locomotives, rolling stock and equipment intended for use and related to interstate commerce, and includes locomotives, rolling stock or equipment now owned or acquired by the Debtor or its or their successors after the date of the Memorandum of Loan and Security Agreement.

November 7, 2011

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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

Enclosure

FLETCHER & SIPPEN LLC

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Chicago, Illinois 60606-2832

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JEREMY M. BERMAN
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November 4, 2011

Chief, Section of Administration
Office of Proceedings
Surface Transportation Board
395 E. Street, S.W.
Washington, D.C. 20024
Attn: Office of Recordations

Dear Ms. Brown:

Enclosed please find a check in the amount of \$41.00 payable to the order of the Surface Transportation Board covering the required recordation fee for a Memorandum of Loan and Security recorded electronically on November 4, 2011 listing Fifth Third Bank as the Secured Party and Iowa Pacific Holdings, LLC, et al. as Borrowers.

Respectfully submitted,


Jeremy M. Berman
Attorney for Secured Party

JMB
Enclosure

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SUIVANCE TRANSPORTATION BOARD

MEMORANDUM OF LOAN AND SECURITY AGREEMENT

THIS MEMORANDUM OF LOAN AND SECURITY AGREEMENT (the "Memorandum") dated as of November 1, 2011, is made by and between Fifth Third Bank, an Ohio 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 even date herewith ("Loan Agreement"), and Iowa Pacific Holdings, LLC is a guarantor thereof;

WHEREAS, Borrowers and the Bank wish to record the security interests that were created or referenced in the Loan Agreement.

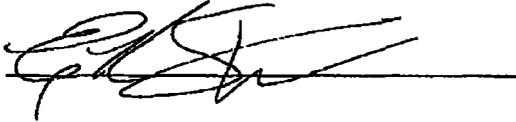
1. ACCORDINGLY, pursuant to the terms of the Loan Agreement (as the same may be amended and/or restated from time to time), and to secure the payment and performance of any and all of Borrowers' obligations to the Bank, Borrowers granted to the Bank a continuing, first priority security interest in and 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 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 Loan and Security Agreement]

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

WITNESS:



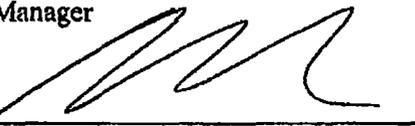
PERMIAN BASIN RAILWAYS, INC., an Illinois Corporation, individually, and as owner of Saratoga and North Creek Railroad, LLC, ~~Hood River Rail Company, LLC,~~ ^{Way} Heritage Rail Leasing, LLC, San Luis & Rio Grande Railroad, Inc., Austin & Northwestern Railroad Company d/b/a Texas-New Mexico Railroad, West Texas & Lubbock Railway ^{Way} Company, Inc., Chicago Terminal Railroad Company, High Iron Travel Corp., ~~Hood River Rail Company, LLC,~~ Mt. Hood Railroad Company, Mt. Hood Railroad Dinner Train and Rio Grande Scenic Railroad Company, LLC

By: 
Name: Edwin Ellis
Title: President

WITNESS:



CENTRAL CAR REPAIR, LLC, an Illinois limited liability company
By: Iowa Pacific Holdings, LLC
Its: Manager

By: 
Title: Manager

WITNESS:



ISLA LARGO, LLC, an Illinois limited liability company
By: Iowa Pacific Holdings, LLC
Its: Manager

By: 
Title: Manager

WITNESS:



IOWA PACIFIC HOLDINGS, LLC, an
Illinois limited liability company

By: Edwin E. Ellis

Its: Manager

By: 

Title: Manager

WITNESS:

FIFTH THIRD BANK,
an Ohio Banking Corporation

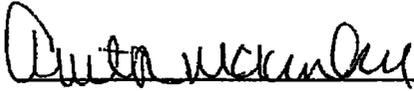
By: _____

Title: _____

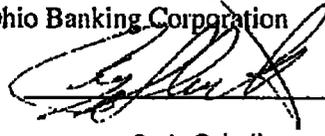
By: _____
Its: Manager

By: _____
Title: Manager

WITNESS:

 _____

FIFTH THIRD BANK,
an Ohio Banking Corporation

By:  _____

Title: Craig Schuth
 Vice President
 Fifth Third Bank

STATE OF ILLINOIS)
) ss
COUNTY OF COOK)

On this 2 day of November, 2011, before me, a Notary Public of the County and State aforesaid, personally appeared EDWIN E. ELIS 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.


Notary Public
My Commission Expires: 7.14.13
Official Seal
E R Stephenson-Laddin
Notary Public State of Illinois
Commission Expires 07/14/2013

STATE OF ILLINOIS)
) ss
COUNTY OF COOK)

On this 2 day of November, 2011, before me, a Notary Public of the County and State aforesaid, personally appeared _____ to me personally known, who being by me duly sworn, says that he is the _____ of Fifth Third Bank, an Ohio 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.

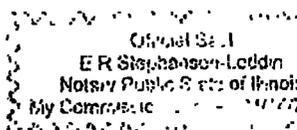
AS WITNESS my hand and notarial seal.


Notary Public
My Commission Expires: 7.14.13
Official Seal
E R Stephenson-Laddin
Notary Public State of Illinois
Commission Expires 07/14/2013

STATE OF ILLINOIS)
) ss
COUNTY OF COOK)

On this 2 day of November, 2011, before me, a Notary Public of the County and State aforesaid, personally appeared Edwin E. 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.

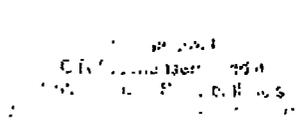
AS WITNESS my hand and notarial seal.

 
Notary Public
My Commission Expires:
7-14-13

STATE OF ILLINOIS)
) ss
COUNTY OF COOK)

On this 2 day of November, 2011, before me, a Notary Public of the County and State aforesaid, personally appeared Edwin E. 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.

 
Notary Public
My Commission Expires:
4-14-13

STATE OF ILLINOIS)
) ss
COUNTY OF COOK)

On this ___ day of November, 2011, before me, a Notary Public of the County and State aforesaid, personally appeared _____ to me personally known, who being by me duly sworn, says that he is the _____ 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.

Notary Public

My Commission Expires:

STATE OF ILLINOIS)
) ss
COUNTY OF COOK)

On this 3 day of November, 2011, before me, a Notary Public of the County and State aforesaid, personally appeared Spencer Schmitt to me personally known, who being by me duly sworn, says that he is the VP of Fifth Third Bank, an Ohio 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.



Anita McKinley
Notary Public

My Commission Expires:

Schedule 6.1

Mark	Number	Type
SLRG	8548	B-39-8
SLRG	8522	B-39-8
SLRG	8560	B-39-8
SLRG	8596	B-39-8
SLRG	8536	B-39-8
SLRG	8524	B-39-8
SLRG	8537	B-39-8
SLRG	8539	B-39-8
SLRG	8597	B-39-8
SLRG	8542	B-39-8
SLRG	8577	B-39-8
SLRG	8527	B-39-8
SLRG	516	E-8
SLRG	518	E-8
SLRG	519	E-8
SLRG	520	E-8
SLRG	521	E-8
SLRG	56	BL-2
SLRG	20	steam
SLRG	1744	steam
SLRG	1114	F-10
WTLC	3635	GP-38
SNC	5	S-1
SLRG	132	80-seat Budd coach
SLRG	133	80-seat Budd coach
SLRG	140	80-seat Budd coach
SLRG	145	80-seat Budd coach
SLRG	146	80-seat Budd coach
SLRG	149	80-seat Budd coach
SLRG	1372	Club car Picuris
SLRG	1600	Club Car Wabash
SLRG	3305	Club Car Mardi Gras
SLRG	5461	Kitchen Car
SLRG	9118	Pullman Sleeping car 4-4-2
SLRG	9119	Pullman Sleeping car 4-4-2
SLRG	9120	Pullman Sleeping car 4-4-2
SLRG	9166	Pullman Sleeping car 6-6
SLRG	9167	Pullman Sleeping car 6-3
SLRG	9168	Pullman Sleeping car 12-1
SLRG	9169	Pullman Sleeping car 12-1
SLRG	9170	Pullman Sleeping car 8-lge

Schedule 6.1

PPCX	800045	Business Car Caritas
		Skytop Sleeper Observation
SLRG	3311	Car
SLRG	4716	60 seat Budd dome car
SLRG	6114	48 seat Budd dining car
SLRG	1240	Generator/Baggage Budd
SLRG	5525	54 seat Budd coach
SNC	1	Caboose
SNC	2	Caboose
SNC	101	CNR Coach
SNC	102	CNR Coach
SNC	103	CNR Coach
SNC	342	NYC Baggage Coach
SNC	342	CNJ Coach