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**FLETCHER & SIPPEL LLC**

ATTORNEYS AT LAW

29 North Wacker Drive  
Suite 920  
Chicago, Illinois 60606-2875**SURFACE TRANSPORTATION BOARD**Phone: (312) 252-1500  
Fax: (312) 252-2400  
www.fletcher-sippel.comJEREMY M. BERMAN  
(312) 252-1510  
jberman@fletcher-sippel.com

June 21, 2012

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) are a Memorandum of Security Agreement, dated as of June 21, 2012, a primary document as defined in the Board's Rules for the Recordation of Documents, and an Assignment of Rents and Lessors' Interest in Leases, dated as of June 21, 2012, a secondary 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:

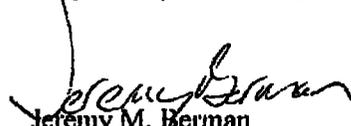
**BORROWERS / ASSIGNORS:**Patriot Rail Corp.  
Tennessee Southern Railroad Company, Inc.  
Utah Central Railway Company  
Sacramento Valley Railroad, LLC  
Louisiana And North West Railroad Company, Inc.  
Temple & Central Texas Railway, Inc.  
Texas, Oklahoma & Eastern Railroad, LLC  
Golden Triangle Railroad, LLC  
Dequeen And Eastern Railroad, LLC  
Columbia & Cowlitz Railway, LLC  
Mississippi & Skuna Valley Railroad, LLC  
Patriot Woods Railroad, LLC  
Piedmont And Northern Railway, LLC  
Patriot Rail Holdings LLC  
Patriot Rarus Acquisition, LLC  
Rarus Railway, LLC  
Kingman Terminal Railroad, LLC**GUARANTOR:**Patriot Funding LLC  
2255 Glades Road, Suite 342-W  
Boca Raton, Florida 33431**SECURED PARTY / ASSIGNEE:**Fifth Third Bank, as Collateral Agent  
222 South Riverside Place, 32nd Floor  
Chicago, IL 606062255 Glades Road, Suite 342-W  
Boca Raton, Florida 33431

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Included in the property covered by the aforesaid documents is 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 document.

A check in the amount of \$82.00 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

# FLETCHER & SIPPEL LLC

ATTORNEYS AT LAW

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

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

JUN 22 2012

Phone: (312) 252-1500  
Fax: (312) 252-2400  
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June 21, 2012

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 please find a check in the amount of \$82.00 payable to the order of the Surface Transportation Board covering the required recordation fee for a Memorandum of Security Agreement, and an Assignment of Rents and Lessors' Interest in Leases submitted for electronic filing on June 21, 2012. Copies of the filings are enclosed for your reference.

Please feel free to contact me if you have any questions.

Sincerely,

  
Jeremy M. Berman  
Attorney for Secured Party

JUN 21 '12 -3 00 PM

## MEMORANDUM OF SECURITY AGREEMENT

SURFACE TRANSPORTATION BOARD

This MEMORANDUM OF SECURITY AGREEMENT dated as of June 21, 2012 is made by and between PATRIOT RAIL CORP., TENNESSEE SOUTHERN RAILROAD COMPANY, INC., RARUS RAILWAY, LLC d/b/a BUTTE, ANACONDA & PACIFIC RAILWAY CO., 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 RARUS ACQUISITION, LLC, and KINGMAN TERMINAL RAILROAD, LLC and their successors and permitted assigns, collectively as "Borrowers," and PATRIOT FUNDING, LLC, as Obligor and FIFTH THIRD BANK, an Ohio banking corporation, (the "Bank"), as collateral agent for the Bank, The Prudential Insurance Company of America and certain other lenders and financial institutions (the "Lenders") whose address is 222 South Riverside Plaza, 32<sup>nd</sup> Floor, Chicago, Illinois, 60606 (the "Collateral Agent").

Borrowers and the Collateral Agent hereby state the following:

1. Pursuant to a Security Agreement dated even with the date hereof (the "Security Agreement"), Borrowers and Obligor have granted to Collateral Agent for the benefit of the Lenders a first priority security interest in any and all of their respective interests 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 the date hereof, and use of the Equipment by Borrower and Obligor 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 an original and all of which shall be a part of this Memorandum of Security Agreement.

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

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

**BORROWERS:**

PATRIOT RAIL CORP., a Delaware corporation

By: Stanley Wlotko  
Name: Stanley Wlotko  
Its: Senior Vice President

TENNESSEE SOUTHERN RAILROAD COMPANY, INC., a Tennessee corporation

By: Stanley Wlotko  
Name: Stanley Wlotko  
Its: Senior Vice President

RARUS RAILWAY, LLC d/b/a BUTTE, ANACONDA & PACIFIC RAILWAY CO., a Montana limited liability company

By: Stanley Wlotko  
Name: Stanley Wlotko  
Its: Senior Vice President

UTAH CENTRAL RAILWAY COMPANY, a Utah corporation

By: Stanley Wlotko  
Name: Stanley Wlotko  
Its: Senior Vice President

SACRAMENTO VALLEY RAILROAD, LLC, a California limited liability company

By: Stanley Wlotko  
Name: Stanley Wlotko  
Its: Senior Vice President

LOUISIANA AND NORTH WEST RAILROAD COMPANY, INC., a Louisiana corporation

By: Stanley Wlotko  
Name: Stanley Wlotko  
Its: Senior Vice President

TEMPLE & CENTRAL TEXAS RAILWAY, INC., a Delaware corporation

By: Stanley Wlotko  
Name: Stanley Wlotko  
Its: Senior Vice President

TEXAS, OKLAHOMA & EASTERN RAILROAD, LLC, a Delaware limited liability company

By: Stanley Wlotko  
Name: Stanley Wlotko  
Its: Senior Vice President

GOLDEN TRIANGLE RAILROAD, LLC a Delaware limited liability company

By: Stanley Wlotko  
Name: Stanley Wlotko  
Its: Senior Vice President

DEQUEEN AND EASTERN RAILROAD, LLC, a Delaware limited liability company

By: Stanley Wlotko  
Name: Stanley Wlotko  
Its: Senior Vice President

COLUMBIA & COWLITZ RAILWAY, LLC, a Delaware limited liability company

By: Stanley Wlotko  
Name: Stanley Wlotko  
Its: Senior Vice President

MISSISSIPPI & SKUNA VALLEY RAILROAD, LLC, a Delaware limited liability company

By: Stanley Wlotko  
Name: Stanley Wlotko  
Its: Senior Vice President

PATRIOT WOODS RAILROAD, LLC, a Delaware limited liability company

By: Stanley Wlotko  
Name: Stanley Wlotko  
Its: Senior Vice President

PIEDMONT AND NORTHERN RAILWAY, LLC, a Delaware limited liability company

By: Stanley Wlotko  
Name: Stanley Wlotko  
Its: Senior Vice President

KINGMAN TERMINAL RAILROAD, LLC, a Delaware limited liability company

By: Stanley Wlotko  
Name: Stanley Wlotko  
Its: Senior Vice President

PATRIOT RARUS ACQUISITION, LLC, a Florida limited liability company

By: Stanley Wlotko  
Name: Stanley Wlotko  
Title: Senior Vice President

**PATRIOT FUNDING:**

PATRIOT FUNDING LLC,  
a Delaware limited liability company

By: \_\_\_\_\_  
Name: John McGuire  
Its: Vice President

State of North Carolina )  
 ) ss.:  
County of Mecklenburg )

On the 13 day of June in the year 2012, before me, Janet C. McCullough, the undersigned Notary Public, personally appeared Stanley Wlotko

personally known to me to be the person who executed the within instrument as Stanley Wlotko on behalf Patriot Rail Corp., Tennessee Southern Railroad Company, Inc., Rarus Railway LLC 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 Rarus Acquisition LLC, and Kingman Terminal Railroad, LLC and acknowledged to me that the corporation executed it.

Janet C. McCullough  
Notary Public for North Carolina  
My Commission expires December 27, 2016

State of ILLINOIS )  
 ) ss.:  
County of Cook )

On the \_\_\_ day of June in the year 2012, before me, \_\_\_\_\_, the undersigned Notary Public, personally appeared \_\_\_\_\_, personally known to me to be the person who executed the within instrument as \_\_\_\_\_ on behalf of Fifth Third Bank, and acknowledged to me that the corporation executed it.

\_\_\_\_\_  
Notary Public for \_\_\_\_\_  
My Commission expires \_\_\_\_\_

GOLDEN TRIANGLE RAILROAD, LLC a DEQUEEN AND EASTERN RAILROAD, LLC, a Delaware limited liability company

By: \_\_\_\_\_  
Name: Stanley Wlotko  
Its: Senior Vice President

By: \_\_\_\_\_  
Name: Stanley Wlotko  
Its: Senior Vice President

COLUMBIA & COWLITZ RAILWAY, LLC, MISSISSIPPI & SKUNA VALLEY RAILROAD, LLC, a Delaware limited liability company

By: \_\_\_\_\_  
Name: Stanley Wlotko  
Its: Senior Vice President

By: \_\_\_\_\_  
Name: Stanley Wlotko  
Its: Senior Vice President

PATRIOT WOODS RAILROAD, LLC, a PIEDMONT AND NORTHERN RAILWAY, LLC, a Delaware limited liability company

By: \_\_\_\_\_  
Name: Stanley Wlotko  
Its: Senior Vice President

By: \_\_\_\_\_  
Name: Stanley Wlotko  
Its: Senior Vice President

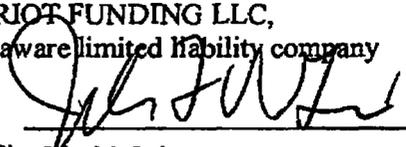
KINGMAN TERMINAL RAILROAD, LLC, a PATRIOT RARUS ACQUISITION, LLC, a Delaware limited liability company

By: \_\_\_\_\_  
Name: Stanley Wlotko  
Its: Senior Vice President

By: \_\_\_\_\_  
Name: Stanley Wlotko  
Title: Senior Vice President

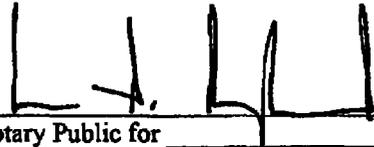
**PATRIOT FUNDING:**

PATRIOT FUNDING LLC,  
a Delaware limited liability company

By:   
Name: John McGuire  
Its: Vice President

State of NEW YORK )  
 ) ss.:  
County of NEW YORK )

On the 3<sup>th</sup> day of June in the year 2012, before me, MARKUS A. MARYLAND, the undersigned Notary Public, personally appeared JOHN MCGUIRE, personally known to me to be the person who executed the within instrument as VICE PRESIDENT on behalf Patriot Funding LLC and acknowledged to me that the limited liability company executed it.

  
\_\_\_\_\_  
Notary Public for \_\_\_\_\_  
My Commission expires \_\_\_\_\_

MARKUS A. MARYLAND  
Notary Public, State of New York  
No. 01MA6128536  
Qualified in New York County  
Commission Expires 6/13/2013

State of ILLINOIS )  
 ) ss.:  
County of Cook )

On the \_\_\_ day of June in the year 2012, before me, \_\_\_\_\_, the undersigned Notary Public, personally appeared \_\_\_\_\_, personally known to me to be the person who executed the within instrument as \_\_\_\_\_ on behalf of Fifth Third Bank, and acknowledged to me that the corporation executed it.

\_\_\_\_\_  
Notary Public for \_\_\_\_\_  
My Commission expires \_\_\_\_\_

**[COLLATERAL AGENT]:**

**FIFTH THIRD BANK**, an Ohio banking corporation

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

Its: \_\_\_\_\_  
**Craig Schulth**  
**Vice President**  
**Fifth Third Bank**

State of \_\_\_\_\_ )  
 ) ss.:  
County of \_\_\_\_\_ )

On the \_\_\_ day of June in the year 2012, before me, \_\_\_\_\_, the undersigned Notary Public, personally appeared \_\_\_\_\_, personally known to me to be the person who executed the within instrument as \_\_\_\_\_ on behalf Patriot Rail Corp., Tennessee Southern Railroad Company, Inc., Rarus Railway LLC D/B/A Butte, Anaconda & Pacific Railway CO., 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 Funding LLC, Patriot Rarus Acquisition LLC, and Kingman Terminal Railroad, LLC and acknowledged to me that the corporation executed it.

\_\_\_\_\_  
Notary Public for \_\_\_\_\_  
My Commission expires \_\_\_\_\_

State of ILLINOIS )  
 ) ss.:  
County of Cook )

On the <sup>25<sup>th</sup></sup> day of June in the year 2012, before me, Craig Smith, 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.

Anita McKinley  
Notary Public for 5/3 Bank  
My Commission expires 5/27/13

