

RECORDATION NO. 30249
FILED June 7, 2012 04:05 PM
SURFACE TRANSPORTATION BOARD

ALVORD AND ALVORD
ATTORNEYS AT LAW
1050 SEVENTEENTH STREET, N.W.

SUITE 301
WASHINGTON, D.C.

20036

(202) 393-2266

FAX (202) 393-2156

E-MAIL alvordlaw@aol.com

ELIAS C. ALVORD (1942)
ELLSWORTH C. ALVORD (1964)

OF COUNSEL
URBAN A. LESTER

June 7, 2012

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

Dear Section Chief,

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are two (2) copies of a Memorandum of Security Agreement, dated as of June 7, 2012, a primary document as defined in the Board's Rules for the Recordation of Documents.

The document covers all rail equipment and leasehold interests therein of the Borrowers now owned or hereafter acquired.

The names and addresses of the parties to the enclosed document are:

Grantor: CAI Rail Inc.
1 Market Plaza, Suite 900
San Francisco, CA 94105

Lender: Union Bank, N.A.
200 Pringle Avenue, Suite 500
Walnut Creek, CA 94596

Section Chief
June 7, 2012
Page 2

A description of the railroad equipment covered by the enclosed document is:

All rolling stock and interests in leases of rolling stock now owned or hereafter acquired by the Grantor.

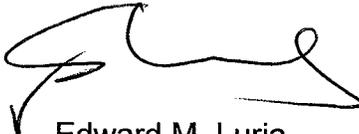
A short summary of the document to appear in the index is:

Memorandum of Security Agreement.

Also enclosed is a check in the amount of \$41.00 payable to the order of the Surface Transportation Board covering the required recordation fee.

Kindly return stamped copies of the enclosed document to the undersigned.

Very truly yours,



Edward M. Luria

EML/sem
Enclosures

MEMORANDUM OF SECURITY AGREEMENT

This Memorandum of Security Agreement is made and entered into as of June 7, 2012, by and among CAI RAIL INC., (hereinafter referred to as "Grantor"), and UNION BANK, N.A., (hereinafter referred to as Administrative Agent), respecting that certain Security Agreement dated as of June 7, 2012 (the "Security Agreement") among Grantor and Administrative Agent, and other documents referenced therein, including a certain Revolving Credit Agreement dated as of June 7, 2012 referred to in the Security Agreement as the same may be amended, amended and restated, supplemented or otherwise modified from time to time.

Grantor and Administrative Agent hereby affirm and acknowledge Grantor has agreed to grant the Administrative Agent, on behalf of itself and the Secured Parties, a first priority security interest in all railcars or accessories used on such railcars of Grantor, *whether now owned or hereafter acquired*, and all proceeds of each of the foregoing and all leases of, accessions to, substitutions and replacements for, and rents, profits and products of or in respect of any of the foregoing, and any and all proceeds of any insurance, indemnity, warranty or guaranty payable to Grantor from time to time with respect to the foregoing effective as of the date of the Security Agreement and subject to the terms defined in the Security Agreement.

IN WITNESS WHEREOF, each of the parties hereto, pursuant to due company authority, has caused this Memorandum of Security Agreement to be duly executed in its company name by its officers, thereunto duly authorized, all as of the date first above written.

SIGNATURES APPEAR ON THE FOLLOWING PAGES

I certify that I hold the title set forth below, that this instrument was signed on behalf of CAI RAIL INC. by authority of its governing board of directors/managers and that I acknowledge that the execution of the foregoing instrument was the free act and deed of CAI RAIL INC.. I further declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

CAI RAIL INC., as Grantor

By: _____

Name: Timothy B. Page

Its: Chief Financial Officer

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

CIVIL CODE § 1189

State of California

County of San Francisco }

On 6/7/12 before me, Amanda Christine Quarry, Notary Public
Date Here Insert Name and Title of the Officer

personally appeared Timothy Page
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.



Place Notary Seal Above

Signature: [Handwritten Signature]
Signature of Notary Public

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: _____

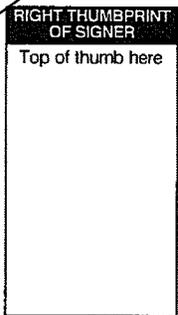
Document Date: _____ Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____

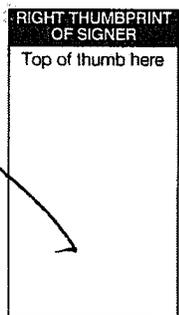
- Corporate Officer -- Title(s): _____
- Individual
- Partner -- Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____



Signer Is Representing: _____

Signer's Name: _____

- Corporate Officer -- Title(s): _____
- Individual
- Partner -- Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____

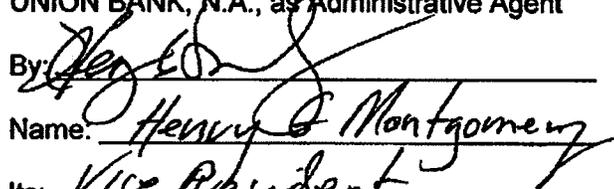


Signer Is Representing: _____

I certify that I hold the title set forth below, that this instrument was signed on behalf of UNION BANK, N.A. by authority of its governing board of directors and that I acknowledge that the execution of the foregoing instrument was the free act and deed of UNION BANK, N.A.. I further declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

UNION BANK, N.A., as Administrative Agent

By:


Name: Henry D. Montgomery

Its:

Vice President

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

CIVIL CODE § 1189

State of California

County of Contra Costa }

On June 6, 2012 before me, Jessica H. Loberstein, Notary Public
Date Here Insert Name and Title of the Officer

personally appeared Henry G. Montgomery
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person~~(s)~~ whose name~~(s)~~ is subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/his/their authorized capacity~~(ies)~~, and that by his/his/their signature~~(s)~~ on the instrument the person~~(s)~~, or the entity upon behalf of which the person~~(s)~~ acted, executed the instrument.



I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature: Jessica H. Loberstein
Signature of Notary Public

Place Notary Seal Above

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: Memorandum of Security Agreement

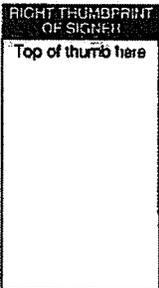
Document Date: June 7, 2012 Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: Henry G. Montgomery

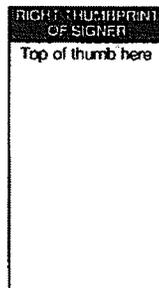
- Corporate Officer — Title(s): _____
- Individual
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____



Signer Is Representing: _____

Signer's Name: _____

- Corporate Officer — Title(s): _____
- Individual
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____



Signer Is Representing: _____

CERTIFICATION

I, Edward M. Luria, an attorney licensed to practice in the District of Columbia, the State of Delaware and the Commonwealth of Pennsylvania, do hereby certify under penalty of perjury that I have compared the attached copy with the original thereof and have found the copy to be complete and identical in all respects to the original document.

Dated: 6-7-12

Edward M Luria

Edward M. Luria