

RECORDATION NO 30306-A FILED
July 18, 2012 04:00 PM
SURFACE TRANSPORTATION BOARD

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

OF COUNSEL
URBAN A. LESTER

July 18, 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 Conditional Assignment of Lease, dated as of July 18, 2012, a secondary document as defined in the Board's Rules for the Recordation of Documents.

The enclosed document relates to the Security Agreement being filed with the Board under Recordation Number 30306.

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

Lessor/Assignor: Rail World Locomotive Leasing, LLC
8600 W. Bryn Mawr Ave. Suite 500N
Chicago, IL 60631

Assignee: Bangor Savings Bank
99 Franklin Street
Bangor, ME 04401

Lessee/Assignor: Montreal, Maine & Atlantic Railway, Ltd.
Iron Bridge Road
Millinocket, ME 04462

Chief
Section of Administration
July 18, 2012
Page 2

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

3 locomotives: MMA 8202, MMA 8207 and MMA 8208 (formerly bearing NS reporting marks)

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

Conditional Assignment of Lease.

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

CONDITIONAL ASSIGNMENT OF LEASE

THIS ASSIGNMENT is made by **Rail World Locomotive Leasing, LLC**, a Delaware corporation have a place of business in Wilmington, Delaware (*Assignor*), and **Montreal, Maine & Atlantic Railway, Ltd. (MMA)**, a Delaware corporation with a place of business in Hermon, Maine, to **Bangor Savings Bank**, a Maine banking corporation with a place of business in Bangor, Maine (hereinafter called *Lender*).

WHEREAS, Lender extended a certain loan to LMS Acquisition Corporation ("LMS"), evidenced by a certain promissory note dated March 31, 2006, as may be amended from time to time (the *Note*); and

WHEREAS, pursuant to the terms of a certain Modification Agreement of substantially even date herewith, the terms of which are incorporated herein by reference, Assignor has provided to Lender a limited guaranty (the *Rail World Guaranty*) of certain obligations owed by LMS to Lender, including obligations of LMS under the Note, all as more expressly set forth in the Rail World Guaranty; and

WHEREAS, Assignor is entitled to certain rights as lessor under certain locomotive leases between Assignor as lessor and MMA as lessee for certain locomotives described on Exhibit A attached hereto and made a part hereof (hereinafter the *Leases*);

WHEREAS, MMA is also a guarantor of the Note and is entitled to certain rights as lessee under the Leases; and

WHEREAS, to induce Lender to modify the Loans and certain Loan Documents, as such terms are defined in the Modification Agreement, (i) as collateral security for the Rail World Guaranty, Assignor has agreed to assign all of its rights as lessor under the Leases to Lender, and (ii) as additional security for its guaranty of the Note, MMA has agreed to assign all of its rights as lessee under the Leases to Lender.

NOW WHEREFORE, for consideration paid, the receipt and adequacy of which is acknowledged, Assignor hereby covenants and agrees as follows:

1. Each of the foregoing recitals is hereby ratified and confirmed by Assignor as being accurate and complete.
2. Assignor, as lessor under the Leases, hereby grants, transfers, and assigns, with full right of reassignment, to Lender, and Lender's successors and assigns, upon the terms and conditions set forth herein, all of its right, title, and interest in and to the Leases, together the right to any payment to which Assignor is entitled under the Leases; reserving, however (except as hereinafter provided), to Assignor a license to collect the rents due under the Leases and to enforce the agreements of such Leases, so long as there is no default in any of the terms, covenants, or provisions of the Rail World Guaranty.

3. MMA, as lessee under the Leases, hereby grants, transfers, and assigns, with full right of reassignment, to Lender, and Lender's successors and assigns, upon the terms and conditions set forth herein, all of its right, title, and interest in and to the Leases; reserving, however (except as hereinafter provided), to MMA the right to enforce the Leases so long as there is no default in any of the terms, covenants, or provisions of the Rail World Guaranty.

4. The Assignment created by this document shall become effective upon any default under the terms of the Rail World Guaranty and shall remain in full force and effect so long as any default thereunder continues to exist.

5. Each of Assignor and MMA hereby covenants and warrants to Lender that it has not executed any prior assignment or pledge of the Leases assigned hereby nor done any other act which would destroy or impair the benefits of this Assignment to Lender. While the Rail World Guaranty shall remain in effect, each of Assignor and MMA hereby covenants and agrees not to do any act which would destroy or impair the benefits of this Assignment to Lender.

6. During the term of the Rail World Guaranty, neither Assignor nor MMA will terminate, alter, modify, or change the terms of any of the Leases, nor execute any other assignment of the Leases or of any interest therein or of any of the rents payable thereunder. Each of Assignor and MMA will perform all of its covenants and agreements under the Leases. Any notice required to be given to any party under the Leases shall also be given to Lender.

7. Assignor represents and warrants to Lender that it is the sole owner of the locomotives subject to the Leases and that no other affiliate or principal of Assignor is an owner of any such locomotive, engines, parts or accessories thereof, which are the subject of a certain Security Agreement given by Assignor to Lender of substantially even date herewith as additional security for the Rail World Guaranty.

8. MMA hereby represents and warrants to Lender that there are presently no sub-leases and agrees that during the term of the Rail World Guaranty it will not enter into any sub-leases without the prior written consent of Lender, which consent shall not be unreasonably withheld.

9. Each of Assignor and MMA hereby irrevocably constitutes and appoints Lender as its attorney in fact to make any communication to any party to effect the rights assigned herein. This limited power of attorney, being coupled with an interest, is irrevocable until satisfaction of all obligations of Assignor and MMA to Lender.

10. Each of Assignor and MMA hereby agrees to execute such other documents and perform such other acts as may be necessary to enforce the rights assigned herein.

11. All amounts expended by Lender in enforcing this Assignment shall be added to the principal amounts due under the Note and secured by the Loan Documents.

12. This Assignment shall remain in full force and effect until the Rail World Guaranty has been finally discharged.

13. Lender agrees that upon final release and discharge of the Real World Guaranty, this Assignment shall terminate.

14. The rights and privileges of the Lender shall inure to the Lender's successors and assigns. All representations, warranties, and agreements of the Assignor and MMA shall bind their respective successors and assigns. This Assignment shall be governed by and construed under Maine law.

15. This Assignment secures Loan Obligations primarily for business, commercial or agricultural purposes.

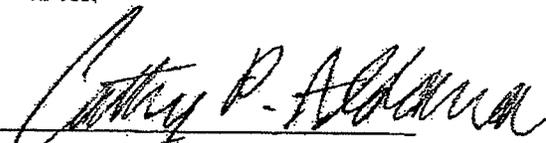
16. This Assignment is a continuing obligation and shall remain in full force and effect until the Real World Guaranty been released by Lender; provided, however, that notwithstanding such release, this Assignment and the Real World Guaranty shall remain in full force and effect and shall not be finally discharged for so long as any payment under the Real World Guaranty may be voided in bankruptcy proceedings as a preference or for any other reason.

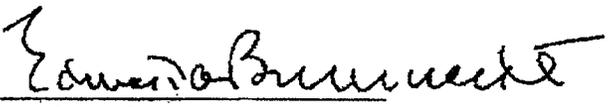
THE ASSIGNOR HEREBY VOLUNTARILY, KNOWINGLY AND INTENTIONALLY AGREES TO WAIVE ANY AND ALL THE RIGHT TO A TRIAL BY JURY IN RESPECT OF ANY CLAIM BASED HEREON, ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS ASSIGNMENT, THE NOTE, OR ANY OTHER LOAN DOCUMENTS EXECUTED OR CONTEMPLATED TO BE EXECUTED HEREWITH OR ANY COURSE OF CONDUCT, COURSE OF DEALINGS, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF ANY PARTY. THIS WAIVER CONSTITUTES A MATERIAL INDUCEMENT FOR THE LENDER TO ACCEPT THIS ASSIGNMENT AND TO MODIFY THE TERMS OF THE LOANS AND LOAN DOCUMENTS.

IN WITNESS WHEREOF, Assignor has caused this instrument to be signed and sealed by the undersigned, duly authorized, as of this 18th day of July, 2012.

Witness:

Rail World Locomotive Leasing, LLC


Cathy D. Aldana
Corporate Secretary

By: 
Name: Edward A. Burkhardt
Title: President
Duly Authorized

Montreal, Maine & Atlantic Railway, Ltd.

[Signature]

By: [Signature]
Name: M D GARDNER
Title: CFO
Duly Authorized

STATE OF Maine

Piscataquis County

July 11, 2012

Personally appeared the above named M. D. Gardner, in his capacity as CFO of Montreal, Maine & Atlantic Railway, Ltd., and acknowledged before me the foregoing to be his free act and deed in his said capacity and the free act and deed of said corporation.

[Signature]
Notary Public Attorney at Law (SEAL)
Printed Name: DANIEL G. MCKAY
Commission Expires: N/A

STATE OF _____

_____ County

_____, 2012

Personally appeared the above named _____, in his capacity as _____ of Rail World Locomotive Leasing, LLC, and acknowledged before me the foregoing to be his free act and deed in his said capacity and the free act and deed of said limited liability company.

Notary Public _____ (SEAL)
Printed Name: _____
Commission Expires: _____

Montreal, Maine & Atlantic Railway, Ltd.

By: _____
Name: _____
Title: _____
Duly Authorized

STATE OF MAINE

Penobscot County _____, 2012

Personally appeared the above named _____, in his capacity as _____ of Montreal, Maine & Atlantic Railway, Ltd., and acknowledged before me the foregoing to be his free act and deed in his said capacity and the free act and deed of said corporation.

Notary Public (SEAL)
Printed Name: _____
Commission Expires: _____

STATE OF MAINE

Penobscot County July 11th, 2012

Personally appeared the above named Edward A. Burkhardt in his capacity as President of Rail World Locomotive Leasing, LLC, and acknowledged before me the foregoing to be his free act and deed in his said capacity and the free act and deed of said limited liability company.



Notary Public (SEAL)
Printed Name: **GAYNOR L. RYAN**
Commission Expires: **Notary Public, Maine**
My Commission Expires May 4, 2015

EXHIBIT A

GE C39 Locomotives, Identification Numbers:

1. MMA 8202 (formerly NS 8202)
2. MMA 8207 (formerly NS 8207)
3. MMA 8208 (formerly NS 8208)

Fully executed copies of the leases in connection with the foregoing locomotives have been delivered to Lender.

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: 7/18/12

Edward M Luria
Edward M. Luria