



GARRETT HEMANN ROBERTSON P.C.

RECORDATION NO. 30229 FILED

MAY 21 '12 -4 30 PM

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* Admitted in OR and WA
 + Admitted in OR and MA
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May 16, 2012

Certified Mail – Return Receipt Requested
Receipt No. 7011 2000 0001 7189 4537

CHIEF, SECTION OF ADMINISTRATION
 OFFICE OF PROCEEDINGS,
 SURFACE TRANSPORTATION BOARD
 Washington, DC 20423-0001

Re: Our Client: Utah Southern Railroad Company LLC
Utah Organization
Our File No. 89111001
Documents for Recordation

Dear Section Chief:

This office represents Utah Southern Railroad Company LLC, a Utah limited liability company. I have enclosed 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 Promissory Note and Security Agreement, a primary document dated September 1, 2008.

The names and addresses of the parties to the document are as follows:

Debtor: Utah Southern Railroad Company LLC, 492 West Grant Street,
 Lebanon, OR 97355.

Secured Party: Laura Stile, 19014 E. Tonto Verde Drive, Rio Verde, AZ 85263.

A description of the railroad equipment covered by the Security Agreement submitted for filing is as follows:

Two railroad locomotives bearing identification numbers LTEX3000 FD 40-2 3164 and LTEX3001 FD 40-2 3188.

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 5/16/12 11:44 AM



SURFACE TRANSPORTATION BOARD

May 16, 2012

Page 2

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

A Security Agreement between Utah Southern Railroad Company LLC, a Utah limited liability company, and Laura A. Stile, the secured party, dated September 1, 2008 and covering two railroad locomotives bearing identification numbers LTEX3000 FD 40-2 3164 and LTEX3001 FD 40-2 3188.

A check in the sum of \$41.00 for the statutory filing fees, payable to Surface Transportation Board is also enclosed. Please return the original to the undersigned. Should you have any questions or require any additional information, please do not hesitate to contact me at (503) 581-1501.

Sincerely,



Theresa M. Wade
twade@ghrlawyers.com

TMW/wjw:heb

Enclosures

c: Michael Root (*w/out enclosures*)
Laura Stile (*w/out enclosures*)

MAY 21 '12 -4 30 PM

COPY

SURFACE TRANSPORTATION BOARD

PROMISSORY NOTE AND SECURITY AGREEMENT

\$400,000.00

September 1, 2008

The undersigned, **Utah Southern Railroad Company LLC**, a Utah limited liability company ("LLC"), promises to pay to the order of **Laura A. Stile**, at 19014 E. Tonto Verde Drive, Rio Verde, Arizona 85263, the sum of Four Hundred Thousand Dollars (\$400,000.00), with interest thereon at the rate of 6.0% per annum from the date of this note until paid. No payment shall be required to be made until June 1, 2009, although interest shall accrue. Beginning with June 1, 2009 monthly installments of \$9394.01 per month shall be paid, and a balloon payment shall be made on or before September 1, 2011 in the full amount of the principle balance due plus interest accrued but not yet paid. If any of said installments is not so paid all principal and interest to become immediately due and collectible at the option of the holder of this note. If this note is placed in the hands of an attorney for collection, the undersigned promises and agrees to pay holder's reasonable attorney fees and collection costs even though no suit or action is filed herein; however, if a suit or action is filed, the amount of reasonable attorney fees shall be fixed by the court or courts in which the suit or action, including any appeal therein, is tried, heard or decided.

Utah Southern Railroad Company LLCBy: Michael R. Root
Michael R. Root, Manager**SECURITY AGREEMENT**

For and in consideration of value received, receipt of which is hereby acknowledged, **Utah Southern Railroad Company LLC**, a Utah limited liability company (the "debtor"), hereby grants to **Laura A. Stile**, (the "secured party"), a security interest in the property described as two (2) Railroad Locomotives bearing identification number LTEX3000 FD 40-2 3164 and LTEX3001 FD 40-2 3188, to secure the payment of the promissory note payable to the secured party in the amount of \$400,000.00 with charges thereon and terms of payment, all as set forth above.

Debtor expressly warrants, represents and covenants:

1. Not to sell, offer for sale, assign or dispose of all or any part of said collateral;
2. To pay all license tag renewals and assessments of every nature which may be levied or assessed against the collateral;
3. Not to permit or allow any adverse lien, security interest, or encumbrance whatsoever upon the collateral, and not permit the same to be attached or replevied by a third party;
4. To keep the collateral insured against loss by fire, theft and collision at

debtor's own expense. The secured party shall have the right, but not the duty, to provide such coverage upon the failure of debtor to do so.

5. That neither loss nor injury to said vehicle shall relieve the debtor from debtor's obligation hereunder.

6. That debtor shall be in default under this agreement upon the happening of any of the following events or conditions:

6.1.1 Any default in the payment of any installments of the principal or charges or any part of either as provided in the above-described note;

6.1.2 Loss, theft, damage, destruction, sale or encumbrance to or any of the collateral or the making of any levy, seizure or attachment thereof or thereon;

6.1.3 Default in the performance of any obligation, covenant or liability contained or referred to herein.

Upon such default, and at any time thereafter, the secured party, at her option and without notice or demand, declare the entire unpaid balance of the principal and accrued interest thereon at once due and payable. Each party thereafter shall have the right and privileges with respect to repossession, sale and disposition of the proceeds thereof as are accorded by the applicable section of the Utah Uniform Commercial Code. The remedies available to the secured party shall include, but not be limited to, the right of peaceful repossession of the collateral without judicial process, and for this purpose, the secured party, its agents, successors and assigns may enter into and upon any place and take immediate and full possession of the whole or any part of the collateral. The secured party may require, and debtor hereby agrees, debtor to assemble the collateral and make it available to the secured party at the debtor's place of residence or at such other place to be designated by the secured party which shall be reasonably convenient to both parties. The secured party shall give debtor reasonable notice of time and place of sale or other disposition of the collateral. The requirements of reasonable notice shall be met if such notice is mailed postage paid to the address of the debtor hereinafter shown at least 10 days before the time of the sale or disposition. The debtor shall be liable for any deficiency remaining after the sale of the collateral and application of the proceeds to the indebtedness secured to expenses allowed by the applicable section of the Utah Uniform Commercial Code.

Utah Southern Railroad Company LLC

By: Michael R. Root
Michael R. Root, Manager

CERTIFICATE OF TRUE AND EXACT COPY

I, Michael R. Root, on behalf of Utah Southern Railroad Company LLC, hereby certify that I have compared the attached copy of the Promissory Note and Security Agreement dated September 1, 2008 with the original and found the copy to be complete and identical in all respects to the original document. I declare under penalty of perjury that the foregoing is true and correct. Executed this 28 day of ~~September~~, 2011.

*December
m2*

**UTAH SOUTHERN RAILROAD
COMPANY LLC**

By: *Michael R. Root*
Michael R. Root, Manager

FORM OF ACKNOWLEDGMENT

I, Michael R. Root, certify that I am manager of Utah Southern Railroad Company LLC, a Utah limited liability company, that the foregoing instrument was signed on behalf of the LLC by authority of its members, and that I acknowledge that the execution of the foregoing instrument was a free act and deed of the LLC. I further declare under penalty of perjury that the foregoing is true and correct. Executed on ~~September~~ 28, 2011.

DEC
mt

**UTAH SOUTHERN RAILROAD
COMPANY LLC**

By: *Michael R Root*
Michael R. Root, Manager